FIRST ANNUAL MEETING

National Paint, Varnish and La Association

Washington, D. C., October 31 to Novemb

Wednesday, October 31

First Session—Wednesday Forenoon

[The first session of the first annual convention of the National Paint, Varnish and Lacquer Association, held in the Mayflower hotel, Washinton, was convened at 10:00 a. m., October 31, Ernest T. Trigg, president of the association, presiding.]

President Trigg: Gentlemen, it is my privilege to call this meeting to order at this time. This is the first annual meeting of the National Paint, Varnish and Lacquer Association, as you know,

throughout the past year welcomed the opportunity we have had to get in closer touch with you, and to offer to you such services as we have been able to render, and to be ready and willing to carry on any work that you had for us to do.

Our activities, coming as they do more particularly in the line of production activities, the line of the manufacture of paint and the technicalities involved, we perhaps have a scope to our ideas and our activities that could not be carried out in your organization, and therefore, to that degree we can augment or supplement your work. I can assure you that the relations during the past year have been most pleasant, and we very sincerely welcome the opportunity we have had to get in closer touch with your working activities—and you have been working throughout the year at top speed.

We have appreciated the earnest and sincere effort on the part of your presiding officer, Mr. Trigg, to co-operate fully with us. In fact, he has co-operated with us so much that he has kept us extremely busy throughout the year on many things that he wanted done, and as I said before, we have been only too glad to do them as we could.

Possibly, you don't know — some of you may not know — as much as you should about the work of the federation, but it is working as an agency of the technical men and the production executives of the industry, and we have carefully limited it to that classification in order that we may get the maximum benefit and good thereby and avoid any kind of sales talk in our meetings or in our activities.

Because of that I think we quite often are able to get information that might not otherwise be obtained, get it with

and I am now only Ex-President at the present time.

You will hear from the new president, Mr. Anderson, probably tomorrow afternoon in connection with another activity which we have been fostering throughout the year, namely, the endeavor to work with and help out some of the various other committees, particularly the industrial sales committee. We have co-operated to the extent of furnishing them with two technical men, who will talk to you tomorrow afternoon, or tomorrow morning, about some of the technical details, and Mr. Anderson, the new president of the federation will be one of those speakers.

Ralph Everett, one of your own vice-presidents, who is identified with the federation is the other speaker.

The Paint Show

During the past two or three years, another very important activity of the federation has been growing, and we started here two years ago with a very small paint show, because we thought that the day had passed when you would come to these conventions to learn the price of lead, zinc, and oil and turpentine, and how it was going to affect your sales.

I guess that there are at least forty pages of materials now used in the paint industry, and it is difficult to learn about many of them during the ordinary routine work of the year, so that we have been developing this paint show so that we could more quickly assemble the record of development and achievement throughout the past year, at least in the matter of raw materials used in the paint industry, and to go over them while we are here at the show and be ready to use them or to reject them as we see fit in our work.

The paint show has grown to the extent that we now have forty exhibits in the room back here and in the corridors, and I think you will agree with me that it is a very excellent and worth while

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course that will steer our industry into safe channels.

It happens very frequently that in times of emotional excitement we lose sight of fundamental principles. That is why it behooves all of us, irrespective of our enthusiasm, to study facts, to rationalize our thinking and to harness our enthusiasm along lines which will be productive of the greatest good to all of us.

The better housing program is frankly and admittedly commercial. It is deliberately devised and has been intensely advertised as an instrument for the purpose of pulling a special industry—the construction industry or durable goods industry—out of the economic ditch. And its organization and set-up is primarily predicated on the development of strictly commercial and very competitive interests within the construction industry and the respective communities in the United States where it is to be promoted.

I am concerned that, with our impetuous enthusiasm in receiving and acclaiming the better housing program, we do not confuse its operations and conduct with our own clean-up and paint-up campaign to such an extent that next year and in the years to come the strength of our own campaign may be seriously impaired.

Permit me to emphasize very closely that it would be the most ghastly and ludicrous misunderstanding if any one developed the impression of any existing rivalry or competition between the two activities. They both have their particular sphere of operation, and under intelligent guidance can be so operated that one will supplement and strengthen the other.

Need for Clean Up and Paint Up

Our paint up and clean up movement is such a powerful force for paint and varnish sales because it is apparently a disinterested movement.

Why do people support clean up so energetically? Why do civic bodies promote it? Why do school children so enthusiastically place their efforts behind it? For the single reason that it is a civic movement intended for the benefit and good of the community. It improves community spirit—It develops civic pride—It enlists enthusiastic cooperation on the part of all concerned because it is apparently an unselfish movement. The strictly humanitarian and unselfish aspect of clean up are the factors which have made this campaign a great success across the years.

You can quickly recognize the extent to which the growth of our clean up and paint up campaign would be impaired if we permitted it to become tainted with the mark of commercialism. It seems to be human nature to be willing to do something for the good of humanity, but it is equally human nature that when such movements benefit any selfish interests, to react against them.

These two campaigns, which are common in their objective of producing business, are decidedly different in their organization and conduct. The better housing program is pronouncedly commercial, while clean up and paint up is decidedly altruistic. One operated through strictly commercial channels using direct sales methods—the other conducted by schools and civic groups representing the powerful force of indirect sales promotion. Recognizing the incalculable value of this great public favor and support of clean up and paint up, it is of the utmost importance that the conduct of clean up campaigns is kept free from the taint of selfishness.

Our clean up and paint up campaign is a permanent American institution. We can say among ourselves that it belongs to the paint industry, but in the minds of the people of this country, it belongs to the public, and as an industry, we must not trifle with this priceless asset by letting any other interest, including the United States government, to beplaster it with any commercialism to any degree that would becloud its essential civic standing

Future of Campaign

The future of our clean up and paint up campaign, with its twenty-two years of glorious history, must not in any way be impaired in its effectiveness next year or through the years by our industry becoming a little too enthusiastic in overdoing our goodwill gestures in connection with any transient efforts calculated to meet an emergency. No, men, we must keep our thinking clear, for clean up and paint up must go forward permanently with no ground for criticism that it sold its birthright for a mess of pottage, or like Aesop's dog, dropped its meaty bone in an attempt to pick up a reflection in the water.

Our committee, recalling the experiences that have developed in previous years in connection with renovating and modernizing campaigns, are concerned to avoid the situation of various groups and club associations in various sections complaining that "We cannot put on a clean up and paint up campaign in our town because we have just had a better housing program drive."

Permit me to again make clear that our clean up and paint up committee is unreservedly endorsing the better housing program and are urging you in your various communities to support it to the very fullest degree. We are only cautioning you to avoid so closely linking your local clean up and paint up campaigns with the better housing program as to introduce the hazard of associating the commercialism of the better housing program with the strictly altruistic civic conduct of our clean up campaigns. By all means, throughout the land, both campaigns should be given the fullest promotion. It would be just as contrary to the fundamentals of good business to permit the success of one campaign to be impaired by the other as it would be for a merchant to say that he would not have an October sale because he had just had a September sale, and one sale in the Fall was enough.

No matter how inspiring a tune may be, it becomes a mere drone and ceases to register when the band plays it all the time. When the tunes are alternated, each one registers and holds its audience. Business has to have a band concert going all the time. The live department store has a series of sales distributed throughout the year—the "Anniversary Sale," the "Challenge Sale," the "Christmas Sale," "The Pre-Inventory Sale." They surely do not try to have one sale through the twelve months of the year.

I challenge you that good sound business sense dictates separate periods in the year when our industry emphasizes clean up and paint up by giving full support to the civic forces in the organization and conduct of the campaign, and then at other times and at other separately, emphasizes the better housing program canvass, the better painted city campaign, the better light-better sight campaign, with the realization that fundamentally, from a dollars-and-cents standpoint of the industry, these campaigns represent a series of *sales promotion efforts.*

Sales Drive Needed

We grant we need the sales drive for the better housing program. Yes, but we cannot even for one season afford to let up on the push and power we have always put behind clean up. We cannot say to ourselves:—"The government is doing a good job on better housing. We'll back that this year. Next year we will take up clean up again." We just cannot do that. We cannot afford to neglect clean up this year, because neglect is death, and disuse is decay. Remember our war industries which were so busy with government business they forgot there was other business, and when the war ended, found themselves out of the market.

It took us a long time to build up what we have in clean up. We have the accumulated investment of twenty-two years, expressed in the extent to which the great clean up idea has hold of public consciousness. Now that it is front-page newspaper topic; now that each year more and more schools accept the thought of better citizenship behind it and work for it; now that more and more women's clubs and civic associations add it to their programs—we must go on; we cannot let down even for a month, certainly not in the important, critical year of 1935.

We, who are so close to the picture, cannot possibly appreciate the position our industry and its propaganda instrument—clean up—occupies in the eyes of the world at large. We are unique—our organization is a model that many other organizations in other lines of industry strive to emulate.

Only last week at a Detroit meeting of the better housing program, one of the government speakers extolled the National Paint, Varnish and Lacquer Association for several minutes, and the work of its promotional efforts, especially clean up and paint up. Yes sir, extolled; set us up as a good example; didn't mention any others; said that other industries would do well to develop smoothly functioning and efficient organizations like ours.

Praise like that is praise, indeed. But how have we earned it? How has clean up earned it? By waiting for the government to point the way to us? No. We have blazed the trail ourselves, and now that we are hailed as a success—now that we are set up as a model for similar movements, shall we in this one crucial year impair what it took twenty-two years to build? No, obviously we couldn't do that. We would be derelict in our duty to our industry, to ourselves, to our organization and to our country. Today, more than ever before, we need every ounce of energy, every form of promotion, used from every angle of attack, to keep our products moving into the hands of the consumers. For the same reason that we need an energetically pushed better housing program, we need hard-hitting clean up and paint up campaigns for 1935. One movement cannot do it all. Clean up can't do it alone, any more than better housing can do it alone. It is the cumulative force of co-operative effort exerted from all directions that is going to make 1935 the banner sales year of our industry for this era.

No Limit on Sales' Size

One very important difference in the business side of the clean up, paint up, fix up campaign and the better housing program is that the loans contemplated in the better housing program do not go below $100. The "roast beef" of the average paint and varnish dealer is in sales of much less than $100, and cumulatively those sales make up the bulk of the trade sales business of the industry. Clean up, paint up, fix up catches all sales, both large and small, all the way from jobs running into hundreds of dollars down to the sale of the smallest size can of paint, varnish or lacquer, to touch up a picture frame. Even if there were no other reasons, this fact alone would make it imperative that the paint, varnish and lacquer industry use its utmost efforts to see that the clean up, paint up, fix up campaign is conducted separately from the better housing program.

I will not burden you with further emphasis on the vital importance of conducting the programs separately to protect clean up and paint up from becoming marked with the stamp of commercialism. I am confident you all appreciate the delicacy of the slender cords that tie public favor with any civic movement.

As a concluding thought which I hope you will take with you and think through, let me develop briefly the extent to which the effectiveness of the better housing program as benefiting our industry, is to be largely in proportion to the extent that clean up and paint up is aggressively promoted. The better housing program is obviously a program of selfish purposes. People know, and the government, that the prime object of this program is to stimulate building trades business. Therefore, on the part of individuals there is going to be a certain amout of resistance to this program. If any one comes to you and says you ought to spend $4,000 to modernize your home, you are going to look at him out of the corner of your eye and say:—"Who says I ought?"

On the other hand, if any one comes up and says to you: "You ought to clean up your yards and grounds because they look bad," you are quite willing to agree. You just naturally do not put up any resistance barrier. You will feel yourself that you ought to do the clean-up job as a matter of civic and personal pride. Yet the strange part is, that after you do clean up your grounds and yards, you are inevitably going to want to fix up and modernize. But no one sells you on this idea. You sell yourself. If your grounds are cleaned up and look attractive and your house is shabby, you are not going to be satisfied. You want your home to look as well as your grounds.

In other words, clean up, paint up, and fix up, against which you offer no resistance but to which you are perfectly receptive, is the very thing that is going to cause you to modernize. Clean up paves the way, sows the seed that will cause you receptive to fixing up and modernizing. Clean up changes your mental processes, and it is upon these facts and mental processes that fix up and modernizing must appeal.

If some one comes to you and says "Modernize," without the way having been paved beforehand by clean up, what will be your natural reaction? "I don't want to spend the money to do it. Why should I? My house is all right as it is. It has lasted me for five years and will last me a few years more. Why should I spend money to help the paint and building people get business? There are other ways I can spend it to greater personal satisfaction and advantage."

Paving the Way

Men, I know you see the point. It is so clear. The better housing program needs the way paved for it. Clean up and paint up paves the way. Therefore, irrespective of our enthusiasm for the better housing program, we must hold an equal enthusiasm for our tried and proved vehicle—clean up and paint up—which has brought us a tremendous volume over the past twenty-two years and has made people so receptive to the use of paint products.

I say:—The way must be paved for any great movement. The French Revolution, which changed the whole trend of history, was no sudden movement coming out of the blue. Had the idea of liberty, fraternity, equality, which was the watchword of the revolution, been given to the French people many years before, they would have shrugged their shoulders. They might have thought there was something in it, but that was as far as it would have gone. As a matter of fact, when liberty, fraternity, equality was flashed upon the French people, they were so receptive to it that they accepted it immediately. Why? For years before the revolution, the great French philosopher, Voltaire, had been preaching his doctrines involving the principles of liberty, fraternity and equality. When first Voltaire began his preachments, wrote his plays and pamphlets, there was no wild enthusiasm in France for his writings. But as time grew on the cumulative force of public sentiment had crystallized to such an extent that when the dawn of the revolution came, the revolution was practically an accomplished fact.

Men, I know you get my point. It is the acceptance of the clean up and paint up idea which makes possible the acceptance by the public of the better housing program.

Suppose in 1765 the American Colonists had been urged to withdraw from Great Britain and to form a republic. What would have been the answer? The man who suggested these things would have been considered mad. The idea was absurd, preposterous. The Americans may have had grievances, but surely they were not grievances great enough to justify any such radical or drastic action. However, the grievances did grow worse in the minds of the people. Then arose a man who, by his pamphlets and writings, changed the entire thoughts and sentiments of the American people. This man was the propagandist of the American Revolution—Thomas Paine. You know of his writings. You know of his famous "Common Sense" in which he derided monarchy and sowed the seeds for the principle that "taxation without representation is tyranny." Paine did not say those words, but his entire political philosophy pointed inevitably to one logical result—that of proper representation, a fair system of taxation, the abolition of monarchy and the formation of an American republic. These were the things that Paine's writings conveyed by implication, and in ten years time their effect was so pronounced that America was ready to engage in the war which resulted in its withdrawal from Great Britain. What was not possible before the advent of Paine, became an actuality by 1775. Paine had paved the way, had adjusted the mental processes of the American people to such an extent that the Declaration of Independence and the Revolutionary War were inevitable outgrowths.

The Revolutionary War, which was a tremendous step and appalling to the hearts of most of the people at that time, was only possible because the groundwork had been laid and the way had been paved by men such as Thomas Paine over the decade previous to its advent.

Is there not a pertinent analogy in the paving of the way in the adjusting of mental processes which clean up-paint up, and fix up has done and will continue to do in creating a general public acceptance for the better housing program?

Ideas Must Be Crystallized

In 1850 a civil war would have been impossible. While the North disliked slavery, and while there was a large abolition party in the North at the time, the masses in general were apathetic. While they were personally opposed to slavery, they would have made no move to suppress slavery in the states where it existed.

Then came Harriet Beecher Stowe and her famous book, "Uncle Tom's Cabin." Whether Harriet Beecher Stowe gave a true portrayal of the slavery question or whether conditions were as she pictured them, is beside the point. The book aroused mass opinion throughout the north to an intense pitch. It crystallized mass resentment in the north against slavery into an almost evangelical spirit to suppress it.

Any movement is effective only to the extent that the ground has been prepared for it. However, our public forgets very easily. What happened last year or two years ago doesn't weigh so heavily in people's minds. They are interested in what is happening today. Therefore, clean up, paint up and fix up must continuously pave the way for better housing. Without it better housing is going to meet with heavy resistance which will militate against its success and our success. Better housing offers us great promise and hope. But how foolish it would be to neglect or subordinate the vehicle so fundamentally necessary to make better housing a success.

As an industry, how proud we should feel that through the period of the last twenty-two years we have been building into public consciousness an acceptance for the better housing program. And associated with this sense of pride, we should acquire a new appreciation of the tremendous importance of intensifying our activities on clean up and paint up campaigns during the coming months.

As an industry, in our clean up campaigns, we are bringing to the better housing program what Voltaire brought to the thinking of the French people; what Thomas Paine brought in crystallizing the thinking of the Colonists, and what "Uncle Tom's Cabin" brought in influencing and attuning the public thinking to the developments of the Civil War.

Yes, men of this industry, in our ambitious program for next year, let's put the full strength of our efforts with increased energy and understanding to develop clean up campaigns in greater number and in increasing influence, being careful that they are operated separately to avoid the slightest possibility of tainting and impairing this great asset of our industry with the mark of commercialism.

With our thinking clear and with the reputation of this industry for progress and public service, we look forward to 1935 with tremendous expectations.

Appreciation by FHA

We just received a letter that I want to include in this reading, that is signed by the director of public relations.

I didn't see this letter until this morning, and I want to read a few paragraphs, to give you an idea of how the Federal Housing Administration through their better housing program view our clean up and paint up and what they are expecting of us in the critical year of 1935. Very briefly it says:—

"The Federal Housing Administration is keenly aware of the far-reaching scope of the National Clean Up and Paint Up Campaign Bureau in the promotion of clean up, paint up, plant up, fix up campaigns, which annually produce a large volume of business in the maintenance and improvement of property.

"We have watched with a great deal of interest the developments of your plans for your 1935 clean up, paint up, fix up campaign. As you know, the plans of the Federal Housing Administration have been laid out to encourage the co-operation of all industry in a better housing program which can be made effective in every community through the co-operation of all types of business.

"We wish to emphasize that the government has no disposition to in any way supersede or duplicate the functions of existing sales promotional organizations in the construction and building maintenance field. On the contrary, the desire of the Federal Housing Administration is to stimulate all existing organizations with sales potentialities to continue to go forward in their own way and by their own methods, with increased energy and purpose. It cannot be emphasized too strongly that industries, both through their organizations and their individual members, must use they regular instruments of promotion, publicity and sale in their regular way, as heretofore. They, themselves, and not the government, must sell the goods."

[Following his talk, Dr. Plumb showed several lantern slides depicting high spots in the 1934 clean up and paint up campaign.]

President Trigg:—Thank you, Dr. Plumb.

[The printed report of the committee on clean up and paint up was as follows.]:

Report on Clean Up and Paint Up

Again, in 1934, our National Clean Up, Paint Up, Fix Up Campaign has sold paint and varnish products in large volume—and proved it!

The marked upswing of sales during the first half of the present year was not merely spontaneous. There was effort behind it, and the organized activity of the millions of volunteer salesmen enlisted in the community campaigns throughout the country, inspired and guided by our National Clean Up and Paint Up Campaign Bureau in Washington, constituted an indispensable factor in elevating the lines on the sales chart. Without the impetus of the clean up and paint up campaign, the sales line could not have risen as high as it did.

In a national volunteer effort, such as the clean up and paint up campaign, it is impossible to exact the same complete, detailed reports which are obtainable from local organizations which are paid by a central agency, in the way a manufacturer exacts reports from the managers of his branch houses. Necessarily, the reports to the National Clean Up and Paint Up Campaign Bureau are wholly voluntary, and are largely reflected in the pages of the newspapers which are sent to the bureau in Washington by publishers, of their own volition, for the bureau does not subscribe to any newspaper clipping service, both on account of the expense and the fact that the volume of clean up and paint up publicity is so great in many cities and towns in the campaign that the requirements would be for entire sections and complete pages, rather than for mere clippings. However, based upon the last previous intensive canvass, which indicated clean up and paint up activities in more than seven thousand American communities in a single year, and the vigor of this year's response, coupled with energetic co-operation by United States government agencies, it seems conservative to estimate that at least as many, and probably more communities engaged in the movement in 1934 as compared with the best previous years.

In view of financial necessity, the activities of our National Clean Up and Paint Up Campaign Bureau have been closely restricted within the limitations of the budget, and some fields of activity

which formerly were cultivated with success in more prosperous times, were left temporarily to lie fallow, while the available resources were concentrated upon the elements of the campaign which appeared to be most immediately productive of paint and varnish sales.

Space for this report does not permit an extended listing of exhibits, but enough salient and significant examples and illustrations are presented to indicate the powerful potentials of the clean up, paint up, fix up movement in making sales and profit for the paint and varnish industry. Unfortunately, this same lack of space prevents adequate presentation of the huge civic background and altruistic factors in the campaign, which may seem extraneous and perhaps superficial to some members of the industry who have not engaged in an exhaustive inspection of the hidden springs of the clean up, paint up, fix up movement. These so-called 'altruistic factors" actually make the campaign go, and, in the last analysis, due to their being outside the paint business and without any selfish interest as far as paint and varnish are concerned, paradoxical though it may seem, actually sell the paint and varnish.

Government Cooperation

United States government cooperation, past, present and future in 1934, has given energetic impetus to the clean up, paint up, fix up campaign.

Early in the year, the Federal Emergency Relief Administration, through State and local directors, assigned canvassers and other workers from the relief rolls to assist certain local committees carrying through the clean up, paint up, fix up campaign work, on government pay. For example, in Cleveland and Cuyahoga county, Ohio, ten directors were authorized for a period of six weeks, twenty-five office helpers for four weeks, fifty artists, speakers and teachers for two weeks, and 200 field workers for three weeks—a total of 285 paid workers.

The State of New Jersey Emergency Relief and Civic Works Administration, following recommendations from Governor A. Harry Moore, secured plans from our National Clean Up-Paint Up-Fix Up Campaign Bureau for a statewide campaign in New Jersey, with the primary object of creating employment, and has cooperated very closely with our Bureau in Washington.

The National Recovery Administration endorsed the clean up-paint up-fix up campaign very heartily, in a letter which is reproduced elsewhere in this report.

In Colorado a statewide clean up-paint up-fix up-modernize campaign, with the use of our bureau's official emblem, was promoted with United States Government money, with the sponsorship of Governor Edward C. Johnson. The campaign organization, which was financed by CWA funds, included an executive secretary, a financial secretary, a publicity expert, a consulting architect, a consulting landscape architect, and two stenographers. The governor drove the first nail in the modernizing of a house which was moved to a prominent spot in Denver for the purpose of demonstration, and a large amount of front page and other publicity was obtained in the newspapers.

In Denver, a painting demonstration was a feature of the campaign. The report made by the Denver organization to the National Clean Up and Paint Up Campaign Bureau in Washington included the following statement:—

"An interesting thing which we did was to stain the shingles a dark weather-beaten brown before putting them on. Then, while the yard was being landscaped, the roof was painted a beautiful green. The freshened appearance gets the paint-up methods over wonderfully.

"The fresh paint on the model home was also stressed in the newspaper publicity."

Governors Issued Proclamations

Governors of States responded to suggestions from our bureau, as in previous years, by issuing statewide clean up-paint up-fix up proclamations. It is not uncommon for a governor to ask our bureau to draft his proclamation for him.

In Illinois, the State headquarters of the National Re-employment Service of the United States Department of Labor requisitioned a large supply of printed suggestions from our bureau in Washington, and undertook the organization of campaigns in Illinois cities with the aid of its own staff.

The State director, in a letter to our bureau, after receiving its suggestions, said:—

"After reviewing our file, I have decided to ask each of our district managers in the re-employment Service of Illinois to co-operate with you in putting on a statewide campaign immediately."

The National Re-employment Offices of the United States Government co-operated vigorously with our bureau during 1934. For example, the National Re-employment Office in Appleton, Wis., dispatched letters to several thousand home owners in Appleton, which said in part:

"Join in the clean up-paint up-fix up campaign sponsored by the Appleton Junior Chamber of Commerce. Co-operate with the national recovery program in stimulating employment. More than six thousand men and women eager to find jobs are registered at the county re-employment office. Jobs—big or small—are what these people need. Check the list of jobs and determine which are needed at your home."

The United States Bureau of Standards turned over its supply of check lists and pamphlets of suggestions for care and repair of buildings to our bureau, for distribution through the bureau's own channels.

Bureau Helped Government

Many weeks before the national housing act was passed, Executive Secretary R. W. Emerson, of our National Clean Up and Paint Up Campaign Bureau in Washington, was in almost daily consultation with government officials charged with the responsibility of anticipating the passage of the act, and in preparing for its administration. The better housing program is modeled closely upon the mechanics of the clean up-paint up-fix up campaign, although the better housing program differs sharply from the clean up-paint up-fix up campaign, in that the government-sponsored program is frankly commercial, and is organized and led by commercial interests in the respective communities, with the avowed object of selling their goods, while, on the other hand, the clean up-paint up-fix up campaign is based upon the inspiration of spontaneous civic efforts from all classes of citizens, with the leadership, chiefly, of citizens who have no special interests of their own in the paint or construction industries, and with the co-operation of the schools, chambers of commerce, and civic organizations, generally, in the conduct of the canvass. It is important to distinguish that the better housing program is a direct, frontal sales attack upon the repair and modernizing factor, which is only one of the factors in the clean up-paint up-fix up campaign. Our campaign is founded upon individual and civic pride, with the initial expression in cleaning up, and automatically and without obvious sales pressure, creating a tremendous wave of painting up.

In addition to the foregoing distinctions, it should be clearly realized that, as far as the insured loans in the better housing program are concerned, they do not cover jobs which cost less than $100, while the clean up-paint up-fix up campaign is a fine sieve, which not only catches the largest jobs, but also the jobs under $100, down to the painting of a small picture frame.

Both Campaigns Should Be Used Separately

Do not make the mistake of conceiving that the clean up-paint up-fix up campaign and the government's better housing program are the same thing. They are not. The better housing program does not take the place of the clean up-paint up-fix up program in a community. Both campaigns are necessary and should be used to the limit, but they should not be emphasized at the same time, any more than both barrels of a shotgun should be discharged at once to kill a single duck, when by reserving one barrel and using it separately, two ducks could be had. From the standpoint of plain business sense, it would be just as poor business to try to combine these campaigns in a community as it would be for a poultry dealer to advocate having Christmas and Thanksgiving on the same day, and thus deliberately cutting himself out of the opportunity to sell two turkeys instead of one. All members of our industry are urged, in their own interests, to take pains to see that our clean up-paint up-fix up campaign is conducted absolutely separately from the government's better housing program, next Spring, a distinction which should be achieved by intelligent co-operation between the local leaders of the two campaigns. This necessity already has been recognized in various American cities, which are looking forward to their 1935 campaign. For example, in St. Louis, Arthur A. Blumeyer, chairman of the clean up-paint up-fix up campaign committee, has also been appointed chairman of the executive committee of the St. Louis better housing program. Incidentally, Mr. Blumeyer is a banker.

Our clean up-paint up-fix up campaign is an ideal vehicle to carry the purposes of the better housing program to maximum success. While keeping the clean up-paint up-fix up campaign sevarate from the better housing program, our bureau is using a special logotype shown at the top of another page in this report, emphasizing cooperation with the government sponsored movement, while maintaining the autonomy of clean up-paint up-fix up.

We should bear in mind that the government campaign is a temporary expedient, while our own clean up-paint up-fix up campaign is a permanent institution, which we cannot afford to submerge or sidetrack in any way, through any misapprehension of the relative positions of the two campaigns

While the peak of the clean up-paint up-fix up campaign is attained in the Spring, campaigning goes right along through the year. For example, the campaign of the United States Re-employment Bureau were mid-summer campaigns, while in Dallas, Texas, the mayor called for observance for the entire month of October for a fire-prevention campaign with the purpose of co-ordinating clean up-paint up-fix up activities used, but is rapidly becoming obsolete as the intensive periods of most of the clean up-paint up-fix up local campaigns are for longer periods, and some of them are based on quarterly inspections, which make them all-the-year-round activities

Fall Campaign Has Gone Forward

The fall clean up-paint up-fix up campaign, which annually is conducted in close cooperation with the National Fire Protection Association, has gone forward splendidly, with the official clean up-paint up-fix up proclamation appearing on the front pages of daily newspapers

In the South, and in some cities on the Pacific coast, where a special effort is made to attract Winter visitors, Fall is the favorite time for putting on the campaign

Our National Clean Up and Paint Up Campaign Bureau, at the request of the Federal Housing Administration, has furnished many valuable suggestions and helps in the organization of the government's better housing program. At the present time, government officials are depending strongly upon the service of the National Clean Up-Paint Up-Fix Up Campaign Bureau to increase the sales of building materials next Spring, through

Ralph W. Emerson
Executive Secretary, Clean Up and Paint Up

our own bureau's operations. The government recognizes that in the set-up of the better housing program there is nothing which has not already been demonstrated in a practical way by the clean up-paint up-fix up campaign in the modernizing factor of its program, and is emphasizing that the government is only seeking to restore the normal movement of business through normal channels, by means of the insurance of loans to property holders

The insuring of the loans is the key which should open the door in 1935 to the greatest opportunity which the clean up-paint up-fix up campaign has ever had

"Fix Up" More Emphasized

The words, "fix up," while they have been used informally in addition to 'clean up and paint up" for many years, are now being definitely added as a part of our slogan, the purpose being to emphasize the generality of the movement, and to offset any ideas which may arise here and there that clean up-paint up-fix up is a "special" paint interest. Its strength lies in the fact that it carries something of interest to everyone in the community, and it would be fatal to the great civic support of the movement if it were to appear as a mere "hucksteering" enterprise for the commercial benefit of an industry.

Our National Clean Up-Paint Up-Fix Up Campaign Bureau has received an unsolicited suggestion from the Red Cross organization in Washington to the effect that the Red Cross, through its approximately three thousand county organizations, would consider inspiring the launching of clean up-paint up-fix up campaigns in communities where they are not being handled by other organizations This has tremendous potentials, and it should be obvious that if it were not for the highly civic and altruistic background of clean up-paint up-fix up, no such suggestion could be obtained of an organization of the type of the Red Cross

Newspaper and Public Officials Enthusiastic

Our bureau has received such sheafs of letters of compliment and approval from newspapers, governors of States, mayors, chambers of commerce, and other campaign leaders, that in the space of any ordinary report it would be futile to attempt to print them. A typical example is a letter from L. J. Cole, of the Norwalk, Ohio, *Reflector-Herald*, who says of the campaign:—

"A great deal of painting, renovating and cleaning up work has been done. The paint stores state that the sales have passed all marks for several years, and, allowing for the usual seasonal lull, laborers have been busy. I wish to thank you for the material sent to us, for it made possible the first of the type of advertisements which is being run now to be used in this section."

The demand for newspaper mats has been so heavy that our bureau has had to slow down the distribution to keep within its resources.

The Curtis Publishing Company, Philadelphia, in view of the grip of the National Clean Up-Paint Up-Fix Up Campaign upon the public imagination, turned over its entire supply of modernizing mats to our bureau, and authorized their use with or without credit to newspapers throughout the country.

The *Ladies' Home Journal*, in a circular letter issued through its architectural division, called attention to the enclosure of the official handbook of the National Clean Up-Paint Up-Fix Up Campaign Bureau, and stated that our bureau "is broad-minded, non-commercial and all-inclusive in its publicity program." It was further stated that "the *Ladies' Home Journal* has in the past cooperated with this bureau to advantage."

Sold More Paint in 1934

While it is realized that the better housing program is a slow development, and may be expected to acquire its real momentum and results in 1935, it is an easily ascertainable fact, based upon dependable figures, that the clean up-paint up-fix up campaign this year has sold more paint and varnish for us than has the government's better housing program. While profiting all we can from the better housing program and the great potential of government-insured loans, we must maintain our perspective on our own tested sales instrument—the clean up-paint up-fix up campaign.

It is emphasized that the evaluations of results of the clean up-paint up-fix up campaign which we publish represent actual paint and varnish materials. They do not include labor, which, if computed, would make the figures approximately four times as much in terms of dollars. On the other hand, the paint material factor is not separated in the evaluation of modernizing and renovizing campaigns, such as the better housing program, and, in order to obtain a true perspective on the results to the paint manufacturing business, we must consider that in new construction the paint materials may represent as little as 2 percent of the amount of construction reported, and, in painting jobs, the value of the paint materials probably would be only approximately 25 per cent of the total amount reported. While striving "tooth and nail" to support and get all possible profit out of the government's better housing program, it is only sensible to keep clearly in mind that no organized selling agency combining personal solicitation and publicity has ever equaled our clean up-paint up-fix up campaign when it comes to selling actual paint and varnish.

In 1935 our National Clean Up-Paint Up-Fix Up Campaign will have an unparalleled opportunity and responsibility in emphasizing the paint factor and acting as a ready-made vehicle to help to carry the better housing program to its maximum success. More will be required of the clean up-paint up-fix up campaign in 1935 than in any previous year.

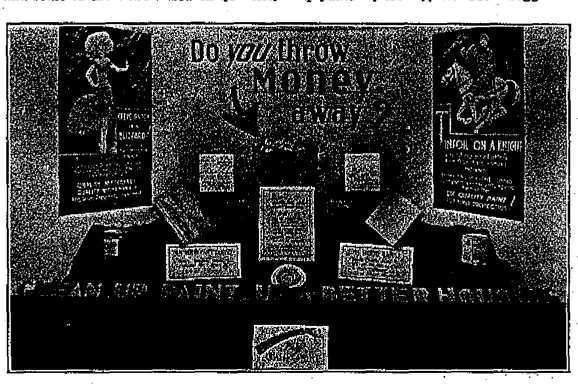
Industry Must Do Own Selling Job

This is just what the government expects and wants. The government is relying upon existing organized agencies, in which the clean up-paint up-fix up campaign is paramount, to operate full blast, and, each in its own way, to increase the sales of durable goods in the construction field, with the automatic increase of employment. It should be clearly understood that the government is not undertaking to do any industry's selling job for it. Each industry will have to continue to do its own selling job. All that the government has done has been to make it easier for people to borrow money from private sources, to pay for the work. In the paint industry there is a man-sized job ahead in 1935 for our clean up-paint up-fix up campaign, and every member of our industry should keenly realize this fact for his own profit, and prepare to use and co-operate with the clean up-paint up-fix up campaign to the limit!

In this report, your chairman, on account of his personal experience and participation in the local campaigns in Detroit and Hamtramck, Mich., has presented some pictorial exhibits, so that "he who runs may read."

A careful examination of the exhibits will reveal that clean up-paint up-fix up, properly organized and conducted, is no "hit or miss" campaign, and that the painting work is distributed and evaluated house by house and street by street.

A single standard tabulation, which was devised some years ago by John R. MacGregor and Dr. D. A. Kohr, will illustrate the method of computation, which, for purposes of uniformity, is used in computing the results in sales of paint and varnish materials in the several typical examples shown in this report. Prices of the different materials and the quantities required for different classes of jobs may differ in the opinion of individual members of the industry to some extent, but substantially the tabulations are believed to be conservative, especially when it is realized that a multitude of very small jobs, such as the painting of furniture and other movables is not taken into account.



Clean Up and Paint Up Window Display

Results in Hamtramck

The results in Hamtramck, Mich., a town of 56,268 population, according to the ficial tabulation, were as follows:—

	No. of jobs.	Quantity for each.	Total gallons.	Est. retail price per gallon.	Total value.
Houses painted	1,212	12 gals.	14,544	$3.25	$47,268.00
Walls painted	1,249	½ gal.	647.5	2.25	1,517.725
Floors painted or varnished	1,020	½ gal.	510	4.00	2,040.00
Woodwork painted or varnished	984	½ gal.	492	3.00	2,276.00
Porches or stairs	1,008	½ gal.	501.5	3.25	1,629.875
Fences	539	3 gals.	1,616	3.00	4,875.00
Outbuildings	809	8 gals.	6,472	3.25	21,034.00
Roofs	547	3 gals.	1,641	2.75	4,512.75
Screens	900	(av. 12 sq. ft.) 1 gal. to 350 ft.	31	3.25	100.75
	8,272		26,485		$83,236.00

In addition to the foregoing, 680 walls were kalsomined or papered, and 1,620 walls were cleaned.

The following comparative tabulation by years shows the growth of the clean up-paint up-fix up campaign in Hamtramck, despite industrial conditions which sometimes resulted in half of the families being without a wage-earner:—

Year.	Number of jobs.	Percent of change from previous year.	Estimated number of gallons of paint.	Percent of change from previous year.	Estimated value of paint.	Percent of change from previous year.
1927	4,734	...	13,656	...	$44,299.13	...
1928	3,900	17.6—	12,141	11.0—	36,643.62	17.2—
1929	6,488	66.3+	14,990	23.3+	47,426.67	29.4+
1930	7,185	10.7+	21,538	43.6+	68,092.75	43.6+
1931	8,385	16.7+	20,127	6.5—	63,047.98	7.4—
1932	4,896	46.3—	10,870	45.9—	34,352.12	45.5—
1933	4,145	15.7—	11,179	2.8+	36,968.50	7.0+
1934	8,272	99.5+	26,485	136.8+	85,236.00	130.4+

Results in St. Louis

The results of the campaign in 1934 in St. Louis, under the auspices of the St. Louis Chamber of Commerce and the St. Louis schools, and all civic and business organizations, was as follows:—

	No. of jobs.	Quantity for each.	Total gallons.	Est. retail price per gallon.	Total value.
Houses painted	9,362	12 gals.	112,344	$3.25	$364,618.00
Walls painted	56,482	½ gal.	28,241	2.25	63,542.25
Floors painted or varnished	35,360	½ gal.	17,680	4.00	70,720.00
Woodwork painted or varnished	30,858	½ gal.	15,429	3.00	46,287.00
Porches or stairs	19,978	½ gal.	9,989	2.25	19,100.25
Fences	12,759	3 gals.	38,277	3.00	114,831.00
Outbuildings	4,898	8 gals.	39,184	3.25	127,348.00
Roofs	8,783	3 gals.	26,349	2.75	35,959.75
Screens	127,296	(av. 12 sq. ft.) 1 gal. to 350 ft.	4,364	3.25	14,184.50
	301,276		290,857		$856,590.55

There were also 116,127 walls cleaned, and 63,530 walls papered or kalsomined.

The number of miscellaneous jobs showed an increase of 60 percent over the record of 1933, there being 516,000 miscellaneous jobs in 1933; 722,531 in 1933, and 1,145,889 in 1934.

In St. Louis, the young men's division of the clean up, paint up, fix up organization reported the following to the chairman:

"We have, through our efforts, had 12,621 jobs accomplished, as compared to 1,589 jobs in last year's drive. Our list of jobs includes the washing of the exterior of four buildings, the remodeling of 6½ floors in six separate buildings, new plumbing, tuck pointing, additions and alterations to electrical wiring, new shelving, new cabinets; one bank was completely remodeled: one large department store repainted all the grills: several hotels reported all rooms were either painted or washed."

The tremendous scope and coverage of our campaign, and its special fitness to act as a vehicle in creating jobs, should inspire the making of government-insured loans to property holders, under the national housing act.

Results in Pittsburgh

The 1934 results in Pittsburgh have been tabulated as follows:—

	No. of jobs.	Quantity for each.	Total gallons.	Est. retail price per gallon.	Total value.
Houses painted	12,782	12 gals.	153,384	$3.25	$498,498.00
Walls painted	92,410	½ gal.	46,209.5	2.25	3,971,375
Floors painted or varnished	67,967	½ gal.	33,983.5	4.00	135,934.00
Woodwork painted or varnished	68,389	½ gal.	34,194.5	3.00	102,583.50
Porches or stairs	60,437	½ gal.	30,218.5	2.25	67,991.625
Fences	18,514	3 gals.	55,542	3.00	166,626.00
Outbuildings	8,056	8 gals.	64,448	3.25	209,456.00
Screens	112,056	(av. 12 sq. ft.) 1 gal to 350 ft.	8,840	3.25	27,430.00
	441,220		442,620		$1,109,040.50

The report also recorded 166,918 rooms, in which the walls were cleaned.

St. Cloud, Minn., reported total sales of 3,484 gallons of paint and varnish valued at $11,176, in the 1934 clean up, paint up, fix up campaign.

In Paragould, Ark., even the jail was painted: 2,750 gallons of paint, valued at $8,632 was sold in the 1934 campaign. Paragould has a population of 5,966.

In Watertown, N. Y., the Watertown Chamber of Commerce reported to our bureau in Washington that the 1934 clean up, paint up, fix up campaign in Watertown resulted in jobs, which, according to the established computation, represented 3,466 gallons of paint and varnish, valued at approximately $27,068.

In Lubbock, Texas, a city of 20,520 population, the report indicated the sale of 19,583 gallons of paint and varnish, valued at $61,295. One of the interesting items of the Lubbock report, which illustrates the altruistic background of the campaign, is the statement that boy scouts picked up and sacked 4,059 pounds of metallic cast offs—nails cans, and other metal objects, in the 1934 campaign.

Seventy East Texas counties united in the clean up-paint up-fix up campaign in 1934. Plans were supplied upon receipt of requests, by the National Clean Up and Paint Up Campaign Bureau.

A typical example of co-operation by public officials in a large city was given by Mayor Overton of Memphis, Tenn., who officially commanded the city government's participation in the clean up-paint up-fix up movement. Official proclamations generally are signed by mayors in American cities.

A splendid clean up-paint up-fix up campaign was again conducted in San Francisco, and in other Pacific coast cities. A letter to the National Clean Up and Paint Up Campaign Bureau in Washington from Frederic Sahford, secretary of the Orange County Builders' Exchange, reported that $550,000 in pledges for the repair and modernizing of property had been secured in Santa Ana during the first part of a concerted city-wide drive. Request was made to our bureau in Washington for additional service.

Creates Employment

The clean up-paint up-fix up campaign is an important factor in creating employment, and to that extent helps to ease the public relief burden.

In one instance, that of the E. G. Budd Manufacturing Company, Philadelphia, clean up-paint up-fix up activities were used to ameliorate the distress of strikers.

"Millions" is no mere figure of speech, or exaggeration, when applied to the volunteer salesmen in the clean up-paint up-fix up campaign. For example, approximately 613,000 students of the schools annually pull their neighbor's doorbells and ask them to clean up and paint up in the city of Chicago alone. In St. Louis approximately 150,000; in Pittsburgh, 175,342; in Detroit and Hamtramck, Mich., 40,000 members of the Civic Pride Association, and similar numbers in Cleveland, Buffalo and Detroit, roll up a total of over a million workers in the cities which have been cited, and when you consider that there are approximately 7,000 campaigns annually, in cities large and small throughout the United States, you can realize that "millions" means just what it says.

Even with the vast amount of publicity obtained by the clean up-paint up-fix up campaign, the army of volunteer salesmen is so huge as to seem incredible to anyone who does not take the time to squarely face the facts. When the facts are faced squarely, it becomes obvious to any investigator that the clean up-paint up-fix up campaign is a national institution, so great that its magnitude is difficult of realization by the members of the industry.

In Buffalo, alone, in 1934, there appeared 4,184 column inches of newspaper publicity, equivalent to 210 newspaper columns, or thirty full pages, in the clean up and paint up campaign which was sponsored by the Buffalo Chamber of Commerce, the health department of the city, and the Buffalo Paint, Varnish and Lacquer Association, which lent its support to the movement. No other community campaign has equaled this record.

In Cleveland, 1,098 column inches of publicity were placed in the newspapers.

In the height of the campaign, in 1934, it has not been uncommon to find six or eight solid pages of clean up and paint up publicity, made possible by the service of our National Clean Up-Paint Up-Fix Up Campaign Bureau in Washington, in the daily newspapers of American cities. Some samples in miniature are shown in this report, while the actual newspapers can be examined in the clean up-paint up-fix up exhibits of our bureau.

Cost of Service Small

Mats, costing us approximately only 7 cents each, will enable us to have a full page of publicity in the daily newspapers, in which the cost, if we had to pay for it, would frequently approximate several hundred dollars. Yet, in the economies forced by the exigencies of the past several years, our national bureau does not attempt to serve more than two thousand of the thirteen thousands newspapers in the United States.

The cost of financing local clean up-paint up-fix up campaigns is so small as to be relatively "next to nothing."

When the ambitious amounts which are required for financing other community campaigns are considered, the cost of the clean up-paint up-fix up campaign, with its huge sales and profits for our industry, appears relatively inconsequential. For example, in the 1934 campaign in St. Louis, in which paint and varnish products to a total of $856,590 were sold, the total amount collected for campaign expenses was only $3,954.78, of which the members of St. Louis Paint, Varnish and Lacquer Association provided $1,015. The remainder was provided by interests outside of our industry, the total contributions and their sources being as follows:—

Al Press Advertising Company	$100.00
General Outdoor Advertising Co.	1,250.00
Public Service Company	700.00
Radio Stations, KMOX, KWK, WIL, WEW	400.00
Associated Retailers	300.00
Wood Products Institute	70.00
Florists	5.00
Merchants	75.00
Members of St. Louis Paint, Varnish and Lacquer Association	1,015.00
Balance, 1933	39.78
	$3,954.78

In the town of Hamtramck, where your chairman's own plant is located, and where the amount of paint sold in the campaign in 1934 totaled $85,236 in value, the cost was less than $100. The absence of cost is abundantly compensated for by spontaneous public enthusiasm—a non-purchasable factor. Therein lies the great and fundamental strength of our campaign.

The cost of the clean up-paint up-fix up campaign in Cleveland was $1,876.95.

In Chicago, the second largest city in the United States, where a total of 1,782,149 cleaning, painting and planting accomplishments were reported in the canvass, the entire cost of the campaign, including special clerical help, was kept within twelve hundred dollars.

The campaign program in Chicago included forty-seven radio broadcasts.

As an example of the way the public is made paint conscious in the clean up-paint up-fix up activities, the following is quoted from the literature of this year's campaign in Cleveland, which was conducted under the auspices of the Anti-Tuberculosis League, with the support of the Cleveland Paint, Varnish and Lacquer Association:

1. Paint the outside of the house and garage. Two coats are advisable, puttying all nail holes and cracks between coats to prevent moisture from penetrating and causing later peeling.
2. Wooden shingle side walls or roofs should be given one or two coats of shingle stain.
3. Exterior porch floors and door sills should be painted frequently.
4. Canvas decks should be painted one or two coats to prevent moisture from penetrating and causing leaks and decay.
5. Flat metal roofs, gutters and downspouts should be painted one or two coats, depending on the condition of the paint. Do not permit old paint to wear away, exposing bare metal. Rust and repairs are sure to follow.
6. Putty all windows after priming coat because moisture will soak the frame, causing decay, while the swelling of the wood may even cause the glass to break.
7. Exterior doors should be protected with a high grade spar varnish. Badly worn spots should be cleaned and restained before varnishing.
8. Brighten up the basement by painting the walls, ceilings and partitions with a semi-gloss wall finish. Two coats, if not previously painted, or one coat in re-painting a painted surface in good condition. Semi-gloss is recommended because it washes better than an ordinary flat wall paint.
9. Enamel pipes in basement. Different colors for the hot and cold water lines, gas lines, etc., always makes it easier to trace a line when necessary.
10. Paint the furnace doors with a heat-resisting black paint.
11. Concrete basement floors, if they are dry, should be given two coats of floor paint. If any moisture is present, painting is not recommended. Such floors, though, can be improved be applying a cement hardener which does prevent excessive dusting of the concrete.
12. Paint the walls and ceiling of kitchen, laundry, bath, bedrooms, living room, dining room, hallways, etc. If the walls have been painted before and the color is to be approximately the same, one coat should be sufficient. If new walls, two coats, the first a priming and sealing coat, should be applied.
13. In the kitchen, laundry, bath and hallways, a semi-gloss paint should be applied which will resist grease, steam, and similar abuse, and also withstand repeated washings. In the other rooms a flat wall paint without too much sheen is most desirable.
Any cracks in plaster should be opened and filled with patching plaster and should be touched up with the first coater in order to avoid their showing up lighter than the balance of the surface after the finishing coat has been applied. If surfaces are badly cracked, it may be advisable to canvas the wall before painting.
14. Redecorate the walls with wallpaper, a washable wall covering or plastic paint.
14. Refinish the floors. This should be done frequently, first washing thoroughly with soap and warm water and rinsing with clear water.
Worn spots should be touched up with stain or paint, as needed, and then the floors should be given a coat of shellac, varnish, lacquer, wax, floor paint, or floor oil, as the case may be.
Old wooden floors to be painted should be given a coat of crack and seam filler between coats of paint to fill up the cracks between the boards.
Linoleum floors can be varnished, or lacquered and waxed. Be sure the surface is first thoroughly cleaned in order to secure proper adhesion.
15. Paint radiators with flat wall paints, using same color as is on the walls.
16. Paint base moldings, plates and switch plates to match the color of the woodwork or walls to which they are attached.
17. Paint outside fences and lattices one or two coats.
18. Paint the inside of the garage one or two coats to encourage neatness and cleanliness.
19. Paint handles or garden tools, wheelbarrow and lawn mower in your favorite color.
20. Paint or varnish porch and lawn furniture to protect from weather.

The bulletin also carried the following suggestion: "Beautify your home, inside and out, with paint and wallpaper. Brighten your floors, woodwork and furniture with varnish and enamel. Make your garage, shed and fences attractive with a new coat of paint. Visit the paint clinic, Builders' Exchange building, for advice on how to decorate and paint the home.

1,200 Jobs for Contractors

In Cleveland, the Emergency Relief Administration canvassers were credited with creating twelve hundred jobs for contractors. The cost of the campaign in Cleveland, previously stated, represented money drawn from private sources, exclusive of the government's appropriation for paying the canvassers from the relief rolls, which required a government appropriation of $12,000.

A "paint clinic" was one of the features of the Cleveland campaign in 1934.

Gratitude to Trade Press

The paint trade press again has vigorously supported the clean up-paint up-fix up campaign. We especially thank the *American Paint Journal*, the *American Paint and Oil Dealer*, the *American Painter and Decorator*, *Drugs, Oils and Paints*, the *National Painters' Magazine*, the OIL, PAINT AND DRUG REPORTER, the *Paint Oil and Chemical Review*, the *Master Painter and Decorator*, and the *Western Paint Review* for their splendid and generous cooperation.

In the lumber field, the *Gulf Coast Lumberman* again has been conspicuously helpful in consistently promoting the clean up-paint up- fix up campaign, which is supported generally by all publications in the lumber and construction field.

The year 1935 will mark the twenty-third anniversary of our National Clean Up-Paint Up-Fix Up Campaign Bureau. It has demonstrated its power remarkably during the past several years of general business adversity. Our industry owes it to itself to jealously guard the prestige and dominance of our clean up-paint up-fix up engine of sales, and to deliberately plan now to adequately fortify it and speed it forward!

President Trigg:—The local associations are of more importance in our national activities than they have ever been. It has been considered not only desirable business to bring the subject of the local associations before this meeting but Mr. Stodder, who has just concluded a term of office of president of the Boston club, has prepared a paper on that subject, and we welcome him to present it at this time.

Is Mr. Stodder in the room? Mr. Stodder.

Local Associations

C. K. Stodder:—A negro was up in court trying to get a divorce. The judge asked, "What do you accuse your wife of?" "Of talking too much." "What does she talk about?" "Ah don't know, Judge. She don't say."

I am going to try not talk too much, but at least I can promise you I am going to say what I am talking about.

There are thirty-two local associations which are affiliated with the National Paint, Varnish and Lacquer Association. All these were started within the last fifty years. The original one was the New England club which has just closed its fiftieth year.

At the start, these paint clubs were essentially social gatherings where members came and found out that their competitors were rather human and rather likable. After all, you can't break bread with a man or drain a beaker with him, without discovering that perhaps he wasn't as bad as you had supposed. There is no doubt that such meetings made possible the later co-operation and progress of our industry which has became the envy of multitudes of trade associations, as national headquarters drew its inspirations from these clubs.

We have all seen the tremendous work that our national headquarters has done in this last year. Every item of interest to the industry was immediately explained in a letter sent to all its members. How, at times, it was humanly possible to collect, collate, and disburse the amount of data that was sent out by headquarters' staff, is still a mystery to me. I know from personal experience that they eat lunch at the headquarters building and I think that many a night they must have slept there too in order to save the time of going between office and home.

But with all this work there was something lacking. Not anything that could be remedied by headquarters, nor anything that the local organizations were consciously shirking. However, the fact remained that headquarters was giving every possible kind of information and help and in return receiving relatively little.

Imagine a great business organization with branches all over the country. Would such a concern be content to send out instructions, suggestions, and information, supervise the growth and prosperity of these branches, and not ask for any field reports of any nature? Decidedly not. Canfield may be a game of solitare, but co-operation isn't. And don't think for a moment that I am leveling a finger of scorn at the local association for its lack of co-operation. The spirit was there and a co-operation of a sort with headquarters was accomplished, but it was not completely satisfactory because the local associations did not co-operate among themselves. Of course, there was no precedent for so doing and you know how hard it is to get out of a well-established rut.

The average local association had been formed on an idea: an idea that other communities had such an association and, from general reports, such an organization was distinctly worth while to members of the paint industry. With just the barest of basic information, the local paint club was started. Knowledge of what other clubs were doing was limited to what information seeped into the club from indirect outside sources. I venture to say that up until today you have never had even a sketchy picture of the most important factor of the paint industry—the local paint association.

Last year at Chicago, President Matlack had an informal dinner for club presidents. If I remember correctly, there were about thirty clubs represented. It was a new thing and there were a lot of ideas discussed and out of this meeting came the standardized constitution and by-laws for local associations. This was a great step in the direction of co-ordinated action and co-operation but it is only the foundation. The building is yet to be raised on it.

Relevant Data Sought

About two months ago, I sent out a questionnaire to every one of the thirty-two presidents of local associations. This questionnaire was far from perfect but it did contain items which had to do with internal management. Some of them

were of no importance to the industry as a whole but were, in my estimation, of interest to the men who were running the local associations. Questions which, when I had been a club president, had come to my mind and which no one could answer.

Along with this questionnaire I sent a letter, explaining briefly the purpose of the questionnaire and also requesting that any local problems in club management be submitted to me.

I have received replies from twenty-eight associations. The results fall into two separate classes:—(1) The summary of the questionnaires, and (2) the problems of local organizations.

Taking first the matter of the questionnaires. The average club dues (not including the 20 payable to the national association) were $20. There are two associations which have two types of membership I realize that uniform club dues may not be feasible as there is a great difference in size and in work done by the different associations. However, I think that the average is of interest.

The next question was concerning the secretary. This gentleman, as you know, is the fellow who knows his local association from A to Izzard and who often gets round-shouldered from carrying the president. Well, there were exactly thirteen associations or less than half of those reporting, who oil the mainspring. Two associations paid the secretary $50 per year; three, $100; one, $200; one, $400; one, $480; one, $660; three, $1,200; and one, $2,400. Two of these associations had ghost-writers, or assistant secretaries, who received the money but not the glory. Another had two secretaries, the regular one who got $100 per year and a secretary of the credit section who got $150 per year. It was also interesting to note that ten of the secretaries of the reporting associations were not connected with the industry. Also, that eighteen of the twenty-six secretaries act as treasurers, but of the ten treasurers who are not secretaries, none of them receives any salary.

Another point of interest was the fact that within several associations are groups or units which meet separately and discuss their particular problems. For example, six associations have a credit unit; four, a trade and industrial sales group; two, a manufacturers and distributors unit; one, a jobber unit; and one an oil unit.

Of the twenty-eight associations, twenty have specific days for their meetings, and two have specific months.

The majority of the associations cultivate the social side by special meetings. Thirteen have an annual meeting; five, a Christmas party; four, a ladies' day; one, a club birthday party; and one, which is located in more of a Slavic than a Celtic area, a St. Patrick's party.

Golf is generally featured at the annual outings but one association has a monthly golf party.

Last year the national program committee suggested that local associations sponsor a dealers' night. Eight associations and one last year and ten are planning one for next year. I hope this will change the opinion of one association which, in answering the question as to whether or not they were considering a dealers' night for next year, wrote, "Hardly."

Local Committees

Another question was, "What regular standing committees do you have?" I confess the results were somewhat terrifying as I find no less than forty-nine standing committees listed, although the most that any one club reported was fourteen. You might be interested in learning the ten most popular standing committees. "Membership" took first place with twenty-one associations; "Legislative," second with nineteen; "Credits and Collections," third with seventeen; "Entertainment," fourth with sixteen; "Trade Sales," fifth with fifteen; "Executive," sixth with fourteen (I don't know why this should not be first, but I can show you the figures); "Program," seventh with thirteen; eighth place was tied between "Clean Up and Paint Up" and "Industrial Sales," with eleven each; ninth place was also tied between "Golf" and "Traffic," with nine each (I admit I lumped "Transportation," with "Traffic" which I think was logical); and tenth place was held by "Code," with seven. Some associations have shown ingenuity in having a committee unlike any others. For instance, I find a single example of a board of control, and apportionment committee, a new ideas committee, a statistical committee, a welfare committee, a workmen's compensation committee, and a scholarship committee.

A great many associations conducted special events which were of value to the community and the trade in common. I have already stated that eight associations held a dealers' night. Eighteen put on a clean up and paint up campaign; six, a campaign against cheap paint; two, a renovization campaign; and one, a better housing campaign. Many associations took part in more than one of the above campaigns. For example, all but one association which had a "cheap paint" campaign also staged a clean up and paint up campaign.

Only eight associations had any suggestions as to any special type of program they would be interested in next year. Credit and business promotion were the chief requests. Only three associations ever hire outside speakers; nine use some kind of a system to insure maximum attendance at meetings, and six have their books audited by an outside accountant. In reference to attendance, one association had a custom of maintaining a "kitty" at their monthly meetings. Everyone present contributed a quarter and the total was raffled off at the succeeding meeting.

I believe that the figures I have just quoted will give you a picture of the internal management of our local associations as a whole and some of the recommendations which I am to propose a little later are based on these findings.

Special Activities

I now come to the section of special problems and functions.

One association secretary writes:—

"At the present time much time and effort is being given to the matter of credits and collections, particularly with the painter and decorator trade, resulting in the formation of a system of credit control which has been operating for several months and which is bringing benefits and results which have surpassed the expectations of most of our members."

I regret I cannot explain in detail this system but I am sure that other associations will be interested and I feel certain Frank L. Hatch, executive secretary of the Golden Gate association, would be willing to give information to any association which asks him.

The Indianapolis Paint and Varnish Club makes the following suggestion:—

"In regard to trade and industrial sales group, I presume that we have a different problem from the associations in larger centers. There are so few of us in each group that the group meetings are not interesting or far reaching. If these groups could combine in such groups as are covered by glass jobbers or our own production club groups, which include Indianapolis, Louisville, Columbus, and Cincinnati, and Dayton manufacturers, I believe that more could be accomplished and I do not see how it is possible for a small group such as we have in Indianapolis, to accomplish very much where there is no uniform, concerted action or any contact with other clubs."

Another club executive puts in a plea for more interest from members. He says:—

"My only comment concerning local clubs is, that they would in my opinion function to a much greater advantage in the interest of the industry if the principals of the various local concerns would give more of their time and attention to the problems and development of the local clubs. An appeal for such should be made, the writer feels, from our general headquarters at Washington."

The spirit of this opinion was seconded by another executive who writes that their principal trouble is in "maintaining the proper interest among all members, both large and small." While still another complains, "It is difficult to keep up interest in attendance." And still another writes, "I wish some scheme could be initiated and brought into effect that would awaken more interest in our regular club meetings so that the attendance would be larger and more regular."

Co-operation of Locals

A very constructive thought regarding closer co-operation between local associations is expressed by one president who says:—

"It might be very interesting to have some informal organization of paint associations in various territories, and have meetings occasionally to discuss their problems. Each one of the territorial groups could then appoint a committee to meet once or twice a year with committees of other territorial groups to discuss matters that would be of interest to all local associations."

This thought is also voiced by another president who writes:—

"As a suggestion, I am inclined to believe that the presidents of the various paint clubs should get together at least once a year, and possibly twice a year, I understand, of course, that this cannot be done as a whole but could be done through zones."

A while ago I mentioned, speaking of the various types of committees, an apportionment committee. The duty of this committee is to help the association in raising money for any special campaigns or obligations. Its function is to apportion the expense among the members in proportion to what it believes each particular interest in the contribution should be. The secretary who gave me this information added, "While the computations have often been quite complicated, they have always been accepted, except for the good natured protest of all members." I should say that this was a perfect example of a benevolent autocracy.

Two associations which are farthest apart, in a geographical sense, are as one on the subject of a manufacturers and distributors group. The Golden Gate Paint and Varnish Association started this in 1926, and the Paint and Oil Club of New England started it in 1932. Such subjects as returned goods, service guarantees, advertising, terms of sales, etc., have been taken up by both these groups. It is surprising to see, now that we have a code, how right the decisions of these groups were on different subjects long before there was any code in existence or even thought of.

The work done by these manufacturers and distributors groups speaks for itself as to the usefulness of such a unit but there is another function which I would like to point out as it is one of extreme importance. Today, more than at any time in the past, the local associations have serious work to do, but the fact that there must be a social side to such organizations must not be lost sight of. Practical experience has proven it is impossible to combine a highly successful social meeting with a highly successful business one, yet both are desirable.

Also, there are many business problems that cannot be brought up at a general meeting of the association. One club president summarizes this by saying, "Because of the various groups, such as manufacturers, distributors, raw materials and sales representatives making up our club membership, we have found it difficult to provide subjects which have been of universal appeal to be discussed in an open meeting with interest by this mixed group. Largely because of this condition our club meetings have become mostly social gatherings." Another one says, "If it were possible to discuss all of our problems before the group as a whole it might help to keep up the interest of all our members. As you undoubtedly know, problems are presented at our executive committee meetings which could not very well be discussed at a public meeting."

Business Problems

The manufacturers and distributors group comes as an answer to an association president's prayer. At the meetings of this group pertinent business questions can be brought up. I have attended meetings of the manufacturers and distributors unit of the Paint and Oil Club of New England where questions brought up were so pertinent that manufacturers were mentioned by name and and these manufacturers had an opportunity of standing up and explaining their side. This procedure always cleared up misunderstandings which otherwise might have smoldered along for months. The manufacturers and distributors group is the logical meeting place for a great many of the existing standing committees in the association and the proper place for detailed business discussions.

All of this brings up another angle in our trade existence, the wholesaler. I have been told by several people, including wholesalers, that the wholesaler today was in many cases regarding the local associations affiliated with the National Paint, Varnish and Lacquer Association with more or less of a fishy eye, under the impression that these organizations were only for the benefit of the manufacturers and as such there was no place in it for wholesalers especially when there was in existence a wholesalers' organization to which many of them already belonged. Gentlemen, this impression is entirely erroneous and based on a superficial knowledge of the aims and ideals of the National Paint, Varnish and Lacquer Association.

It is true that the manufacturers have certain problems, say in production, in which the wholesaler is not primarily interested. Or, the wholesalers may have problems which may not interest certain manufacturers although those that depend on wholesalers undoubtedly are interested in them. But the major problems of each class are correlated and unless they are solved by a combined understanding, neither side accomplishes its objective.

What better place can manufacturer and wholesalers get together than in a manufacturers and distributors group meeting where they can freely ask and answer questions of vital interest to both parties. Why should manufacturer and distributor stand apart and thumb noses at each other while the customer walks between them on the arm of the mail-order house? Manufacturers and distributors must work together in perfect harmony and understanding if the maximum results for each are to be obtained. Who benefits from some of the special campaigns I have mentioned, such as clean up and paint up, dealers' night, etc.? Just the manufacturer? Just the wholesaler? Of course not, both of them. Does the manufacturer selling through wholesalers deliberately try to injure the wholesalers, or does the wholesaler intentionally wish to injure the manfacturer whose goods he distributes? What a foolish question!

About a year ago a lady in New York city had trouble in explaining to the telephone company that they had wrongly charged her for a bill for which she was not responsible. Despite several letters from her the telephone company persisted in sending her the bill on the first of every month. Finally, one morning she received two letters from the telephone company. One was from the manager of the sales department acknowledging her letters and apologizing for the company's mistake. The other was from the manager of the credit department threatening to turn the bill over to a lawyer for collection. Very coolly the lady pinned both letters together and sent them back to the telephone company with a brief note saying, "I want you gentlemen to meet each other." Thus I say, "I want you gentlemen to meet each other."

Recommendations

With all I have said as a background, I want to make the following recommendations to local associations:—First, wherever possible there be established a manufacturers and distributors group.

Second, that the meeting or series of meetings between representatives of local associations be held in the different zones during the coming year. In this connection I would suggest that, whereas, the New England club is the only club in its zone, it be for this purpose in the eastern zone.

Third, that every association shall make a duplicate of all its minutes and send these to the national headquarters. Such a file of minutes will prove indispensable not only to the national association headquarters but to any local association which is interested in improving its management.

Fourth, to prepare a simplified list of standing committees. Many standing committees now functioning are duplicates of committees already existing in the same organization under another name.

Fifth, that wherever possible, books of the local associations be audited by an outside accountant and that such accounting be a uniform one.

Sixth, wherever possible, the local association's mailing list for notices contain the addresses of all club association secretaries.

Seventh, that there be published and sent to every association a list showing the meeting dates of all associations which have specific times for meetings.

Gentlemen, concluding, I hope that my survey, which is far from perfect, may lead to a closer co-operation along the lines I have mentioned as I firmly believe such action will benefit the industry as a whole.

Report on Programs

(The distributed report of the committee on local association programs was as follows.)

The fourth year of club programs has just closed. It started in the year 1930-31. There have been five programs in each series, with the exception of this last year, 1933-34, when only three were issued.

The first meeting of your committee this year, January 19, was held at association headquarters in Washington, as it was felt there might be records and information available there which the committee might want to consult during the course of the meeting, also because of the fact that President Trigg had stated that he was anxious for the industry to have as many meetings as possible at association headquarters in order that the members of the various committees might become familiar with exactly the kind of set-up that was available to them for assistance in their work.

At this meeting consensus of opinion seemed to be that the programs, as furnished the various local associations in the past, were excellently written, and portrayed in a very good way the national association and its many activities, but that, in many cases, the presentation before the local associations was not all to be desired. To correct this, it was decided to make the coming programs ones which could easily be read, or which would merely outline the subjects and which could be developed by the local speaker who presented the program.

The subject of "dealers' night" was selected for program No. 1 of the current year, as this type of meeting, which had originated with the Paint and Oil Club of New England several years ago, had proved to be of national interest and capable of being staged by many of the local organizations. Chairman Stodder, because he was president of the Paint and Oil Club of New England, and therefore thoroughly familiar with the details of preparation for such a meeting, was asked to prepare this program. It was also decided that a specific recommendation should be made to all organizations by President Trigg suggesting that they should sponsor a "Dealers' Night."

Attention was then called to the fact that the subject—"Credits and Collections"—was one of the most important problems confronting the industry today. After careful consideration, it was unanimously voted to have this as the subject of program No. 2. T. J. Kenny, chairman of the national credit and collections committee, was doubtlessly the man best fitted to prepare this program, accordingly he was asked to do so. It was also suggested that, wherever practical, it might be wise for each organization throughout the country to have some outside speaker—preferably one connected with a local credit association—to be present at the meeting in order to further develop the subject.

In view of the fact that program No. 3 would not, in all probability, be submitted to the local associations until early in the Fall, it was felt that this program should deal with "The National Association and the Coming Convention." Such a subject, it was thought, would not only be a timely one, coming a few weeks before the convention, but also it would do much to make the members of the local organization wish to attend this convention which, it is believed, will be one of the largest and best on record. It was agreed that George H. Priest, Jr., was eminently qualified to prepare this program; accordingly he was selected to write it.

Wilson & Bennett Manufacturing Company
At the 1934 Paint Industries Show

At the present writing of this report, it is too early for your committee to report on the effect of program No. 3, but in respect to the two other programs, we believe they successfully accomplished their purposes. Already we know that eight local organizations sponsored a "Dealers' Night," and that ten plan to sponsor one next year. Mr. Kenny's ably written "Program Number 3: Credits and Collections," was welcomed by every local organization, and while in all cases it was not read word for word, it was, in practically every case, discussed.

In reviewing the work accomplished during the past year, your committee feels that there is a definite need for the continuance of the national program committee. It not only will seek to prepare programs of interest to the local organizations, but also to develop for presentation, meetings which have originated and have been tried out successfully by many local organizations—such as the "Dealers' Night" above referred to. In this respect, your Committee would recommend that the newly appointed national program committee endeavor to analyze the work and desires of the local associations, and upon these findings base their programs for the year 1934-35. Your committee gratefully acknowledges the help received from the many members of our association who aided in the preparation of this year's series of programs.

President Trigg:—Mr. Stodder's report contains a final recommendation authorizing the appointment of a committee which, I take it, would be a committee made up of the presidents of local associations.

Is there a motion approving that recommendation of Mr. Stodder's?

(It was moved and seconded that it be done.)

President Trigg:—If there is no contrary it is adopted.

The next item on the program is Dr. Gardner's report.

Scientific Section

Dr. H. A. Gardner:—One of our activities has been to search the world for raw materials that can be used in making varnish and other products of the industry. So this last Summer I went to Brazil to look at some of the products, and I brought back trunkloads of specimens.

Some of the specimens are on exhibition at the end of the room in the scientific section exhibit. The most interesting of all is oiticica oil. In Brazil there are between one-half million and one million oiticica trees, growing profusely in this locality, which produce in the Fall of the year, along in November, a fruit which is in the form of a nut, containing a very large percentage of oil.

The trees are very large, growing one hundred feet or more, and having a wing spread of one hundred feet. Some of them produce two tons of fruit, an extraordinary quantity of fruit.

The fruit contains about 60 percent of oil which is similar to chinawood oil, and it appears to have a wonderful future in our own industry.

At the present time the methods of crushing the oil in Brazil are rather crude. They have two types of mills there. One is of the traction type and one of the pressing type, and to date they are only pressing about two thousand tons each year, at the most, and there is very little use for them.

They have shipped some to Germany and some to Russia, and they have experimented for us in shops but without any startling results. The crude way in which they manufacture paint in Brazil has precluded the use of it there. They have experimented with it but usually with poor results because of the fact that the crude or raw oil wrinkles very badly in forming a film.

Because of the lack of industrial chemistry they haven't been experimenting with the oil to find out how it can be used successfully and profitably. We have found out, however, in the very brief studies that we have made, that it is the simplest thing in the world to treat it. The oil is put in a kettle, with rosin, or a natural or synthetic resin, and cooking the oil overcomes all wrinkly phenomena.

Uses of Oiticica Oil

That oil is a varnish oil that can be used to take the place of chinawood or with chinawood oil in the production of quick drying oil. The amount available in South America will be very large. In other words, this year's crop is probably the largest crop that they have ever had. They have produced this year something like one hundred million barrels of oil without any difficulty. Heretofore the fruit has dropped on the ground and rotted there because no one took the pains to pick it up and ship it to the pressing areas.

The oil, as I said before, is bound to come into our industry in the very near future for the manufacturing of all types of varnishes. I don't say that it will take the place of chinawood oil entirely. It can be used in place of it, and doubtless will be used for that purpose. In some slides that I am showing a little later on I will indicate to you how it can be employed and the various products that can be produced from it.

In regard to the price of the oil—it is substantially lower than chinawood oil. There is no duty on it coming into this country and the main producers of it have a freedom from experiment taxes. In fact they have a stipulation from the government that is good for at least fifteen years more to the effect that no taxes will be placed on the oil by the Brazilian government. That in quite a remarkable concession in view of the fact that they do place taxes in Brazil on practically everything that comes in and goes out.

It would look as though we do have, in Brazil, at the present time a tremendous quantity of oil that is very similar to chinawood oil and so far in experimental work we have found that it will do many of the things that chinawood oil does.

As to the percentage that will be used—in my opinion it is probable that three or four parts of this oil to one part of chinawood oil will give us the best results.

My idea was to go down there and get the seed and plant it in this country or another country, but I thought that was very far-fetched because the tree grows rather slowly and takes about fifteen years to produce fruit. It grows in Brazil anywhere, from fifty to one hundred years indicating the age to which it attains. Nevertheless, I did bring back seed with me, and I have planted it in something like twelve different places, in Louisiana, in Florida, and in Cuba and Porto Rico, and the Philippines and the Hawaiian Islands.

In other words, we have started our experimental planting with that seed, but we must look to Brazil to supply us with any quantity of oiticica oil that we are going to need for at least twenty-five years to come.

Since there is such a tremendous amount of that oil available there, and readily available to you at any time you want it, it would appear to me that it would not take very long to introduce it into the various formulas which you are using today in the manufacture of coatings.

I have a few slides that I think are interesting in that connection, and if you will show them please we will go to that.

(Dr. Gardner showed and described a number of slides.)

I think that is all of the slides, but I have a few minutes more, and in passing from this subject I want you all to know that you probably have received this description of this oil in circular 470, sent out ten days ago, so if any of you haven't a clear picture of it in your minds, if you will send for an additional copy I will be very glad to send it to you.

Informative Circulars

In finishing up my report, I want to say that we have sent out to all of you as members, circulars which have aggregated over a thousand pages of printed matter.

There have been over twelve circulars during the year of abstracts, aggregating something like four thousand abstracts of foreign and local articles on paint and patents which have appeared all over the world.

We have also published circulars on the follows subjects:—

"Oiticica oil," Henry A. Gardner.

"Technical Progress in the American Paint Industry During 1933," G. C. Sward.

"Monograph for Hiding Power of Paint," G. C. Sward.

"Quick Drying House Paint Tests," Henry A. Gardner and Leland P. Hart.

"Pigment and Color Index."

"Economic and Commercial Factors in the Development of a Domestic Tung Oil Industry," C. C. Concannon.

"Mildew Prevention on Painted Surfaces," H. L. Gardner.

"The Fallacy of Paint Formula Specifications."

"Bulking Values of Some Gums, Resins, Oils and Miscellaneous Liquids."

"Some Physical and Chemical Properties of Hydrogenated Naphthas," J. R. Stewart.

"Plasticizers for Cellulose Nitrate," A. W. Van Heuckeroth.

"Resins and Plasticizers for Cellulose Acetate Lacquers," A. W. Van Heuckeroth.

"Paint Exposures in Southeastern Florida," C. Hubbard Davis and B. F. Davis.

"The Glossmeter," Richard S. Hunter.

"Photogenic Spots on Paint Tests," Henry A. Gardner.

"Panels for Antifouling Paint Tests."

"List of Publications Issued by Scientific Section," 1907-1934.

"Zinc Sulphate for Tung Oil Groves," Henry A. Gardner.

"Effect of Cold Weather upon Paint Films," Henry A. Gardner.

"Paint Emulsifiers," Henry A. Gardner.

"Spring Painting Jobs," Henry A. Gardner.

"Mildew Prevention on Painted Surfaces," Henry A. Gardner, L. P. Hart and G. C. Sward.

"Sun Exposure of Test Panels," O. J. Siplein."

In passing I just want to say that the work on tung oil is being carried on in Louisiana. A great stimulus has been given to it by the fact that the FERA has recently appropriated a substantial sum of money to plant something like ten thousand acres of tung trees around the Gainesville district.

There is also great activity on the part of the home loan board in Louisiana, in the planting of oil, and they have apparently put up the money during the past year to build a chinawood oil crushing plant right north of New Orleans, to take care of the crop of the farmers who have located in that district.

They are now proposing to put up another crushing plant to take care of the crop in Mississippi.

So it looks very hopeful that the experimental work in tung oil producing in America will some day bear fruit. This year there will be only a few thousand gallons, I don't know how many, probably a million pounds of fruit crushed, or at least a half million pounds of fruit, but that is only a drop in the bucket. We have got to have at least 50,000 gallons, at least 12,000,000 pounds per year, to do any great amount of good, and that is away in the future. We will get it some day, but it means slow work, and we have got to be patient until it does come in.

There are many other duties of the scientific section, but I believe I have given you a general picture, and I wish to thank you very much.

President Trigg:—Thank you, Mr. Gardner.

Now we will have the report of the Save the Surface Campaign, by Miss Lonore Kent, director.

Scientific Services Discussed

Frank L. Sulzberger:—I don't think that we ought to pass that report without at least realizing that these things just didn't happen.

After all, the men in this room if they look back must realize that the scientific section started out years ago, through the old educational bureau, and in order to protect this industry went into the flaxseed development.

Later on, it was the introduction of soybean oil into the United States, and later we had investigations and the starting of the growing of tung oil in Florida, and now through the entire Southeast, at all times the scientific section, it seems to me, have been working in new fields, and with new products, with the idea of guarding this industry against possible extinction, and I believe this investigation in South America was just simply one more instance where the work of the scientific section has been devoted to the welfare of this industry, and its perpetuation in the future.

I think all of us must owe a great debt of gratitude, not only to the section, but to the association itself for being able to carry on the work which insures the future of our industry.

I don't think that a report ought to go by without at least our taking home to ourselves what the implications are.

Mr. Bennett:—May I ask if the circular dates may be obtained

Dr. Gardner:—The circular does give the name of a producer down there, but there are other producers, and I think you will find several during the next few years.

I crushed my own oil down there, and I knew just what I was working with, and I brought it back here to establish standards, and I have brought up tentative specifications, and I would suggest that they get oil meeting these requirements because practically every gallon that has come into this country has been sour, full of acid, and it doesn't treat properly in the kettle, and it is useless.

So, if you want oiticica oil see that it matches these specifications. I have brought up ten drums with me and that is being processed on a practice scale. I am going to bring possibly one hundred drums sometime within the next few months, and if anybody wants that oil meeting these specifications I would be glad to include it in that shipment that I am getting up during the next few months. If you will drop me a line I will have that included.

President Trigg:—Is there anything else on this subject?

Does anybody want to ask any questions or to make any comments?

The next number on our program is the report from the Save the Surface department. Miss Kent, if you are ready we will be glad to have you come forward.

(Miss Lonore Kent, director of the Save the Surface Campaign, presented the following report with a number of illustrative slides.)

Saving the Surface

I wish it were possible for you who are present, and for every member of the industry, to know, in detail, the great amount of publicity save the surface is getting across for the paint industry. Week after week, and month after month, stories sent out from our Washing office hit the columns of leading newspapers all over the country.

In New York, for instance, our stories are published by the *Herald Tribune*, the *New York Times*, the *American*, the *World Telegram*, and the *New York Sun*. Over one weekend, recently, stories of ours appeared in all five of these publications. The *Sun* told of the wisdom of using at least three coats of paint. (Three days before the *Sun* had carried eleven stories released by save the surface.) In the *Herald Tribune* was a story showing how rooms may be made to appear larger by using paint tricks; the *World Telegram* printed stories about painting exteriors attractively and about the results of color experiments. In the *New York American* were articles about the proper use of varnish, enamel, and a warning that exterior painting should be undertaken before the weather turns too cold.

The same weekend Washington papers also urged the use of the industry's products—paint, lacquer, stain shellac, and all the others. The *Washington Star* carried three stories, the *Washington Times*, eight, and the *Post*, ten. "No money spent on remodeling," said one of these stories, "will show up more dollar for dollar than money spent on paint." Another urged: "Keep the house painted to lessen depreciation; don't wait to protect surfaces exposed to the weather."

Simultaneously on the West coast, the Los Angeles *Herald Express* carried stories about the new vogue for walls painted in vivid colors, the painting of new wood, and the importance of paint in connection with proper lighting. San Francisco, by means of the *San Francisco Chronicle*, was advised that the adequate use of paint saves billions annually. Four other stories also appeared in the same issue.

They are not special cases—neither are they hand-picked newspapers. Inland cities and coast cities—northern towns and southern ones—are continually reading our stories about the importance of paint protection. What's more, the newspapers are enthusiastic about the stories they receive from save the surface. Recently we sent out a questionnaire asking if there were suggestions or criticisms that would enable us to improve our releases. Scores of answers came in. The *San Francisco Chronicle* wrote, "Your releases are welcomed weekly and used regularly. They're swell as is." The *Hartford Times*—"Glad to get your stories. We could use more items about a quarter of a column long on the proper use of paint." The *Ledger Enquirer* papers of Columbus, Ga., wrote, "Welcomed weekly. Used regularly. Good stuff. Well prepared." From the *Chicago Sunday Tribune* came this message, "Enjoy your releases very much and use them in various ways." The *Detroit News* informed us, "Your stories are welcome weekly. This paper would not use them were they not appreciated by its readers." From the *New York Herald Tribune* came this comment, "Keep sending us stories. I consider your items interesting and use them." In Utica the *Observer Dispatch* which uses our releases regularly wrote us, "Your releases are very newsy and provoke many questions from our readers." From the *Cleveland Plain Dealer* came this comment, "Welcomed weekly. Used regularly. They're grand!" The *Milwaukee Journal* contributed, "Used regularly. Short stuff is the best thing we get." Even the *Honolulu Star Bulletin* had something to say on the subject:—"Your releases are welcomed weekly," they wrote. "We use them regularly. Believe service is helpful in increasing local retail business."

But to bring the mountain to Mahomet, I have brought with me today some slides which will give you a bird's-eye view of our activities.

Distribution of Publicity Matter

The first one is a reproduction of a map which ordinarily hangs on the wall of my office. The black dots represent newspapers and radio stations that are printing and are broadcasting our material. There are even more black dots on the map now than there were when this slide was made—for the total of newspapers using our weekly releases has climbed to nearly a thousand. When the slide was

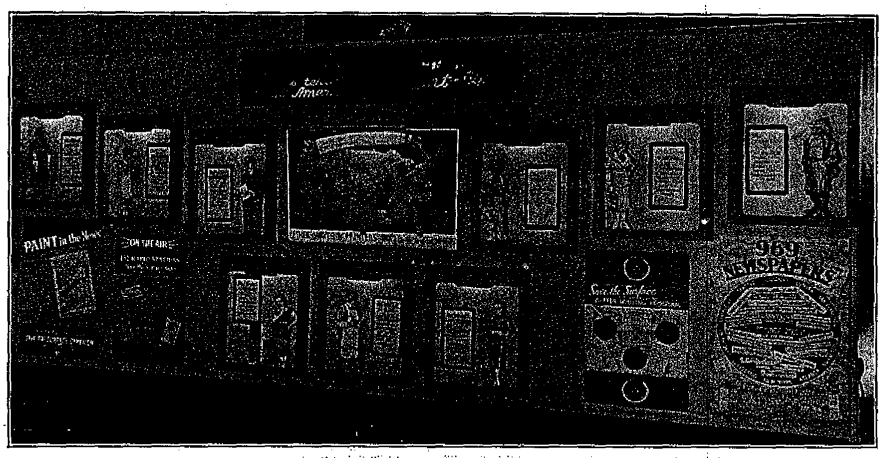


Exhibit of Save the Surface Activities

printed there were only 605 newspapers on the list.

Nine hundred and sixty-nine newspapers are now receiving and using our weekly releases. Perhaps you can read the headings on some of the clippings pasted on the poster reproduced in the slide. If you can you'll see titles on the stories such as the one on the lower edge which reads:—"Guard Homes from Weather with Fresh Coat of Paint." There's another one up there in the left-hand corner, "Repainting Gets First Attention"—and other "Painting Leads FHA Program." A story in the right hand corner advises, "Your Uncle Sam says, Fix Up Paint Up." Above it there's a clipping headed, "Painted Rooms Appear in Striking New Colors."

Here's another slide showing clippings that have appeared in recent months. Probably you can read the names on this slide of some of the papers in which these stories have appeared. You'll find papers there from the Chicago *Herald Examiner* to the New Orleans *Times-Picayune*—from the Milwaukee *Journal* to the Washington *Star*. Others that appear are the Cleveland *Plain Dealer*, the St. Louis *Post-Dispatch*, the Los Angeles *Examiner*, the Detroit *News*, the Milwaukee *Journal*, the Baltimore *American*, the Washington *Post*, and the Portland, Oregon, *Journal*. That's a nice headline at the top of the sheet—"Paint Danger Spots Now, Home Owners Are Warned." The picture below that heading showing the danger spots came from our office. Some of the other headings on this slide that will be of interest are:—"Painting Must Be Made a Definite Part of Planning"; "Cheap Paints Prove Costly"; "Paint Protection Need Emphasized"; "Spend for the Home and Remember Paint"; "Good Paint Adds to Valuation"; "Paint Is Urged for Neglected Homes in U. S."; "Planned Painting, Experts Advise."

It is very seldom that you'll be able to detect our part in these painting promotional stories. Sometimes a statement about the advantages of painting may be credited to one of the national association officers, but just as often it will be a statement by a noted architect, a government official, or a quotation from a well-known magazine.

One of the stories pictured on the slide before you quotes an article that appeared in the *Real Estate Magazine*. It was about the need for planned painting. We were quoting ourselves in that instance, because we'd written the story in the first place for the *Real Estate Magazine*.

Another story there which is hung on a statement by a leading architect has a rather amusing aspect. The architect in question made a statement in regard to the need for paint in reconditioning homes. We asked him for a more complete statement that we could use for a press release and he obliged by sending us a lengthy written statement on the advantages of painting. As I read it, I thought the copy had a familiar ring, and reached for an issue of the *Ladies' Home Journal* in which one of our stories had appeared year before last. Apparently, the architect had seen it also for he had copied his statement verbatim from it. So you see we sometimes meet ourselves coming back. Naturally it doesn't hurt our feelings to see our paint propaganda echoing and re-echoing in such a fashion.

When I read the comments on our newspaper service a few moments ago you may have noticed that some of them were particularly enthusiastic about what they termed "the short stuff." That is what we call "The Filler Feature." Every week we send out several pages of short paragraphs about paint products, their uses, and methods of application. These have met with an exceptionally warm welcome. Recently a single issue of a well-known newspaper carried twenty-seven of these short paragraphs in addition to six other longer stories that had also been sent out by save the surface.

With Better Housing

Naturally you are interested to know how we are co-operating with the better housing administration program. Since long before the President signed the national housing act we have been talking about the housing program in our newspaper releases. We wanted the public to think paint every time they thought of the housing program or read about it in the newspapers.

When the housing act was signed and the organization to promote it became a reality, we offered our co-operation in the form of stories that would be suitable for use in the various publications of the Federal Housing Administration.

To date we have supplied FHA with more than 200 stories of various lengths about the part paint plays in the remodeling of homes. Some of these stories have been incorporated in the modernization clip sheet which goes out from the Federal Housing Administration headquarters every week to more than 3,500 newspapers. Paint has been mentioned more than a hundred times in the first nine issues of this publication.

Other material of ours has been used in the publicity portfolio which is used in community campaigns. There is for instance, in this publication, a story that advises, "Paint Can Lead to Big Savings."

In the property owners book which is now in the hands of millions of people there are more than a score of references to paint and painting. Still other material supplied by save the surface has been incorporated in stories released by the Federal Housing Administration to trade papers and farm journals.

But we don't spend all of our time writing about the importance of paint as a protective coating. There is that great American buyer—the housewife—to be considered. While it is true that women are deeply interested in economizing and in protecting their property, the subject that lies closest to a woman's heart when she thinks of her home is how she can make that home beautiful and attractive to her husband and family. For Madam Public we prepare stories that tell of the magic contained in a can of paint.

These stories are illustrated and sent out in mat form to the seven hundred newspapers that use them. They tell how houses can be made more beautiful and attractive by the use of lacquer, enamel, water paint and varnish. Through the pages of Madam Public's favorite magazines she is also told about paint.

Magazines like the *Ladies' Home Journal*, *Good Housekeeping*, *McCalls*, *Better Homes and Gardens*, *The American Home*, *Parents Magazine*, and others print stories prepared by save the surface. To illustrate the type of material that appears in these publications here are some excerpts from the story that appears before you. It was published in the June issue of the *Ladies' Home Journal*.

Under the title of "Let's Do Tricks With Paint," it portrayed in graphic and amusing style some of the possibilities contained in a paint can.

But underneath its casual surface lay a deeper note of warning. In the caption beside the lady who's looking so hard at the porch pillar this admonition appears: "Take a hard look at the outside of your house. See what sort of mischief the weather's been up to. Ten to one, your house needs painting. If the painted surface is glossy and smooth, you're foiling those home-wrecking villains—Frost, Moisture and Sun—but if

Lonore Kent
Director of Save the Surface

the gleam has gone out of the paint and the surface is dry and chalky, it's better call up your painter and have him check. Moisture and Sun may be sneaking up on your pocketbook with villainous glee."

On the Radio

Nor does Mrs. John Q. Public escape paint propaganda when she tunes in her radio.

"Here's How"—the new save the surface radio series—tells her how to make her home more livable and lovable with the products of the paint industry. The new radio series is designed to be gay, interesting, and thoroughly practical. It boosts the better housing program and urges radio listeners to fix up and paint up.

As you know, save the surface releases find favor at 132 radio stations and have been broadcast on the ether waves of thirty-seven States as well as seven provinces of Canada. Stations such as WTAM in Cleveland, KDKA in Pittsburgh, KNOX in St. Louis, KFI in Los Angeles, and KFRC in San Francisco, use the save the surface radio material on their homemakers' hour, as sponsored programs, or as regularly scheduled sustaining features.

"Color Magic" and "The House That Had Its Face Lifted"—previous radio series—are now in printed form. Many dealers and manufacturers have found in them material useful in the preparation of advertising copy.

Extension workers use "Color Magic" and "The House That Had Its Face Lifted" as handbooks in their work. Extension workers are those indefatigable servants of the Department of Agriculture who devote their time to teaching homemakers in rural communities how to make their homes more attractive and more convenient.

Teachers of home decoration in scores of colleges and high schools have written us how useful these two booklets are proving in teaching home economics and home decoration.

With all our aiming at home owners and homemakers—we never forget that there are lots of other places to put paint besides on the dwellings of the country. Factories of every sort, shops, hospitals, plants, department stores.

We pick out the leading magazines in a field, write the editor a letter, suggesting that we do an exclusive story for him that would be of decided interest to his readers. Usually editors are interested and we proceed with the work. Everyone in a given industry, however, does not read the leading publication in his field—even if it has the largest circulation—so we prepare a news release, built around a statement regarding the advisability of painting by someone prominent in that field. This we send out to the other magazines in that particular industry.

In this way the retail merchant learns that making his establishment attractive with paint will bring customers to his door and will give his sales prospects the impression that his merchandise is clean and desirable.

The foreman of a factory discovers that workers under his supervision will turn out better products—will work more cheerfully—that there will be fewer accidents—if the walls and machinery of his workshop are carefully coated with paint.

The industrialist is shown that he will save money by getting paint insurance for his property and will earn money as a result of improved products.

During the past year save the surface stories have appeared in more than half a hundred publications. Here are some of the trade magazines:—

Factory Management and Maintenance, *Mill and Factory*, *Confectioner's Journal*, *Bakers' Weekly*, *Building and Building Management*, *National and American Miller*, *Brewery Age*, *Furniture Age*, *Steel*, *Real Estate Magazine*, *Canning Age*; *Trained Nurse*, *Hospital Review*, and many others.

In Rural Fields

To the farmer, save the surface addresses stories of paint thirsty barns, of weathered fences and of machinery which depreciates because of paint neglect. Publications printing this material are read by every type of agriculturist—poultryman, tobacco grower, wheat raiser, dairyman.

The frequent releases from Washington are welcomed by the editors of rural publications. A recent letter from the editor of *Farm and Ranch*, Dallas, says:—"Thanks for the story. *Farm and Ranch* has been trying to promote the use of paint not only on farm buildings, but also on farm machinery. We are with you on your paint campaign." F. J. Clark, of the *St. Paul Farmer*, says, "We think the story on using paint to forestall repairs is very timely and are using it in our next issue. We feel that material prepared by your organization is entirely reliable and is not partial to any particular brand or concern." F. D. Sanders, editor of the *Southern Planter* writes, "I'm enclosing a proof of your article 'It's Cheaper to Repaint Than to Repair' which will appear in our October issue. In traveling through our territory and talking with farmers and extension workers, I find that there is an unusually large amount of repairing and painting under way on farm buildings." Many letters of this type are received.

People who live in rural communities are also reached by the national publications of the type of the *Progressive Farmer* and the *Farmer's Wife* which are shown on this slide.

So that you'll have a clearer picture in mind of the various paint-buying audiences we are reaching, I have the save the surface paper dolls here who symbolize the millions of potential paint purchasers we are reaching.

You've probably seen them in the save the surface display outside. I'm taking the liberty of showing them to you again so that you will be well acquainted with the methods we are using to reach their ears, their eyes, and most important of all their pocketbooks.

First of all, may I introduce Mr. Home Owner. He reads of the urgent need for paint protection in his daily newspaper and in the building magazines. Then, there's Madam Public herself. She's looking off stage toward a wall she's decided needs to be painted. Her decision has been brought about by the illustrated feature stories she's read in the newspapers and by the magazine articles that have appeared in her favorite publications. Beside her, is Massa Farmer. It's a long time since his house and barn and fences have been painted, but stories he has read in his farm papers have made him acutely aware of his urgent need for paint protection. At the first opportunity he's going to take his paint can in hand.

Then comes the teacher of home management and decoration. Through her we are reaching the generation that is growing up to buy paint. The extension worker beside her is carrying the message of paint protection to the women in rural communities. Next comes the radio listener—she is really "every woman"

The retail merchant comes seventh; he's the man who sells everything from soup to fish, the man with the small business who needs every advantage he can gain to attract customers. Through newspapers and trade journals he is shown that freshly painted stores attract and hold patrons.

Beside him, are the shop foreman and the industrialist. To them, through trade journals, we are preaching the advantages of well painted plants as a means of improving lighting, employee morale and the products manufactured.

Co-operation in National Movements

Save the surface also co-operates with other groups, such as the better light—better sight organization. The importance of wall coatings in light reflection is one of the points stressed in the publicity of this group. Save the surface has sent out releases pointing up the importance of painted walls in connection with adequate lighting and at the same time boosting the better light, better sight campaign.

Another group with which we co-operate is the master painters. The importance of quality workmanship—as well as the wisdom of using quality products—is constantly stressed in save the surface news releases. The International Society of Master Painters' and Decorators' knows and appreciates the sincere efforts save the surface is putting forth to co-operate with its members.

The painting promotional plan, evolved by save the surface to stimulate business-getting activities in the ranks of the master painters, has received the hearty endorsement of the executive board of the international. It is now being presented to the individual chapters of the organization for their acceptance. The booklets pictured on this slide are part of the plan.

At present save the surface has in preparation a booklet which will show master painters how to promote business by placing publicity stories in their local papers.

Another booklet which save the surface has prepared is called "Paint in the News."

Up to now, publicity about paint and painting has all gone out from Washington headquarters. The booklet shown in this slide, "Paint in the News," presents a method whereby the barrage of publicity that is being released from Washington can be reinforced by local publicity, placed by individual members of the industry in their respective communities. The booklet may be obtained by writing to Save the Surface Campaign, National Paint, Varnish and Lacquer Association, Washington, D. C.

There in the center of that slide—on the cover of the booklet—is your $7,000,000 slogan.

Value of Slogan

Seven Million Dollars! That's what advertising experts have figured our slogan to be worth. Today it can be more valuable than ever before.

The world is full of paint-starved surfaces and no phrase ever written can so impress the public with the urgent need for paint as those seven simple words—"Save the Surface and You Save All!" Feature the slogan in your advertising, on your stationery, on your radio programs—even on your delivery trucks.

There never was a time when it was more important or more opportune for the paint industry to use every available means of promotion. Every manufacturer—every jobber—every dealer—should be shouting the need for paint in every possible newspaper and magazine.

Make Mr. and Mrs. Public so conscious of that slogan that they realize it's cheaper to paint than to procrastinate.

In the good years—back in the '20's when industry was advertising co-operatively—the annual gross sales mounted to 400 million mark. Yet competent authorities estimated that only 25 percent of the country had adequate paint protection at that time. In other words, there is a potential paint market in this country of one billion, six hundred million dollars. Certainly a market worth going after!

Last year the total gross sales were between two and three hundred million—a trifling percentage of possible profits.

Today, the government is spending literally millions of dollars to make property owners conscious of their property—to make them aware of the need for protecting and improving homes and business buildings. Property owners all over the nation are being reminded every day of the necessity for repairs and improvements. The better housing program offers a tremendous opportunity to the paint industry. It isn't simply a question of climbing aboard the bandwagon. We can, if we choose, actually lead the parade!

But to do this we've got to focus the widespread public interest in housing on paint.

That means that every last one of us has got to do everything in our power to put paint before the public. Let's go out and promote paint with every ounce of our energy.

Let's cover America—from coast to coast—from Canada to the Rio Grande—with "Wet Paint" signs!

President Trigg:—Thank you, Miss Kent.

The next item on the program, which will be brought forward now, is a statement from the traffic department, and E. A. Leveille, who is the head of it, will present it.

Mr. Leveille presented the subject, which he will now discuss with you, to the executive committee yesterday, and after Mr. Leveille has made his statement, then there will be presented a resolution which was approved by the executive committee yesterday, and ordered presented to you for your consideration with their recommendation that it be adopted.

Traffic Bureau

(E. A. Leveille, director of the traffic bureau, presented the following report.)

The report of the traffic committee has been printed and is available for distribution, and it will not be any purpose to, in my allotted time, review that material. Suffice to say the report of your traffic committee will repay a careful perusal—every annual report contains something of value to nearly every element in our industry, and this one is no exception.

There is, for example, the paragraph noting the extension by the Railway Express Agency of "Pound Rates" to advertising matter, that presents opportunities for interesting economies to those who distribute printed advertising matter in volume. A systematic check of your practices in this respect may yield savings of hundreds of dollars by utilizing the now less expansive and equally efficient express service—we, therefore, renew the suggestion to obtain a copy of the annual report and take it home for careful perusal.

Your committee has in previous annual reports, and again in this one, referred to a reduction in the costs of distribution of the products of our industry made by the rail carriers for the express purpose of inducing greater utilization of railroad facilities. Your co-operation in this effort has been urged, and it is gratifying to report that it has been generously given. The successful achievement of real co-operation between two major industries, even in matters of reciprocal or mutual interest, is attended, as you know, with difficulties, and your traffic committee expresses its thanks to those elements in the industry who have so generously contributed to the success of this movement. The railroads, themselves, entertained some doubts of the ability of any organization to inspire the spirit of co-operation in its members; and to facilitate a check on the results of your traffic committee's activities, the railroads first published these rates experimentally to expire June 30, 1933; extending the period first to December 31, 1933; then to March 31, 1934; and later to December 31, 1934.

The attitude finally taken by the Eastern or Official Classification lines remains to be determined, but the Western lines, January 1, 1934, eliminated the expiration date from their publications and have adopted fourth class as a permanent adjustment. Your committee is informed the Southern lines have recently taken similar action so far as the rates within their jurisdiction is concerned, and this action will presently find reflection in their published tariffs. We have recently been informed, since the preparation of our annual report, that the Eastern lines have voted to further extend the expiration date in their tariffs to June 30, 1935. Your traffic committee cherishes the hope that when the time comes for final decision, the Eastern lines will feel disposed to join their Southern and Western connections and give this basis a permanent character.

These indications, and others from our own members, of the success of the effort are gratifying to your traffic committee, and mark the inauguration of a period of harmonious and cooperative relations through mutual consideration, your committee believes will confer large benefits and advantages to both industries. We advocated this adjustment, in the first place, to facilitate the distribution of our products by rail; restore to the carriers tonnage and revenues to which we believed they were entitled; and secure for our industry a rate adjustment designed to achieve both purposes.

Sympathetic transportation rate adjustments, modifying geographical impediments, and providing access to the broadest possible, nation-wide, markets, promotes the welfare and prosperity of our members—and by increasing sales volume, the greater tonnage and revenues requiring transportation, in turn, contributes to the prosperity of the railroads. To an industry like ours, serving nation-wide markets, such an adjustment is of prime importance. But a schedule of advantageous rates would be useless without an adequate system of railways operated with a high degree of efficiency, and that brings me to a very serious matter to which I should like your particular attention—namely, the present precarious financial condition of our railroads.

This situation, the traffic committee regards, as of the greatest importance, and we submit for your consideration the reasons which induce this belief.

Financial Condition of Railroads

For the past four years our railroads have sustained a precipitous and continuous decline in operating revenues and consequently net railway operating income. Revenues declined from six billion dollars in 1929 to three billion in 1933, and net railway operating income from 1,251 million to 474 million in the same period. Notwithstanding the practice of the most drastic economies in the operation of their properties, including the furloughing of 700,000 of their employees, and economies in expenditures for maintenance of ways and structures and of equipment which alone amount to 3,000 million dollars, the railroads failed to earn enough to meet the interest on their obligations by 200 million dollars in 1932 and 50 million in 1933. Operations for the first six months of 1934 revealed a gratifying increase of 15 percent in gros and 46 percent in net, and the prospects of covering fixed charges charges in 1934 were promising.

But by the terms of an agreement entered into between the Railway Labor Executives' Association, representing the employees, and the railways, pursuant to procedure provided for in the railway labor act, the basic rates of pay were increased 2.5 percent, effective July 1, 1934; 5 percent additional January 1, 1935 and 2.5 percent April 1, 1935. The result is an increase in operating expenses of $20,000,000 for the year 1934, and increased unit costs for materials and supplies necessarily used, will amount to approximately 100 million dollars more.

It is estimated the annual increased operating costs, as a result of the higher level of wages and the higher prices of materials and supplies, is 166 million dollars for labor and 137 million for materials and supplies—a total of 293 million. With fixed charges of 516 million and an estimated net railway operating income of 463 million, the carriers are again confronted with a deficit of 53 million dollars for the calendar year 1934—the third successive year in which they have failed to earn from their operations enough to cover their operating expenses, taxes, and interest! And this estimated deficit reflects only partial effect of the wage increase for six months beginning July 1.

The financial situation of the railroad carriers of the United States is more serious than their officers are willing to admit for publication. These carriers have reached the limit of rates which may be safely charged for services, and they have obviously exceede the limit of expenditures which may be incurred for operating expenses. While authorized loans to the railroads by the Reconstruction Finance Corporation and PWA aggregate $421,700,000, and it cannot be said how many receiverships have thus been averted, the true situation may be inferred from the fact that many important lines are now in the hands of trustees or receivers, among which may be mentioned:—

Ann Arbor Railroad Company.
Central of Georgia Railway Company.
Chicago & Eastern Illinois Railway.
Chicago, Rock Island & Pacific Railroad Company.
Florida East Coast Railway Company.
Georgia and Florida Railroad.
Missouri Pacific Railroad Company.
Mobile and Ohio Railroad Company.
New Orleans, Texas & Mexico Railroad.
Norfolk & Southern Railroad Company.
St. Louis-San Francisco Railroad Company.
Seaboard Air Line Railroad Company.
Wabash Railway Company.

As a result of the increase in their operating expenses, many carriers on the basis of the present volume of traffic and present level of freight will be unable to earn revenues sufficient to pay in full even their operating expenses and taxes. Others whose earnings are now insufficient to cover their fixed charges will have their deficits substantially increased and, as a whole, the railroads will be unable to cover their fixed charges by a very substantial sum.

Tonnage Needs of Railways

Our Railways could handle at least twice the volume of business currently offered, and easily earn the revenues necessary for their maintenance, and show a substantial operating profit, if the demand for their services improved sufficiently—in fact, they did exactly that until the year 1932.

The paint industry has made an outstanding and appreciated contribution in tonnage; but the aggregate volume of all tonnage available for distribution is very much diminished, amounting to only about 50 percent of 1929, and the assumption by the competitors of the railroads of much of the cream of the available traffic is reflected in both gross and net revenues. Some indication of the extent to which this competition has extended is found in the increase from 1,552,000 in 1928 to 3,227,000 in 1933. It is recognized that further increases in rates will detract from the attractiveness of railway services and result in loss of desirable tonnage—but no more money can be taken out of railway treasuries than is put into them, and with the current volume of tonnage offered for transportation less than 50 percent of capacity, an increase in charges for services rendered is the only available means for securing the revenues absolutely essential to maintenance of this essential service.

The most significant indication of the plight of the railroads is the statement in their petition that they are not seeking a fair return on the value of their property, which the law contemplates they should have, but only such reasonable increases in their rates and charges as will, taking into consideration prospective increases in volume of traffic, enable them to meet in part the increases in their operating expenses chargeable to the increase in the level of wages of railroad labor and net unit prices of materials and supplies, which increases in their operating expenses reflect the economic policies of the government. It is further represented that the railroads cannot, by increased savings, in view of the various restrictions imposed upon them; effect economies in addition to those heretofore effected, which will materially offset increases in their operating expenses which will result from the increased cost of labor, materials, and supplies. Considering the 700,000 men already furloughed and the accumulated millions of deferred maintenance and the financial results of operations for July and August, this is not difficult to believe.

Our industry in particular, and business men generally, want the railroads, and in fact all transportation agencies, to be privately owned and operated, and recognize that it is impossible in the long run for privately owned transportation agencies to be successfully operated and maintain dependable service unless they enjoy a fair degree of prosperity. So your committee proposes to accord the petition of the railroads for increases in their revenues the active support it deserves—and we urge those elements in the industry who have so generously contributed their tonnage in the past to continue to do so, and everyone to cooperate, at least, to the extent of patronizing railroad facilities. There is probably no single thing that would contribute more to accelerate recovery, than finding the solution to this railroad problem.

If the railroads could be made prosperous, they, in turn, could go a long way toward pulling us out of this depression, because under existing conditions, every dollar the railroads take in will be spent for labor, materials and supplies, and will not go for dividends on stock, as the amount of the increase will be needed, and even more than this will be needed, to maintain the properties.

We are on the threshold of a new era of railway transportation. The experiments now being successfully conducted with light weight passenger trains made of new alloy steels, and their propulsion by electric locomotives with power generated by improved type die el oil-burning engines, are very significant. It has been found that this new equipment is faster, safer, more comfortable, and more economical, than their present facilities, and purchases of new equipment alone will afford employment for large amounts of capital and labor; not to mention the vast amount of deferred maintenance to be done; awaiting only improvement in finances.

(The printed report of the traffic committee on specific tariffs was as follows.)

Traffic Committee Report

October 1, 1933, Official Classification lines added the following commodities to the "Paint List" for which fourth class rates are authorized:—Linseed oil, paint oil compound, white lead in oil, zinc sulphide.

December 1, 1933, aluminum bronze or gold paint, in barrels, was eliminated from the list of exceptions, allowing these finishes to be grouped with and rated as "Paints, NOIBN." The inclusion of aluminum, etc., paints in the list of exceptions was an inadvertence on the part of the tariff publishing agent. For many years aluminum paints were specifically rated in the classification, but October 20, 1932, this designation was dropped and aluminum paints have since then been described and rated as "Paints, NOIBN." The inclusion of these finishes "in bulk in barrels" and the omission of "boxed cans" have rise to differences of interpretation that have, in some instances, proven vexatious—and certainly were unnecessary. Upon the matter being brought to the attention of your committee, it advocated and secured elimination of the objectionable item from the list of exceptions, and in Official Classification territory this action was taken, as stated, December 1, 1933. Similar action was recently taken by the Western lines for the same reasons, but has not yet been published.

E. A. Leveille
Director of Traffic Bureau

February 1, 1934, Official Classification lines authorized the addition of the following items to the paint list:—Paint or varnish driers, dry; paint or varnish driers, liquid; paint, NOIBN, dry, in metal cans, in barrels or boxes or in bulk in kits or pails.

February 15, 1934, the following was added:—Rosin gloss in barrels or boxes.

March 21, 1934:—Putty in metal cans or pails in barrels, boxes or crates. Putty was omitted from the original list of exceptions, partly because it is rated fourth class in all territories in bulk. In boxed cans, the rating in Official territory is slightly higher than in bulk, and upon attention being directed to the fact that there is a movement in boxed cans of interest to some of our members, putty was added to the list.

May 1, 1934, the following was added to the paint list:—Ester gum, in barrels or boxes.

May 15, 1934, the addition of the following description was authorized by official lines:—Earth paint, dry, in metal cans in barrels or boxes; in bulk in kits or pails or in paper bags, subject to rule 40, section 10 (c) of official classification; titanium, barium, base pigments, titanium, calcium, base pigments, in bags or barrels.

June 20, 1934, Official Classification lines published an exception on aluminum powder (dry metallic paint), authorizing rates 60 percent of first class for less-carload movements—a reduction of forty points—and 40 percent for carload movements. A request to add aluminum powder to the lower rated paint list was declined.

September 1, 1934, tariffs were amended to add bronze powder to aluminum powder.

Western Classification territory is generally that section of the country lying west of the Mississippi River, including the State of Wisconsin—subdivided into two zones, Western Trunk Line and Southwestern Freight Bureau territories. Southwestern Freight Bureau territory embraces the States of Arkansas, Western Louisiana, Oklahoma, Texas, and parts of Kansas and Missouri—and Western Trunk Line territory is generally that section north of Southwestern Freight Bureau territory. These are two independent jurisdictions with different physical transportation and rate conditions. Many descriptions of traffic are rated lower in the West—a circumstance necessitating a different treatment of our situation there.

March 1, 1934, Western Trunk lines authorized fourth class rates for wax or polish in that section of their jurisdiction lying generally east of the Missouri River—Wax or polish, automobile, floor, furniture or vehicle.

April 1, 1934, the following items were added to the paint list:—Turpentine titanium dioxide.

July 1, 1934, the Western Trunk Lines authorized rates 72 percent of first class on furniture and other polishes in the western half of their jurisdiction—generally that section lying west of the Missouri River, including the Kansas-Missouri section, and were joined by the Southwestern Freight Bureau lines in making this basis available generally throughout the Southwest.

Roofing Cement

The preponderant volume of roofing cement is distributed in bulk packages, but there is some demand for tin, and in these packages roofing cement has always been rated rule 26, fourth, and fourth; in official, Southern and Western classifications, respectively; except plastic roofing cement, which has been rated fifth class in Southern classification for many years. Recently, the Southern Classification Committee proposed consolidating the liquid and plastic items and incidentally increase their rating on plastic roofing cement in boxed cans from fifth to fourth class. Objections to the increase were interposed by certain roof coating manufacturers who have some sale in these packages in Southern territory, and their objections were presented to the Southern committee. But after consideration, the Southern committee concluded to proceed with the revision—as proposed.

The Southern committee advises there is no valid reason for differentiating between liquid and plastic roofing cement and continuing a preferential rating as to the latter. Official and Western lines maintain the same rating on both, and there are no known conditions in Southern territory requiring different treatment. Second, the proposed rating on plastic in tin is, they point out, the same rating carried in other territories without objection for many years. They can conceive of no justification, they say, for continuing to rate plastic roofing cement in tin lower than solid asphalt, liquid asphalt, pitch, tar, red lead, asphaltum or coal tar pitch—comparable commodities. It cannot be contended, in their opinion, that fourth class rate, as such, on plastic roofing cement is not a reasonable or low rating.

They propose to continue fifth class in bulk in barrels in drums, the latter designation embracing the small five-gallon steel package extensively used in our trade; and eighth class in carloads, with a reduction in the minimum weight from 40,000 to 36,000 pounds. The fifth class rating in bulk packages, less-carloads, it should be noted, is lower than carried in either Eastern or Western territories—the lines in both these jurisdictions have rated roofing cement in bulk packages fourth class for many years.

Dry Earth Pigments

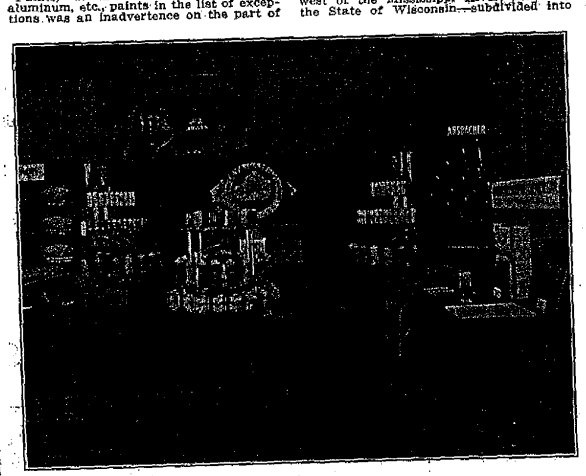
The Eastern Commodity Rate Revision Committee, with jurisdiction over the commodity rate adjustment in Official Classification territory, docketed for consideration a proposal to group dry earth pigments and assign to them a column basis in lieu of the prevailing commodity rates and exceptions to the classification. The considered pigments are: Ocher, mortar color, ground iron ore, oxide of iron, barytes, silica (not silica sand), whiting, gypsum, clay.

Column 20 rates, equivalent to 20 percent of first class, was suggested, subject to a minimum weight of 40,000 pounds. Ocher, mortar color, ground iron ore, and oxide of iron are rated fifth class in Official Classification, but sixth class (27.5 percent) rates are authorized by exceptions, and on ocher and some other descriptions there are commodity rates on an even lower basis, but few so low as the proposed class 20.

Barytes, silica, whiting, gypsum and clay are rated sixth class, but exceptions authorize lower rates, namely:—Clay, 22 percent; silica, 22 percent; barytes, 22.5 percent; gypsum, 23 percent, and whiting, 25 percent—although, as with ocher, there are commodity rates established responsive to the requirements of particular conditions. The 25 percent basis on whiting and 22.5 percent on barytes were established March 1, 1933, and June 1, 1934, respectively, after conferences with interested shippers.

According to our investigation, the suggested class 20 means widespread reductions, but upon consultation with the traffic officers of the carriers, it developed that class 20 was merely put forward as a basis for discussion—that they were not committed to this basis, and their own investigation indicated it to be too low—that class 22½ or posible class 25 would fit the situation more closely and would be considered.

Attention was directed to the omission of the designation "Dry Earth Paints" carried by Official Classification lines in their tariffs for many years. It describes a combination of pigments and colors of comparatively low value, produced and distributed in volume throughout the territory, and failure to include it in the tariff description would, in our opinion, impose numerous increases upon these comparable products. We urge that regardless of the basis finally determined upon, the tariff description be broadened to include dry earth pigments. The entire subject is receiving close analysis by the Eastern committee, and has been continued on their docket from time to time without conclusions being reached. It continues to have the active attention of your traffic committee.



American Cyanamid and Chemical Corporation
At the 1934 Paint Industries Show

Lacquer Solvents

The question of the classification of lacquer solvents is revived by a suggestion initiated by the classification committee to eliminate "Lacquer Solvents, not otherwise indexed by name" from the classification. Point is given this suggestion by reason of the number of agents now being marketed and sold for use in the formulation of nitrocellulose finishes. Butyl acetate, butyl alcohol, ethyl acetate, amyl acetate, and the secondary alcohols and acetates, are specifically indexed by name and assigned appropriate ratings, and this is also true of a number of plasticizers—but the unceasing search for new and better solvents, and each alcohol company makes one or more, leads to innumerable combinations. The designation "Lacquer Solvents, not otherwise indexed by name" embraces these, and was added to the classification to supply a specific and appropriate description and has served a useful purpose. Its elimination from the classification would revive the confusion and controversy over whether a product is to be described and rated as chemicals, pyroxylin solvents or reducing compounds, prevailing prior to its introduction and make the problem of description and rating more complex. The addition of "Lacquer Solvents" provided a description that conveniently and completely identified the product and has been a source of general satisfaction. While perfection in the classification is probably unattainable, this particular designation has, since its introduction, served its purpose admirably, and your traffic committee hopes to see it retained.

In W.T.L. Territory

By a communication received from one of the large Western Trunk lines, and consultation with representatives of others and also the chairman of the Western Trunk line committee, we are advised there is to be a revision of the rates now published in their tariff No. 50, from and to points in Iowa and northern Missouri on the one hand, and stations in Illinois and Wisconsin, and St. Louis, Missouri, on the other. This particular adjustment is a reflection of the influence of the Twin Cities adjustment, the fourth section of the act to regulate commerce, and the competitive urge to maintain open routes for participation in all available tonnage. Undoubtedly, many of the points of origin shown do not actually originate our products in carload lots, and this is true, although probably to a lesser extent, with respect to the destination groups. The carriers feel, and it is obvious, that the adjustment is badly in need of a thorough revision so as to bring their tariffs and rates into conformity with the needs of the industry and the requirements of the interstate commerce act both as to publication and application. In examining this situation it is apparent that commodity descriptions specifying the items that may be moved in mixed carloads at rates provided are entitled to respect because of their age; but, on the other hand, a thorough revision may be expected to be mutually beneficial to the industry and to the carriers. The matter is receiving attention at the hands of your traffic committee.

Rates on Advertising Matter

The action of the Railway Express Agency in extending the benefit of "Pound Rates" to printed advertising matter presents opportunities for interesting economies in the distribution of printed advertising material.

The different methods used in constructing parcel post and express rates make it impossible to lay down any general rule—but it is probably true that for packages up to 25 pounds each, parcel post has, and still does, offer more economical service; a situation that has probably resulted in the use of their service for heavier packages that might have been more advantageously handled by express. Since July 1, 1934, however, the differences are more marked—a 40-pound package from Chicago to Buffalo, for which the parcel post charges $1.47, and the express formerly charged $1.39, is now reduced to $1.18 by express. On 50 pounds the respective charges are $2.17, $1.39, and now the express charge is $1.77. While these savings are not uniform to all points—to some greater and to others less—members who distribute any considerable volume of advertising matter will find it to their advantage to acquaint themselves with the new rates available for their particular movements since July 1 via the Railway Express Agency. This is a new classification for advertising matter, and it is published in supplement 2 to official express classification No. 22, effective July 1, 1934.

Correspondence

Our volume of correspondence with the railroads and with our own members continues undiminished and affords many opportunities to advance the interests of our industry, your committee is gratified to avail itself of. The carriers are continually receiving suggestions for changes in their rates, the proponents of some of which offer nothing in the way of justification except that paint rates are recorded a defined basis, and the carriers naturally solicit the views of the industry.

The additions, eliminations, and changes in the articles contained in the "Paint List" for which fourth-class rates have been authorized, sometimes perplex our own members whose interests often require specific and authoritative information. It would be tedious and unprofitable to incorporate in this report any detailed account of this correspondence—mention will be made of only two:—

One member submits a proposal to add calking compounds to the list of accepted roofing materials for which special rates are provided. This proposal was transmitted to the members of your traffic committee for examination, and it concluded the proposal not sufficiently interesting to the industry to warrant injecting the association into the roofing material adjustment.

Another member, noting the comparatively large number of items in the "Paint List" in official territory, suggested the propriety of a uniform list in all territories. The suggestion was carefully explored, and it was found that the respective lists were fitted to the rate conditions in the several jurisdictions and that a uniform list of exceptions would conflict with the classification and operate to the detriment of both the industry and the railroads.

Roofing cement affords an interesting illustration of this diversity of classification ratings and their influence on the list of exceptions. When packed in metal cans in barrels or boxes, roofing cement is rated Rule 26 in official classification—rule 26 is an intermediate rating between third and fourth class—and is therefore included in the list of exceptions for which fourth class rates are authorized. In Southern classification, on the other hand, roofing cement in these packages is rated fourth class and omitted from the exceptions for the same reason that Roofing Cement in kits, pails, or tubs is omitted from the list of exceptions in official classification territory—namely, they are accorded fourth class rates by authority of the classification itself, and it would be a duplication to include these items in the exception sheet. Moreover, there would be some disadvantage because the rates authorized by the exceptions are not exactly fourth class, and to include these items in the list of exceptions would increase the charges for services.

This is even more pointed in the case of roofing cement in bulk in barrels in Southern classification because there Roofing Cement is rated fifth class, and to have included this item in the list of exceptions would mean a penalty—fifth to fourth class—an increase of approximately 22 percent in the charges for transportation.

Lithopone is another example—lithopone is rated fourth class in Southern classification, and there is no occasion for including lithopone in the list of articles for which fourth class rates are authorized by virtue of exceptions to Southern classification.

Asphaltum or coaltar varnishes in pails in metal cans in barrels or boxes or in bulk in kits or pails, rated third class in Southern classification, are carried in the exceptions at fourth class, while the same description in bulk in barrels, rated fourth class in Southern classification, are omitted from the exceptions for the reasons already noted.

Similarly, white lead in oil, zinc oxide, titanium pigments, putty, and other items are included in the exception sheet in one territory and omitted in another.

The requirements of the act to regulate commerce to strictly adhere to the published rates necessitates considerable care against inadvertently adding to the list of exceptions items which do not belong there, as was done in the case of aluminum paints, which we have already considered, and other instances.

An Additional Service

These developments and others dealt with in our anual reports and traffic bulletins have an important bearing on the costs of assembling raw materials and distributing finished products and are intricate enough to require more for their assimilation than most of our members can devote. The larger units in the industry that maintain organized and equipped traffic departments, the protection of their interests is a matter of routine—but to care for those of our members not so equipped presents a problem to the solution of which we have devoted much thought. We have sought by means of traffic bulletins to keep members informed of changes in classification and rates, but our correspondence indicates even this excellent medium leaves something to be desired.

The desirability of extending the scope of our activities somewhat has been suggested—offering to members a service for the auditing of their freight accounts and otherwise supervising their transportation interests to assure the reception of the benefits of the rates published for them by the railroads and of the activities of the association's traffic committee, and, incidentally, recover overcharges. It is believed the more intimate contact such a service affords would increase the committee's knowledge of the problems of the industry; and the association's opportunities for valuable service.

Railroads Supported

President Trigg: Mr. Elton, will you read the resolution?

Secretary Elton: The following resolution was considered by the executive committee and is referred to the convention with recommendation for favorable consideration:—

Whereas, the operating revenues of the railways have sustained rapid and progressive contraction from approximately six billion dollars in 1929 to three billion dollars in 1933, and

Whereas, this has entailed a reduction in expenditures for maintenance of the properties of approximately 750 million dollars per year, aggregating in the last four years three billion dollars, and

Whereas, capital expenditures have been reduced from an average of 787 million dollars a year for the five-year period ending with 1929 to a minimum of 104 million dollars for 1933 and an average of 378 million dollars for four years period ending with 1933, an aggregate of $1,642,511,000 and

Whereas, the number of employees has been reduced almost 700,000 from 1,660,850 in 1929 to 971,196 in 1933, and notwithstanding these drastic economies and others necessitated by the severity and duration of the depression, the railroads, as a whole, have been unable for the past two years to earn from their operations enough to cover their fixed charges, and

Whereas, because of these conditions, a number of important carriers are in the hands of trustees or receivers, among which may be mentioned:

Ann Arbor Railroad Company.
Central of Georgia Railway Company.
Chicago & Eastern Illinois Railway.
Chicago, Rock Island & Pacific Railroad Company.
Florida East Coast Railway Company.
Georgia & Florida Railroad.
Missouri Pacific Railroad Company.
Mobile & Ohio Railroad Company.
New Orleans, Texas & Mexico Railroad Company.
Norfolk & Southern Railroad Company.
St. Louis, San Francisco Railroad Company.
Seaboard Air Line Railroad Company.
Wabash Railway Company.

And

Whereas, the railroads are now indebted to the United States Treasury by over 400,000,000 dollars, and

Whereas, the increase in operating expenses due to the increase in the level of the wages of railway labor, effective July 1, 1934, and the increased costs of materials and supplies necessarily used in their operations, the prospects are that they will incur an additional deficit for the calendar year 1934, and

Whereas, to await improvement in the volume of traffic and demand for transportation that will enable these railroads to earn sufficient revenues to pay their operation expenses, taxes, and interest, is to invite widespread insolvency, all of which retards recovery, now therefore be it

Resolved:—That, subject to an equitable distribution over all industries, the National Paint, Varnish and Lacquer Association express to the Interstate Commerce Commission its view that some increase in rates and charges is necessary to enable these carriers to cover part, at least, of the increased expense for labor and materials already referred to and should, and we are confident will, receive the careful and sympathetic consideration of the Interstate Commerce Commission.

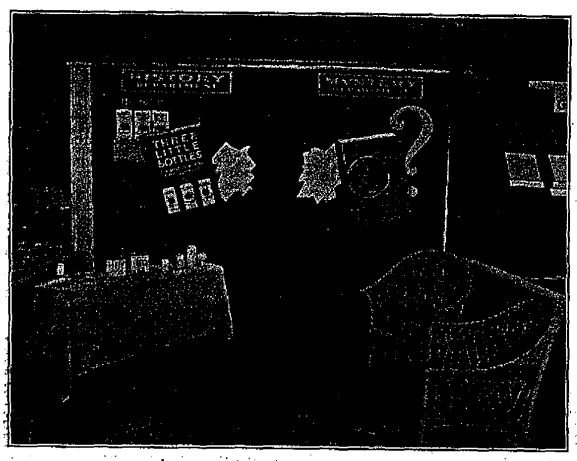
President Trigg: You have heard Mr. Leveille's statement, and the resolution which is proposed for your consideration, what is your pleasure?

Is there a motion to approve the adoption of this preamble and resolution?

(The motion was made and seconded.)

President Trigg: Any further discussion? All in favor will please say, "aye"; contrary, "no." It is adopted.

President Trigg: Now the next problem is the tariff problem and Lawrence Phillips is chairman of that committee, but the president received a wire from him this morning saying that the would not be able to be here today, and asked that Dr. Gardner who has been working very closely with him present the report. So Dr. Gardner if you will do that we will have the report now.



Nuodex Products, Inc.
At the 1934 Paint Industries Show

Tariff Activities

Dr. Gardner: I will not read this tariff report, but I will just give you the high lights in about two minutes.

As you know the President has been given authority by Congress to negotiate reciprocal trade agreements with other countries. That is taking from the Tariff Commission the powers they had, and they have placed them in the hands of the President and his committee.

So the first step is to have exploratory conversations with different governments, and if it looks as if such negotiations would be successful, the President then makes a public announcement to the effect that negotiations will be carried on at hearings with these countries.

These hearings, however, are not public hearings, they are private hearings, and the only notice you will ever get of them will be in the newspapers.

We are keeping track of these notices at our Washington headquarters and we will advise you through our bulletin so you will be in touch with them.

If your are interested in presenting a brief to the effect that certain products going out or coming into this country in your line should be presented before that commission, the steps which you take should be to prepare such a brief in six copies and have those copies signed in the presence of a notary public.

Those copies should then be taken to Washington and filed before the Committee on Reciprocity Information. We will be very glad indeed to file those for you at any time if you will forward them to us on any subject in which you are interested.

If you believe that you also should be present at these hearings in person, in order to present your brief yourself, or the high lights of that brief, the steps you should take should be in the form of a letter addressed to that same committee, namely, the Committee on Reciprocity Information, requesting that they give you a definite appointment, so that you will know just when to be there to present your side of the argument.

So it is highly necessary that you should appear yourselves, if you have something of great importance.

For instance, the committee on artists colors and the committee on artists canvas came down here and we had them present and file briefs, but we thought it very important that they should personally appear on such highly technical subjects, and the chairmen of those commitees have done so.

One other matter accomplished on tariff during the year was to shut out the importation of linseed oil, ground with about 8 percent of lithopone, and coming into this country without duty. But by bringing in 8 percent of lithopone it was brought in free. We put a stop to that, so that that practice is not going on now.

Another thing accomplished by the Tariff Commission this year was a very favorable arrangement with Cuba, and now importations of paint into Cuba are under more favorable conditions than they were heretofore.

If you will read that tariff report which is in the booklet before you, there are four pages of fine print, describing the work of that committee, you will get a better picture of it.

(The full report of the tariff committee appears on page 58.)

President Trigg:—Now, if Mr. Roh will make his report as treasurer, we should appreciate it very much.

Treasurer's Report

Charles J. Roh:—I wonder if you will recall the financial picture that presented itself to us at Chicago at our last convention. I would just like to remind you of it because preliminary to my formal report I want to describe it.

You remember that prior to the combining of the associations and the educational bureau into one association activity, that we set up dues on the classification plan that would encourage a large membership.

In other words, through a revised reduction in our membership dues, we deliberately set up schedules that produced smaller income than came throught the dues and subscriptions to the two associations and the educational bureau, so that we actually started out at the beginning of the year, with a prospect of less money in which to operate this year, unless the membership greatly increased.

We too had expenditures that I don't think any of us knew anything about, or what they might be expected to be.

For instance, we had the expenses of the code, which was approved just at the time of our convention by the president. We drafted our president into our association activities, as permanent president. It is his job, his sole job.

I am just bringing this fact to you because I want to set up the idea that we were very likely going into a deficit, and I make these preliminary comments so that it will relieve your disappointment, because that is what we are facing this year—a deficit.

But the first idea of all of us that had any idea with regard to the reorganization, was to do the job, and I am quite sure most of you will agree that we are pretty well on the way to doing that job.

Now there is just a point that I would like to clear up.

When we knew that we were going to face a deficit, there occurred to many minds various ways by which we might take care of the deficit, but after consideration on the part of those you elected to direct the organization, it was finally crystallized into the idea that we had built up a surplus in our treasury to take care of just such a time. I wanted to tell you now, because sometimes thoughts get away because of general discussion, that there is set up at a time like that, that there is no money paid into the treasury of your association except that that came to it through dues.

No one has taken care of any expenditures except from the treasury of the association through dues and surplus. We are carrying ourselves, "All for one, and one for all."

We started our fiscal year—1933-1934—with an anticipated income of approximately $117,000. This contemplated income was based on the membership of both the American Paint and Varnish Manufacturers' Association and the National Paint, Oil and Varnish Association at that time on the present schedule of dues.

Our anticipated budget for the fiscal year 1933-1934 was $147,705. During the year additional appropriations amounting to $45,000 from surplus for activities were made. Of this amount $16,500 has been spent.

The increases in the budget have had the full approval of your board of directors, and have been apportioned to all the activities: Save the surface campaign, clean up and paint up campaign, scientific section, unfair competition, traffic, and Code, and to increase the effectiveness of both the industrial and trade sales committee.

The purpose of these introductory comments to the regular financial statement is to emphasize the fact that your officers felt that their first interest was in seeing that funds be provided to meet the new conditions and new demands even though they exceeded our income. The amount of money required was small when compared with the possible results to be obtained through our reorganized industry association. We knew we would have a deficit for the year, but it is largely accounted for by the amount of printing and postage expense in connection with the provisions of the code.

Income

October 1 to December 31, 1933, educational bureau:—		
Subscriptions, uniform financial plan	$18,652.50	
Old basis	1,108.25	$19,756.75
Appropriations—		
American paint and varnish manufacturers Association	6,000.00	
National Paint, Oil and Varnish Association	5,000.00	11,000.00
Convention refunds		567.62
Interest earned, securities		267.30
Recoveries on accounts receivable written off		132.66
January to September 30, 1934, National Paint, Varnish and Lacquer Association:—		
Dues—Class A	$85,598.75	
Dues—Class B	17,045.00	
Dues—Class C	6,179.20	
Dues—Class D	412.50	109,205.45
Interest earned, securities		3,112.07
Miscellaneous income		153.00
Appropriations from surplus used during 1933-1934 for special activities		16,500.00
		$160,705.85
Consolidated report of association and code expenses—		
Administration	$80,567.12	
Building maintenance	5,493.45	
Scientific section	36,751.70	
Save the surface	15,033.94	
Clean up and paint up	17,629.92	
Traffic bureau	3,007.00	
Unfair competition	2,393.41	
Code printing, etc.	14,875.86	$175,252.50
Deficit		$14,546.65

Assets and Liabilities

Assets

Cash		$26,186.45
Dues receivable		6,322.51
Securities, U. S. bonds	$99,000.00	
Municipals	10,000.00	
Earned interest	1,081.98	$110,081.98
Inventories—		
Promotion activities		2,382.57
Displays		
Morris B. Cragg memorial land, building and contents		176,998.84
Other miscellaneous assets		2,647.25
		$332,084.60

Liabilities

Accounts payable	$180.78	
Members dues paid in advance	1,821.25	2,002.03
Surplus		330,082.57
		$332,084.60

We have our auditor's (Ernst & Ernst) reports. They show a detailed verification of all our accounts. They have checked our securities in the hands of the Riggs National Bank, who act as our agents.

They have also checked our insurance and state that all the officers and employees authorized to sign checks are bonded.

While, as treasurer, I have refrained in this report from presenting figures showing the numerical strength of class A and B memberships of the association, or the real benefits that have accrued to our membership through the expenditure of our funds, I have been very gratified because of the real accomplishments made. As these accomplishments are unfolded during the next three days by the officers, chairman of committees and others, I am sure you will all have the same feeling that I have, that the personal service of several hundred interested members all working in the interest of all of us very far overshadow in value the amount of money we spent.

Ernst & Ernst's reports are here, and if anyone wants to look at them, they are welcome.

President Trigg:—Are there any questions on the treasurer's report?

Mr. Wolf:—As I got these figures, of course, the largest item is the item of administration. I presume that that includes the administration of the recovery board as well as the administration of the association.

President Trigg:—This report is a consolidated report.

Mr. Wolf:—Is there any background that would show how much of that administrative expense was in code work?

President Trigg:—Mr. Roh will have to answer that.

Mr. Roh:—Naturally all salaries and expenses with reference to code work are of necessity apportioned and as I recall the figures, I haven't them correctly, but I think that they amount to $73,000—the amount apportioned to code work, covering administration and rent, and the proportion of the rent and all expenses including mailing and printing, and all code expenses, as I remember it—in round numbers is $73,000.

President Trigg:—Are there any other questions? If not, and if there

Charles J. Roh
Re-elected Treasurer

is no objection this report will be received and filed.

I would like now to call on Mr. Howard, as chairman of the constitution and by-laws committee, to present the preliminary report of that committee.

Constitution and By-Laws

(The following printed report of the committee on constitution and by-laws was distributed to the members of the association.)

Your committee on constitution and by-laws recommend for your consideration the following amendments to the present constitution and by-laws:

Constitution

Article II

Present Form

Section 1. Any Association with ten or more members eligible to join the National Paint, Varnish and Lacquer Association, Inc., may become a member upon approval of the President, Treasurer and Chairman of the Committee on Membership, and after subscribing to the Constitution, By-Laws and Code of Ethics and payment of dues.

Amend as Follows

Section 1. Any Association with five or more members eligible to join the National Paint, Varnish and Lacquer Association, Inc., may become a member upon approval of the President, Treasurer and Chairman of the Committee on Membership, and after subscribing to the Constitution, By-Laws and Code of Ethics and payment of dues.

Class A Membership

Present Form

Section 2. Individuals, firms, corporations who are manufacturers of paints, varnishes, lacquers, water paints and kindred products, who support all Association activities—the Scientific Section, Unfair Competition Bureau, Save the Surface Campaign, Clean Up and Paint Up Campaign, Traffic Bureau, and such other activities in which the Association may engage—paying dues on the uniform plan based upon their domestic sales of their products. Each Class A member is entitled to one vote at the Association meetings and to receive all the Scientific Section circulars. They are entitled to membership in Regional or City Associations on payment of the Regional or City Association's dues, not including the National dues.

Amend as Follows:

Class A Membership

Section 2. Class A membership shall consist of individuals, firms, or corporations who are manufacturers of paints, varnishes, lacquers, water paints, and/or kindred products and who shall pay dues as provided for in ARTICLE II., Section 1, of the By-Laws. Each Class A member is entitled to one vote at the Association meetings and to receive copies of all publications of the Association, including Scientific Section circulars. They are entitled to membership in Regional or City Associations on payment of the Regional or City Association's dues, not including the National dues.

Class B Membership

Present Form

Section 3. Individuals, firms, corporations who are manufacturers of materials used in connection with the manufacture and/or application of paints, varnishes, lacquers, water paints and kindred products, who support all Association activities—the Scientific Section, Unfair Competition Bureau, Save the Surface Campaign, Clean Up and Paint Up Campaign, Traffic Bureau, and such other activities in which the Association may engage—paying dues on the uniform plan based upon their domestic sales to the Industry. They shall have representation at the Association meetings through Regional or City Association delegates as provided in the By-Laws, and will receive all the Scientific Section circulars. They are entitled to membership in each Regional or City Association on payment of the Regional or City Association's dues, not including National dues.

Amend as Follows

Class B Membership

Section 3. Class B membership shall consist of individuals, firms, or corporations who are manufacturers of materials used in connection with the manufacture and/or application of paints, varnishes, lacquers, water paints and/or kindred products who shall pay dues as provided for in ARTICLE II., Section 2, of the By-Laws. They shall have representation at the Association meetings through Regional or City Association delegates as provided in the By-Laws and shall be entitled to receive copies of all publications of the Association, including Scientific Section circulars. They are entitled to membership in each Regional or City Association on payment of the Regional or City Association dues, not including National dues.

Class C Membership

Present Form

Section 4. Individuals, firms, corporations who are not eligible for Class A membership or who are not Class B members, but who are members of Regional or City Associations affiliated with the National Association and pay National dues and dues as prescribed by the Regional or City Associations. They have representation at the National Convention through Regional or City Association delegates as provided in the By-Laws.

Amend as Follows

Class C Membership

Section 4. Class C membership shall consist of individuals, firms or corporations who are not eligible for Class A membership or who are not Class B members, but who are members of Regional or City Associations affiliated with the National Association and pay National dues and dues as prescribed by the Regional or City Associations. They shall have representation at the National Convention through Regional or City Association delegates as provided in the By-Laws.

Class D Membership

Present Form

Section 5. Individuals, firms, corporations who are manufacturers of paints, varnishes, lacquers, water paints and kindred products in Canada, may become members of the National Paint, Varnish and Lacquer Association, Inc., and secure the Scientific Section circulars, on the basis of dues as provided in Section 4, Article II., of the By-Laws.

Amend as Follows

Class D Membership

Section 5. Class D membership shall consist of individuals, firms or corporations who are manufacturers of paints, varnishes, lacquers, water paints and/or kindred products located in Canada and manufacturers of paints, varnishes, lacquers, water paints and/or kindred products. Such individuals, firms, or corporations may become members of the National Paint, Varnish and Lacquer Association, Inc., and are entitled to receive copies of all publications of the Association, including the Scientific Section circulars. They shall pay dues as provided in Article II., Section 4, of the By-Laws.

Article III

Present Form

Section 5. General Manager: The Executive Committee shall appoint a General Manager for a period not to exceed three years, or until his successor is appointed. He may or may not be a member of the Association.

Amend as Follows

(Eliminate entirely and renumber the subsequent Sections.)

Present Form

Section 6. Secretaries: The Executive Committee may elect or appoint a Secretary of the Association, or Secretaries, to perform such duties as may be designated by the President and/or by the Executive Committee or General Manager.

Amend as Follows

Section 5. Secretary: The Executive Committee shall elect a Secretary of the Association to perform such duties as may be designated by the President and/or the Executive Committee.

Present Form

Section 8. Executive Committee: The Executive Committee shall consist of the President, Vice President, Treasurer, the retiring President (except during the first year) and eighteen elected members, twelve of whom must be Paint, Varnish or Lacquer manufacturers; three must be Class A members, but not necessarily manufacturers of Paint, Varnish or Lacquer; and three to be Class B or C members. The Class B and C members will have all the rights of other members on the Executive Committee, except that they shall not be eligible to election as chairman or vice chairman thereof, and they shall not vote on the subjects which directly affect the Paint, Varnish, Lacquer, Water Paint and/or kindred products industry.

Amend as Follows

Section 7. Executive Committee: The Executive Committee shall consist of the President, Vice President, Treasurer, the retiring President and eighteen elected members, twelve of whom must be Paint, Varnish or Lacquer manufacturers; three must be Class A members, but not necessarily manufacturers of Paint, Varnish or Lacquer; and three to be Class B or C members. The Class B or C members will have all the rights of other members on the Executive Committee, except that they shall not be eligible to election as chairman or vice chairman thereof, and they shall not vote on the subjects which directly affect the Paint, Varnish, Lacquer, Water Paint and/or kindred products industry.

Present Form

Section 9. Members of the Executive Committee shall hold office for three years, except that there shall be elected at the first meeting of the Association the eighteen members as provided above, six of whom shall be elected to serve for one year; six of whom shall be elected to serve for two years; and six of whom shall be elected to serve for three years. Each group of six shall consist of four Paint, Varnish or Lacquer manufacturers, one must be a Class A member, but not necessarily a manufacturer of Paint, Varnish and/or Lacquer, and one must be a Class B or C member.

Amend as Follows

Section 8. Members of the Executive Committee shall hold office for three years, except that there shall be elected at the first meeting of the Association the eighteen members as provided above, six of whom shall be elected to serve for one year; six of whom shall be elected to serve for two years; and six of whom shall be elected to serve for three years, provided, however that no member shall be eligible for re-election within one year. Each group of six shall include four Paint, Varnish or Lacquer manufacturers, one must be a Class A member, but not necessarily a manufacturer of Paint, Varnish and/or Lacquer, and one must be a Class B or C member.

Article IV

Present Form

Section 5. Duties of the Treasurer: It shall be the duty of the Treasurer to open such bank accounts in such banks as may be approved by the Executive Committee; and to provide for the receipt of all moneys due the Association. Disbursement shall be made by voucher signed by the General Manager, or, in his absence, by authorized representatives, as coming within the Budget, and countersigned by the Treasurer.

Amend as Follows

Section 5. Duties of the Treasurer: It shall be the duty of the Treasurer to open such bank accounts in such banks as may be approved by the Executive Committee; and to provide for the receipt of all moneys due the Association. Disbursement shall be made by voucher signed by the Secretary, or, in his absence, by a representative, authorized by the Executive Committee, as coming within the Budget, and countersigned by the Treasurer.

Present Form

Section 8. The Treasurer shall keep an accurate account of all receipts and disbursements and shall submit quarterly a financial statement and operating statement covering the period from the last financial statement to the Executive Committee and an annual statement to the last day of September. This annual report to be audited and certified by a Certified Public Accountant and submitted to the Executive Committee at its annual meeting and by them presented to the annual convention. He shall also submit to the General Manager, thirty (30) days before the annual convention, a complete list of the Regional or City Associations holding membership in the National Association with the number of their members in good standing on his books, which list shall be the basis of representation at the annual convention. He shall also furnish a complete list of all delinquents.

Amend as Follows

Section 8. The Treasurer shall keep an accurate account of all receipts and disbursements and shall submit quarterly a financial statement and operating statement covering the period from the last financial statement to the Executive Committee and an annual statement to the last day of September. This annual report to be audited and certified by a Certified Public Accountant and submitted to the Executive Committee at its annual meeting and by them presented to the annual convention. He shall also submit to the Secretary, thirty (30) days before the annual convention, a complete list of the Regional or City Associations holding membership in the National Association with the number of their members in good standing on his books, which list shall be the basis of representation at the annual convention. He shall also furnish a complete list of all delinquents.

Present Form

Section 10. Duties of the Executive Committee: The Executive Committee shall receive for consideration and action at their meetings all reports, resolutions and communications presented by the Officers, Chairmen of Committees and members, which in the judgment of the Executive Committee require immediate action, the benefits and effectivenss of which, if held over for the action of the Convention, would be seriously impaired or entirely destroyed; except changes in the Constitution and By-Laws as provided for in the Constitution and By-Laws. The Executive Committee shall receive for consideration all reports, resolutions and communications before their presentation to meetings of the Association, and shall, through the General Manager, submit them to the Association with their recommendations.

Amend as Follows

Section 10. Duties of the Executive Committee: The Executive Committee shall receive for consideration and action at their meetings all reports, resolutions and communications presented by the Officers, Chairmen of Committees and members, which in the judgment of the Executive Committee require immediat action, the benefits and effectivenses of which, if held over for the action of the Convention, would be seriously impaired or entirely destroyed; except changes in the Constitution and By-Laws as provided for in the Constitution and By-Laws. The Executive Committee shall consider all reports, resolutions and communications received prior to a meeting of the Association, and shall, through the Secretary, submit them to the meeting with their recommendations.

Present Form

Section 13. The Executive Committee may appoint a General Manager, a Sec-

retary of the Association, and/or Secretaries as provided by this Constitution.

Amend as Follows

Section 13. The Executive Committee shall elect a Secretary of the Association as provided by this Constitution.

Present Form

Section 14. Bond: The Association shall provide indemnity bonds for the President, Vice President, Chairman of the Executive Committee, Treasurer, General Manager, and such employees as the Executive Committee may direct. The Executive Committee shall designate the amount of the bonds. The bonding expense to be paid by the Association.

Amend as Follows

Section 14. Bond: The Association shall provide indemnity bonds for the President, Vice President, Chairman of the Executive Committee, Treasurer, Secretary, and such employees as the Executive Committee may direct. The Executive Committee shall designate the amount of the bonds. The bonding expense to be paid by the Association.

Present Form

Section 15. Duties of the General Manager: The General Manager shall perform such duties as may be delegated to him by the President and/or by the Executive Committee in the interest of the Association and the general interest of the Industry.

Amend as Follows

Section 15. Duties of the Secretary: The Secretary shall perform such duties as may be delegated to him by the President and/or by the Executive Committee in the interest of the Association and the general interest of the Industry.

Present Form

Section 16. It shall be the duty of the General Manager to provide Minutes of all meetings of the Association and the Executive Committee, to preserve all the records belonging to the Association and to perform such other duties incident to his office as may not otherwise be provided for. It shall be his duty to submit a quarterly report to the Executive Committee and at the first business session of the annual Convention a report upon the work accomplished during the year.

Amend as Follows

Section 16. It shall be the duty of the Secretary to provide Minutes of all meetings of the Association and Executive Committee, and to preserve all records belonging to the Association and to perform such other duties incident to his office as may not otherwise be provided for.

Present Form

Section 17. It shall be the duty of the General Manager to approve or provide for the approval for payment of all proper expenditures of the Association as provided for in the approved budget. He shall report to the Chairman of the Membership Committee all applications for membership, and shall notify the Treasurer and new members of their election to membership, and further, shall notify the Treasurer of the names and addresses of all members elected in Regional or City Associations as soon as he receives such notice from Regional or City Association secretaries.

Amend as Follows

Section 17. It shall be the duty of the Secretary to approve or provide for the approval for payment of all proper expenditures of the Association as provided for in the approved budget. He shall report to the Chairman of the Membership Committee all applications for membership, and shall notify the Treasurer and new members of their election to membership, and further, shall notify the Treasurer of the names and addresses of all members elected in Regional or City Associations as soon as he receives such notice from Regional or City Association secretaries.

Present Form

Section 18. It shall be the duty of the General Manager to collect and account for all funds received and to deposit same in banks authorized by the Executive Committee.

Amend as Follows

Section 18. It shall be the duty of the Secretary to collect and account for all funds received and to deposit same in banks as provided in Article IV., Section 6, of the Constitution.

Present Form

Section 19. Duties of the Secretary of the Association: The Secretary of the Association shall be sworn to the faithful discharge of his duties. He shall be custodian of the seal of the Association and may affix the same to any instrument requiring it, and when so affixed it shall be attested to by his signature or by the signature of the Treasurer.

Amend as Follows

Section 19. The Secretary of the Association shall be sworn to the faithful discharge of his duties. He shall be custodian of the seal of the Association and may affix the same to any instrument requiring it, and when so affixed it shall be attested to by his signature or by the signature of the Treasurer.

Article VII

Present Form

Section 4. Executive Committee Meetings: The Executive Committee shall meet at the call of the Chairman immediately following adjournment of the Annual Convention, and thereafter quarterly within twenty (20) days before or after January 1st, April 1st, July 1st, October 1st. The January meeting shall be the organization meeting. A report of the quarterly meeting may be made to the membership through the Bulletin, or otherwise, as directed by the Executive Committee.

Amend as Follows

Section 4. Executive Comittee Meetings: The Executive Committee shall meet at the call of the President immediately following adjournment of the annual Convention or within two weeks thereafter for the purpose of organizing, and such other business as may properly come before it, and thereafter quarterly within twenty (20) days before or after January 1st, April 1st, and July 1st, and immediately preceding the Convention. A report of the quarterly meeting may be made to the membership through the Association publication, or otherwise, as directed by the Executive Committee.

By-Laws

Article I

Application for Membership

Present Form

Section 1. All applications for Class A, Class B and Class D memberships shall be referred to the Chairman of the Membership Committee, whose duty it shall be to submit them at once to the Executive Committee of the Association for election. If the vote of the Executive Committee is favorable, the General Manager shall notify the applicant. Upon payment of dues, the applicant shall be enrolled by the General Manager in the membership of the Association. Class C members in Regional or City Associations shall be members in this National Association.

Amend as Follows

Section 1. All applications for Class A, Class B and Class D memberships, after approval by the Chairman of the Membership Committee, shall be referred to the Secretary, who shall submit them at once to the Executive Comittee of the Association for election. If the vote of the Executive Comittee is favorable, the Secretary shall notify the applicant. Upon payment of dues, the applicant shall be enrolled by the Secretary in the membership of the Association. Class C members in Regional or City Associations shall be members in this National Association.

Present Form

Section 2. No individual, firm or corporation holding Class A membership shall be eligible to membership until they have signed the agreement relative to Non-Exchange of Products, and the Anti-Bribery Agreement of this Association.

Amend as Follows

Section 2. No individual, firm or corporation shall be admitted to Class A membership until they have signed the agreement relative to Non-Exchange of Products and the Anti-Bribery Agreement of this Association.

Article II

Section 1. (No change in Schedule of Dues).

Present Form (Last Paragraph of Section 1)

Dues are payable quarterly on the first of January, April, July and October. New members shall pay from the date nearest the date of their acceptance into the membership of the Association.

Amend as Follows

Dues are payable quarterly in advance on the first of January, April, July and October, based on sales to be reported by the member in accordance with Article II, Section 8, of the By-Laws. New members shall pay from the date nearest the date of their acceptance into the membership of the Association.

Section 2. (No change in Schedule of Dues).

Present Form (Last Paragraph of Section 2)

Dues are payable quarterly on the first of January, April, July and October. New members shall pay from the date nearest to the date of their acceptance into the membership of the Association.

Amend as Follows

Dues are payable quarterly in advance on the first of January, April, July and October, based on sales to be reported by the member in accordance with Article II, Section 8, of the By-Laws. New members shall pay from the date nearest to the date of their acceptance into the membership of this Association.

Present Form

Section 3. Class C Membership: On October 1st each Regional or City Association shall, through its Secretary, furnish to the General Manager a complete list of its Class C members, and such Regional or City Associations shall pay as annual dues the sum of $20.00 for each eligible member so reported, and $1.70 per month for each new Class C member elected after October 1st until the following October 1st. Regional or City Associations located outside of the United States shall pay as annual dues, the sum of $10.00 for each Class C member in United States funds or its equivalent.

Amend as Follows

Section 3. Class C Membership: On October 1st each Regional or City Association shall, through its Secretary, furnish to the Secretary of this Association a complete list of its Class C members, and such regional or City Associations shall pay as annual dues the sum of $20.00 for each eligible member so reported, and $1.70 per month for each new Class C member elected after October 1st until the following October 1st. Regional or City Associations located outside of the United States shall pay as annual dues the sum of $10.00 for each member in United States funds, or its equivalent, except as provided in Article II, Section 5, of the Constitution, and Article II, Section 4, of the By-Laws.

Present Form

Section 4. Class D Memberships: Individuals, Firms, Corporations, Manufacturers of Paints, Varnishes, Lacquers, Water Paints, and Kindred Products in Canada shall pay dues in United States funds or its equivalent in the amounts paid by corresponding classes of Class A members, but not in excess of $150.00, and shall be entitled to Scientific Section Circulars. All other classes of Canadian members may affiliate by becoming Class C members by paying $10.00 annual dues (as provided in Section 3) in addition to the dues of the Regional or City Associations of Canada. If admissions are made during the fiscal year, the dues will be pro-rated.

Amend as Follows

Section 4. Class D Memberships: Individuals, firms, or corporations who are manufacturers of paints, varnishes, lacquers, water paints and/or kindred products located in Canada may become Class D members of this Association by paying dues in United States funds, or its equivalent, in amounts paid by corresponding classes of Class A member, but not in excess of $150.00, and such members shall be entitled to receive copies of all publications of the Association, including Scientific Section Circulars. Class D membership shall also be available to individuals, firms or corporations who are manufacturers in Canada of materials used in the manufacture and/or application of paints, varnishes, lacquers, water paints and/or kindred products. Such concerns shall pay dues in United States funds, or its equivalent, in amounts paid by corresponding classes of Class B members, but not in excess of $120.00 per year, and shall be entitled to receive copies of all publications of the Association, including Scientific Section Circulars. Any concern eligible for membership in this Association, as described in Article II of the Constitution, located in Canada, who is not a Class D member, shall be entitled to affiliate through a local Association as a Class C member, by paying $10.00 annual dues as provided in Article II., Section 3, of the By-Laws, in addition to the dues of the Regional or City Associations in Canada. If admissions are made during the fiscal year, the dues shall be pro-rated.

Present Form

Section 8. Annual Dues: The fiscal year shall commence October 1st and end September 30th, but dues of Class A members and Class B members shall be based on sales reported to the Association Headquarters as soon as figures are available after January 1st. All other membership dues shall be paid in advance to the National Treasurer within sixty (60) days after October 1st.

Amend as Follows

Section 8. Annual Dues: The fiscal year of this Association shall commence October 1, and end September 30, but dues of Class A members and Class B members shall be based on such members' sales for their last fiscal year, which are to be reported to Association Headquarters as soon as available after January 1st. All other membership dues shall be paid in advance to the National Treasurer after October 1.

Article III

Present Form

Section 4. Alternates: Each Regional or City Association shall elect an alternate for any delegate, who shall act for such delegate during his absence, and whose vote shall be binding the same as if cast by such delegate.

Amend as Follows

Section 4. Alternates: Each Regional or City Association shall elect an alternate for each delegate, who shall act for such delegate during his absence, and whose vote shall be binding the same as if cast by such delegate.

Present Form

Section 5. Voting Power: At all meetings of the Association a motion or resolution, except amendments to the Constitution and By-Laws, may be voted upon by Class A members and delegates of the Association present. Each delegate shall be entitled to one vote.

Amend as Follows

Section 5. Voting Power: At all meetings of the Association Class A members and delegates of local Associations present shall be entitled to one vote each.

Present Form

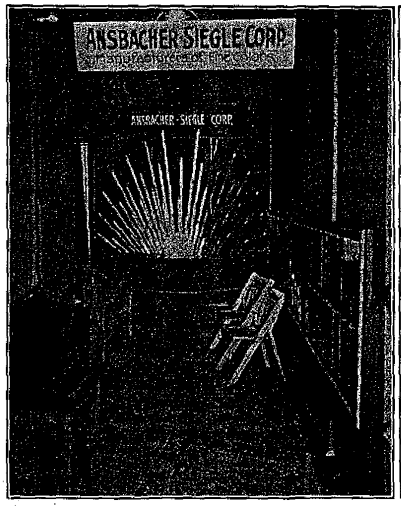
Section 6. A qualified member or delegate may demand a vote by roll call of Class A members and delegates. Said vote may be taken at once or during the next regular business session. The result of Class A members and delegates' vote shall supersede the result of a vote on the same question by the membership at large.

Amend as Follows

Section 6. A qualified member or delegate may demand a vote by roll call of Class A members and delegates. Said vote may be taken at once or during the next regular business session. The result of such roll call vote shall supersede the result of any previous vote on the same question by the membership at large.

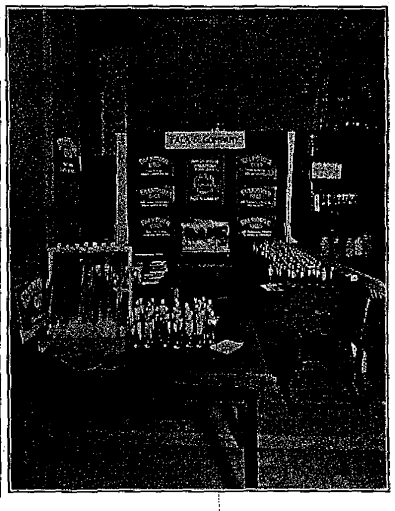
Present Form

Section 8. Floor privilege: Honorary members shall be entitled to the privilege



Ansbacher-Siegle Corporation
At the 1934 Paint Industries Show

Wheeling Corrugating Company
At the 1934 Paint Industries Show



Falk & Co.
At the 1934 Paint Industries Show

of the floor without voting power. The privilege of the floor at any meting may be extended to delegates or representatives from other organizations or to other individuals upon favorable vote by two-thirds of the voting members present.

Amend as Follows

Section 8. Floor privilege: Honorary members shall be entitled to the privilege of the floor without voting power. The *privilege of the floor at any meting may* be extended to delegates or representatives from other organizations or to other individuals by authority of the Executive Committee, or upon favorable vote by two-thirds of the voting members present.

Article V

Present Form

Section 2. The President and the President of each Regional or City Association shall appoint to this Committee a Regional or City member having a thorough knowledge of trade sales in his district.

Section 3. It shall be the duty of the Chairman of each Regional or City Trade Sales Committee to thoroughly organize those interested in trade sales in his district. It shall also be his duty to organize those members of lacquer sales to auto accessory wholesalers. The reactions of these Regional or City Associations shall be presented by their Chairmen to the National Trade Sales Committee.

Amend as Follows

(Consolidate old Section 2, and Section 3, into new Section 2, as follows, and renumber other Sections in this Article accordingly)

Section 2. The President of this Association, in collaboration with the President of each Regional or City Association, shall appoint to this Committee a Regional or City member having a thorough knowledge of trade sales in his district. It shall be the duty of the Chairman of each Regional or City Trade Sales Committee to organize thoroughly those interested in trade sales in his district. It shall also be his duty to organize those members of lacquer sales to auto accessory wholesalers. *The reactions of these Regional* or City Associations shall be presented by their Chairmen to the National Trade Sales Committee.

Present Form

Section 5. The President shall appoint as a member of this Committee a member of a Regional or City Association thoroughly acquainted with industrial sales in that district. It shall be the responsibility of this Committee member or local Chairman to organize members of industrial sales locally; members interested in industrial sales of paints; members interested in industrial sales of lacquers, etc. The reactions of these Regional or City Associations shall be presented by their Chairmen to the National Industrial Sales Committee meetings.

Amend as Follows

Section 4. The President of this Association, in collaboration with the President of each Regional or City Association, shall appoint to this Committee a Regional or a City Association member having a thorough knowledge of Industrial Sales in his district. It shall be the responsibility of this Committee member, as local Chairman, to organize thoroughly members of Industrial Sales locally; members interested in industrial sales of paints; members interested in industrial sales of lacquers, etc. The reactions of these Regional or City Associations shall be presented by their Chairman to the National Industrial Sales Committee.

Present Form

Section 7. Budget and Finance Committee: This Committee, consisting of three or more members, shall be appointed by the Chairman of the Executive Committee and approved by the Executive Committee.

Section 10. The Budget and Finance Committee shall fix the compensation of the President and have charge of the allocation of all income of the Association, including the allotment of such funds as may be required for the work of the Paint Industry Recovery Board, subject in turn to the approval of the Executive Committee of this Association.

Amend as Follows

(Consolidate Section 7, and Section 10, into new Section 6, as follows:)

Section 6. Budget and Finance Committee: This Committee shall consist of three or more members and shall be appointed by the Chairman of the Executive Committee. They shall fix the compensation of the President and shall have charge of the allocation of all income of the Association, including the allotment of such funds as may be required for the work of the Paint Industry Recovery Board, subject to approval by the Executive Committee of this Association.

Present Form

Section 8. Unfair Competition Committee: This Committee shall be appointed by the President in collaboration with the Chairman of the Executive Committee and be approved by the Executive Committee.

Amend as Follows

Section 7. Unfair Competition Committee: This Committee shall be appointed by the President, in collaboration with the Chairman of the Executive Committee, subject to approval by the Executive Committee.

Present Form

Section 9.
Clean Up and Paint Up Committee.
Save the Surface Committee.
Scientific Section Committee.
Traffic Committee.
Legislative Committee.
Distributors Committee.
Kindred Products Committee.
Simplification Committee.
Constitution and By-Laws Committee.
Membership Committee.
Credits and Collections Committee.
Memorial Committee.
Production Clubs Committee.

The above Committees shall consist of three or more members appointed by the President and each may be organized in the same manner as the Trade and Industrial Sales Committees, if desirable.

Amend as Follows

Section 8. The following Committees shall consist of three or more members each, to be appointed by the President:
Clean Up and Paint Up Committee.
Constitution and By-Laws Committee.
Credits and Collections Committee.
Distributors Committee.
Kindred Products Committee.
Legislative Committee.
Membership Committee.
Memorial Committee.
Production Clubs Committee.
Save the Surface Committee.
Scientific Section Committee.
Simplification Committee.
Tariff Committee.
Traffic Committee.

Present Form

Section 13. Regional or City Association Program Committee: The President shall appoint a Regional or City Association Program Committee of not less than five (5) members to prepare at the beginning of the fiscal year a series of programs, which shall be sent to each Regional or City Association for use by such Association during the year.

Amend as Follows

Section 11. Regional or City Association Program Committee: The President shall appoint a Regional or City Association Program Committee of not less than five (6) members to prepare at the beginning of the fiscal year a series of programs, which shall be sent to each Regional or City Association for the suggested use by such Association during the year.

Present Form

Section 14. Nominating Committee: At least three (3) months preceding the annual Convention the President shall appoint, subject to the approval of the Executive Committee, a Nominating Committee of seven (7) members, as follows:

Four to be selected from Class A membership, two to be selected from Class B or C membership (none of whom shall be officers), and the President. The names of the Nominating Committee shall be read at the first business session of the annual convention and the committee shall, at the third business session, report a ticket to be placed in nomination in accordance with By-Laws.

Amend as Follows

Section 12. Nominating Committee: At least three (3) months preceding the annual Convention, the President shall appoint, subject to the approval of the Executive Committee, a Nominating Committee of seven (7) members, as follows:

Four to be selected from Class A membership, two to be selected from Class B or Class C membership (none of whom shall be officers) and the President. The Nominating Committee shall report at the end of the first business session of the Convention.

Present Form

Section 15. Publicity and Press: The President may appoint annually a Publicity and Press Committee consisting of five members, whose duties it shall be to furnish the Press with such information as in their judgment the public might find interesting and which shall not in any way jeopardize the interests of the Association or any of its members. This Committee, together with the General Manager, shall edit all reports of the annual Convention or other meetings of the Association. There shall be made a stenographic report of the business proceedings of the annual Convention. Upon application such report shall be furnished as edited and approved by the Publicity and Press Committee to any of the Trade Papers subscribing. The expense of the stenographic report shall be divided pro-rata between the Association and each of the Trade Papers making application for the report.

Amend as Follows

Section 13. Publicity and Press: The President may appoint annually a Publicity and Press Committee, consisting of five members, who, together with the Secretary, shall edit material for the Press and shall edit all reports of the annual Convention or other meetings of the Association. There shall be made a stenographic report of the business proceedings of the annual Convention. Upon application such report shall be furnished as edited and approved by the Publicity and Press Committee, to any of the Trade Papers subscribing. The expense of the stenographic report shall be provided pro-rata between the Association and each of the Trade Papers making application for the report.

Present Form (Section 16)

Rule 16. The record of the action of the Committee shall be made in triplicate, one copy of which shall be given to each of the contending parties, and one copy sent to the General Manager of the National Paint, Varnish and Lacquer Association, Inc., but no report of the same shall be published or made a matter of permanent record.

All members are cordially invited in cases of dispute to avail themselves of this service and thus avoid the expense, delay and ill-feeling of litigation.

Amend as Follows (Section 14)

Rule 6. The record of the action of the Committee shall be made in triplicate, one copy of which shall be given to each of the contending parties, and one copy sent to the Secretary of the National Paint, Varnish and Lacquer Association, Inc., but no report of the same shall be published or made a matter of permanent record.

All members are cordially invited in cases of dispute to avail themselves of this service and thus avoid the expense, delay and ill-feeling of litigation.

Present Form

Section 17. Resolutions Committee: The President shall appoint from the membership of the Executive Committee at its annual meeting a Committee of three (3) to be known as the Resolutions Committee. In accordance with the By-Laws, this Committee shall consider all reports, resolutions or recommendations presented in sessions of the annual Convention, pertaining to matters that have not been before the Executive Committee. They shall submit tto the Convention such resolutions and reports, with their recommendations. When necessary, they shall draft and submit to the Convention resolutions on subjects requiring action.

Amend as Follows

Section 15. Resolutions Committee: The President shall appoint from the membership of the Executive Committee at its annual meeting a Committee of three to be known as the Resolutions Committee. This Committee shall consider all reports, resolutions or recommendations which may be referred to them in sessions of the annual Convention pertaining to matters that have not been before the Executive Committee. They shall submit to the Convention such resolutions or reports with their recommendations. When necessary, they shall draft and submit to the Convention resolutions on subjects requiring action.

Present Form

Section 21. Communications: All communications relating to or affecting any interests covered by Committees shall be referred by the General Manager, upon the approval of the President, to the Chairman of such Committee, who shall make reply or return to the General Manager such recommendations as his Committee may indicate.

Amend as Follows

Section 19. Communications: All communications relating to or affecting any interests covered by Committees, shall be referred by the Secretary, upon the approval of the President, to the Chairman of such Committee, who shall make reply or return to the Secretary such recommendations as his Committee may indicate.

Article VI

Present Form

Reports, Resolutions, Communications and Amendments

Section 1. Reports: All Committees shall submit through their Chairman to the General Manager at least thirty (30) days before the annual Convention for presentation through the Executive Committee to the Convention, a written report, accompanied by recommendations, if any, on the subjects assigned said Committees.

Section 2. Resolutions: All resolutions, special reports or communications shall be submitted to the General Manager before the annual Convention for the consideration of the Executive Committee, before presentation to the Convention. Any resolution, report or recommendation presented in Convention sessions pertaining to matters which have not been before the Executive Committee, before action, shall be referred to the Resolutions Committee for consideration and recommendation. Such resolutions, reports or communications must be submitted prior to the final session of the Convention.

Section 3. Amendments: The Association shall by majority vote adopt, reject, or amend any resolutions, reports or recommendations made through or by the Executive Committee, or substitute therefor any resolutions or recommendations upon the same subject matter.

Amend as Follows (Combine present Sections 1, 2 and 3 into following New Paragraph)

Reports, Resolutions and Communications

All Committees shall submit, through their Chairman, to the Secretary at least thirty (30) days before the annual Convention for presentation through the Executive Committee to the Convention, a written report accompanied by recommendations, if any, on the subjects assigned to said Committees. All resolutions, special reports or communications received by the Secretary in advance of the annual Convention, shall be referred by him to the Executive Committee for consideration and by them referred, with their recommendations, to the Convention for consideration and appropriate action. All resolutions, reports or communications presented in convention sessions pertaining to matters which have not been before the Executive Committee, may be referred to the Resolutions Committee for consideration and recommendations; reports of such considerations and recommendations shall be made prior to the adjournment of the Convention.

Article VII

Present Form

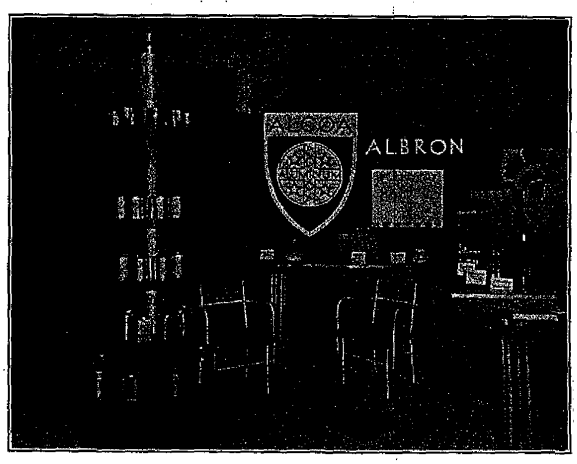
Section 1. A Trade Mark Bureau shall be maintained in the office of the General Manager.

Section 2. The Trade Mark Bureau is for the purpose of keeping records and giving information as to Marks in our industry, also giving information on Trade Mark matters in general. The Bureau shall be regulated and supervised by the Trade Mark Committee with the co-operation of the General Manager.

Amend as Follows

(Present Section 1, and Section 2, to be consolidated into new Section 1, as follows:)

Scientific Section, N.P.V.&L.A.
At the 1934 Paint Industries Show



Aluminum Company of America
At the 1934 Paint Industries Show

Section 1. A Trade Mark Bureau shall be maintained by the Association for the purpose of keeping records and giving information as to Marks in our Industry, also giving information on Trade Mark matters in general.

Present Form

Section 3. The Trade Mark Committee shall, subject to the approval of the Executive Committee make such rules and regulations as may seem desirable, with regard to the registration of Trade Marks in the Trade Mark Bureau, the furnishing of reports and publication to members and non-members relating to Trade Marks and the fees to be collected therefor. The Chairman shall make a report at the annual Convention of the Association.

Amend as Follows

Section 2. The Trade Mark Committee shall, subject to the approval of the Executive Committee make such rules and regulations as may seem desirable, with regard to the registration of Trade Marks in the Trade Mark Bureau, the furnishing of reports and publication to members and non-members relating to Trade Marks and the fees to be collected therefor.

Article VIII

Present Form

Expenses of Officers

As may be authorized by the Budget and Finance Committee and approved by the Executive Committee, the necessary expenses of the President, General Manager or duly accredited agent or representative, shall be paid.

Amend as Follows

Expenses of Officers

As may be authorized by the Budget and Finance Committee and approved by the Executive Committee, the necessary expenses of the President, Secretary or duly accredited agents or representatives shall be paid.

Article X

Present Form

Press Representation

At the annual Convention representatives of the local daily press and others may be admitted to the preliminary opening session when civic representatives address the Convention and reports of the officers are read. All subsequent sessions shall be executive in their character and none but members, applicants for membership, representatives of affiliated organizations, or delegates from other accredited organizations shall be admitted except by a two-thirds vote, and the President shall appoint a daily Sergeant-at-Arms, whose duty it shall be to exclude all visitors except as herein provided for.

Amend as Follows

Press and Non-Member Representation

At the annual Convention, representatives of the local daily press and others may be admitted to preliminary opening sessions. All subsequent sessions shall be executive in their character and none but members shall be admitted except by approval of the Executive Committee or by a two-thirds vote of voting members present. The President may appoint a Sergeant-at-Arms whose duty it shall be to exclude all visitors except as herein provided for.

Article XI

Present Form

Section 1. Nominating Committee Report: The report of the Nominating Committee shall be presented at the third business session of the annual Convention and shall be voted upon at the last business session of the Convention.

Amend as Follows

Section 1. Nominating Committee: The report of the Nominating Committee shall be presented at the end of the first business session of the annual Convention, and shall be voted upon at the last business session of the Convention.

Article XII

Present Form

Section 2. Appointments: All Committee appointments not provided for shall be made by the President.

Amend as Follows

(Your Committee recommends that this be eliminated as it is otherwise provided for in the Constitution and By-Laws.)

Article XII

Present Form

Section 3. Order of Business:

1. Preliminary Opening of Convention
2. Address of Civic Authorities
3. Reply of Association
4. Roll Call
5. President's Address
6. General Manager's Report
7. Treasurer's Report
8. Auditor's Report
9. Committee Reports
10. Resolutions
11. Unfinished Business
12. New Business
13. Election of Officers and Members of the Executive Committee
14. Installation of Officers and Members of Executive Committee

Amend as Follows

Section 2. Order of Business:

1. Opening of Convention
2. Roll Call
3. President's Address
4. Treasurer's Report
5. Auditor's Report
6. Committee Reports
7. Resolutions
8. Unfinished Business
9. New Business
10. Election of Officers and Members of the Executive Committee
11. Installation of Officers and Members of Executive Committee

(Mr. Howard presented the report by title with the following comment.)

Presentation of Report

H. M. Howard: I will promise you that we will try to get through in about two minutes and a half, if you will pass a resolution which I shall offer in just a moment.

But before offering that resolution, it is necessary for me to read one other amendment which the executive committee proposed and passed at their meeting October 30, which could not be included in the printed report.

So in order to conform to the law, we must have a preliminary reading of that.

I refer to article III, section 9 of the constitution. The proposed amendment offered by the executive committee provides that after the words, "shall be elected to serve for three years," add the following, 'provided, however, that no member shall be eligible for re-election within one year" and then it goes on stipulating the groups from which they shall come.

Mr. President, inasmuch as the report of the committee has been printed and we want to conserve all of the time for the real meat of the program, I would make the motion that the report be not read at this time, but that Mr. Bennett and myself will be ready at any time to receive any suggestions, criticisms, or further suggested alterations that anybody may have to make provided you will do it prior to the last reading which is on Friday afternoon.

I make such a motion.

President Trigg: I think you all understand Mr. Howard's motion. The report of his committee has been printed, and it has been distributed, and I presume you all have copies of the report of the committee, which is necessarily long because there has been a good deal of detail to straighten out in the by-laws and constitution rather hurriedly set up a year ago.

Now, Mr. Howard has told you of one additional amendment, which his committee now proposes based upon the action of the Executive Committee of the Association at its meeting yesterday, and the purpose of this resolution, which was not printed in the publication because it wasn't in the committee's hands at the time—the purpose of this last resolution is that no member elected to the Executive Committee for the usual term of three years, can immediately succeed himself on the executive committee. There must be a lapse of at least one year.

The idea in that is to insure bringing new faces and new minds and new energy into the executive committee from time to time, and to prevent perpetuation and indefinite continuation in office of those members of the committee.

Now, Mr. Howard has offered the motion to the effect that they be relieved from reading the detail of this entire report of theirs at this time, offering to make himself and Mr. Bennett, the other member of his committee, available to anyone of you who may want to discuss anything that is in this report or any other ideas that you may have with regard to further amendments in the by-laws any time between now and the last session of our convention, when they will come back to you for final action and disposition of the report.

Is there a second to Mr. Howard's motion?

(The motion was seconded.)

President Trigg: All those in favor of this motion will please say "aye"; contrary. It is carried.

Mr. Howard: The work of your committee was really made very easy by the foresight of the committee of patriots that established the constitution, and that work has really been a clarification of our last year's operations in order to include and bring up to date certain things that have been pointed out to us during the last year.

But I do want to pay tribute to Mr. Cheesman and Mr. Roh and Charley Caspar, who did a good lot of work in doing the original draft of the constitution.

S. R. Matlack: It seems to me that the association as a whole has rather taken for granted our treasurer's work, and no tribute paid to him for the amount of time which he has put on it.

I would like to offer a motion that we give a vote of thanks to Charley Roh for the work that he has given this year.

Mr. Hancock: Seconded.

President Trigg: No discussion is necessary, and just to show Mr. Roh how we feel about it, won't you please vote "aye" if you favor the motion? All in favor will please say "aye"; contrary.

Mr. Roh, we are just unanimously pleased with you and with what you are doing.

Gentlemen, under the by-laws, it is necessary for the president, with the approval of the executive committee, to appoint a nominating committee. That was done, and the committee consists of E. V. Peters, chairman; Wallace F. Bennett, A. F. Brown, Leon Hanline, J. E. Ingram, and V. Wurtele; and the president is automatically a member himself of that committee.

The by-laws provide that at this session an announcement shall be made to the convention as to the personnel of the nominating committee. The by-laws also provide that at that time the chairman of the nominating committee should make a preliminary report, and if Mr. Peters is here I would like to have him make such a report.

Preliminary Nominations

E. V. Peters: You have heard the personnel of the nominating committee that the president has given you, and I would like to say that this committee met first in Washington, August 28, and I think all members of the committee were present except Mr. Bennett, Salt Lake City, and Mr. Wurtele, Minneapolis.

In the recommendations of this preliminary report, which we are about to give you, I should like to say that the entire conclusions of your nominating committee have been unanimous.

It has been a very delightful committee to work with; we have felt our responsibility in trying to select or suggest to you an official family to conduct the affairs of this association for the next year, and I have enjoyed working with them very much.

Our committee did not work at all comparable to the co-operation that existed between a few fellows I heard about who had a very large evening one night, and one of the chaps had taken the other back home, put him to bed in the hotel room, and this chap felt very, very ill, and he said to the fellow that was in bed, "Do you feel pretty sick?"

"Oh, I feel terribly sick."

Then this fellow chased downstairs and got the hotel doctor, and he said, "Come up and see my friend; he is terribly sick; I wish you would do something for him."

The doctor said, "What is the matter with him?"

He said, "Well, he can't see any snakes on the floor, or pink elephants on the wall, and, by golly, the room is full of them!"

So our committee has seen pretty much alike on the recommendations which I am about to make to you.

For the first time this year, under the present arrangement with your president, which is for three years, the nominating committee has been deprived of the great

E. V. Peters
Chairman on Nominations

honor and pleasure of renominating your president. The officers that we have been asked to suggest to you have been six members of the executive committee, the treasurer, five regional vice-presidents, and the vice-president.

It has seemed to your comittee that this year particularly in the great work which is going on, that we wanted to be as helpful to your president as possible because of the enormity of the job which you have thrown on his shoulders, and to surround him as much as we can with an official familiar association, and who will cooperate in the development of the great plans which lay ahead of you.

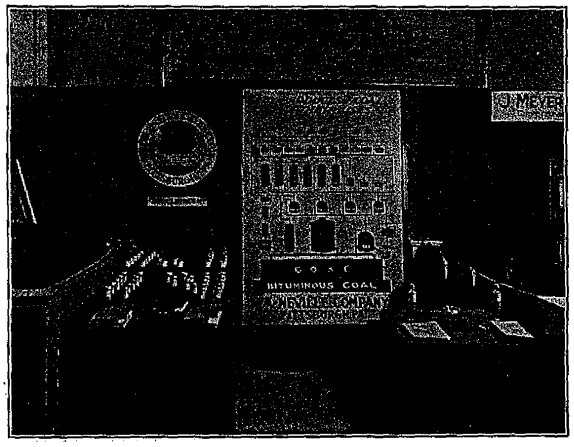
As I sat here listening to the excellent report of the various committees, clean up and paint up, by Dr. Plumb, and Miss Kent on saving the surface and the others, it seemed to me that we must all realize that behind all of this thing is some great force that harnesses these influences together, and provides a general direction, and I think that unless we have had an opportunity to come in pretty close touch with the official worker here in Washington, we have no conception of the enormity of the job which is on the president's shoulders.

We, of the nominating committee, wanted to select men we felt were competent and had splendid knowledge of the industry to assist this association and your president in the work which is ahead.

It seems to me that we ought to say in connection with the president's work, that, as Mr. Roh mentioned before, that for the first time this past year you have a president who has devoted himself exclusively to the affairs of this association, a man who when he took this job found the necessity to divest himself of all private interests, and all opportunities which private interest provided, and he is now your president exclusively. He receives no compensation other than the compensation which he receives from your association, except the great big one, and that is the compensation which he realizes of rendering service to an industry through such times as American business is now going.

So, for that reason that your nominating

Resinous Products & Chemical Company
At the 1934 Paint Industries Show



Neville Company
At the 1934 Paint Industries Show

committee this year has been deprived of the honor of nominating a president.

I will pass on to the particular item which we have been asked to submit to you for your consideration.

There are six members of the executive committee whose terms expire this year. The committee felt that possibly this year, that we ought to renominate the same six gentlemen who have served about one year.

Under your constitution and by-laws, the normal term of office for a member of the executive committee is three years. As last year was our first year these gentlemen were elected for only one year. As I understand it this year the executive committee have had only three or four meetings, so it seemed to your nominating committee that due to this first formative year, when the machinery is getting well organized, that we ought not to deprive ourselves of the service of these same six gentlemen who have served about one third of the normal term. Consequently, your committee is going to suggest that the following gentlemen be renominated for a full three-year term as members of the executive committee:

Doctor R. A. Plumb, Detroit; J. Heath Wood, Chicago; O. J. S. de Erun, New York; W. C. Dabney, Kentucky; S. C. Dunning, New York; D. W. Figgis, New York.

The nominating committee I think, however, are responsible for the suggested change in your constitution and by-laws which Doctor Howard has just laid before you.

The change is that no member of the nominating committee who has served a full three-year term shall be eligible for further service on the executive committee until at least a period of one year shall have elapsed.

I make that explanation now for the reason that we are nominating these same six gentlemen because they have served but one year, and but one third of a normal term.

So, Mr. President, we are placing in nomination these six gentlemen for members of the executive committee.

As treasurer, we are nominating Charles J. Roh, of the Murphy Varnish Company. I don't know what we would do without Mr. Roh, and we are all happy to join in the expression of thanks which were just extended to him for his excellent work. I am very happy to tell you that Mr. Roh has consented to serve again if you elect him.

For regional vice-presidents: For New England, the nominating committee has suggested Wilbur Rice, of the U. S. Gutta Percha Paint Company; Eastern vice-president, J. S. Wolf, of the Standard Varnish Works; Central vice-president, D. P. Joyce, of the Glidden Company, Cleveland; Southern vice-president, D. C. Burnham, of the Pittsburgh Plate Glass Company; Western vice-president, R. H. Oakley, Los Angeles.

For vice-president, the committee felt that due to the great distance of the Pacific coast and the far West from the general paint headquarters here in Washington, that it would probably be desirable to have the vice-presidency of the association go somewhat farther west where we would have a closer tie and cooperation with that very important group of the industry on the Pacific coast. So the nominating committee has the great honor to suggest as vice-president Wallace F. Bennett, of the Bennett Glass & Paint Company, Salt Lake City.

I might say that under the constitution and by-laws the nominating committee was required to inform the association of the nominees for members of the executive committee six weeks prior to this convention, but we felt so rather proud of our particular set which we selected that we published the whole ticket six weeks in advance of this convention.

It is not my purpose now to move the election of these gentlemen. I am submitting this report for the nominating committee for a preliminary report for your consideration; and it will give me great honor on the closing session of this convention to appear before you again and move the election of this ticket.

President Trigg: This report will finally come before the convention on Friday afternoon, for your action. At that time, if there be those who desire to present other nominations, that may be done at that time.

Now, it is time to adjourn for lunch, and the president's address will go over until the first thing this afternoon.

Mr. Dewar, who is the head of the painters' code, will also be on the program this afternoon, and then the balance of the afternoon will be devoted to discussion of the code, and any part of it which you men may want to bring up.

We have arranged with the general counsel of the compliance division of NRA to be here this afternoon. In fact, he is in the hotel now, for the purpose of meeting with us at two o'clock, and I therefore suggest that we all make it our business to be back here at two o'clock, because I am sure you all want to hear what he and the other men may have to say on the subject of the code.

It is necessary that we should start the meeting as promptly as possible, because we want to get through as early in the afternoon as we can.

Now, there are two or three announcements which we want to make, and then we will adjourn.

(Announcements.)

President Trigg: If there is no further business to come before this session, we stand adjourned.

(The session was adjourned at 1:15 p. m.)

Second Session—Wednesday Afternoon

[The second session of the convention was convened at 2:00 p.m. October 31, President Ernest T. Trigg, presiding.]

President Trigg:—Gentlemen: Will you be good enough to come to order now?

We will start our program by calling on John B. Dewar, president of the International Society of Master Painters and Decorators, and chairman of the National Code Authority for the Painting and Paperhanging and Decorating Division of the Construction Industry, to talk to us on their own code problems.

We all know Mr. Dewar and the wonderful work that he is doing, and the fine work which his association is doing, and we are certainly directly interested in the experiences which they are having with their code and we are concerned with the success of it, and are interested in any help which we may lend to them.

So, Mr. Dewar, if your are ready to talk, we will be delighted to have you come up here and talk to us.

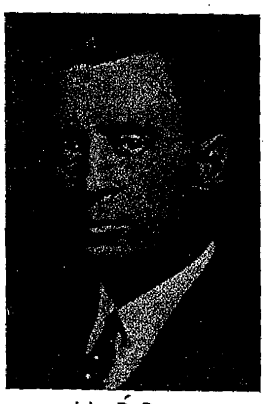
Master Painters' Code

John B. Dewar:—The painting industry is more appreciative than ever before of the value of its trade associations. Their growth within the last year is evidence of fuller appreciation of the mutual interests of industry members. Unification of purpose and concerted action by trade groups have been responsible for the many advantages gained in the last few years.

The National Paint, Varnish and Lacquer Association and the International Society of Master Painters have a very close kindred relationship. You, the manufacturing group, produce the materials we, the contracting group, apply. This mutual interest is particularly important at this time because of the many governmental agencies functioning for the benefit of the painting industry. The Federal housing program utilizes the products and the services of the paint industry more than any other groups of material men. The Home Owners' Loan Corporation, through the reconditioning work, is using our industry in greater proportion than others.

We painters recognize the progressive steps you have accomplished in Washington in connection with both FHA and HOLC programs. Our society has not been missing opportunities to impress upon such governmental bodies the importance of our membership and the necessity for the adoption of certain beneficial procedures. We have been very gratified with all our contacts in Washington and have always found that the various bodies comprising the New Deal have been most attentive to the efforts of organized trade groups. We are particularly pleased with the response given to us by HOLC.

Not only has our association had excellent consideration from governmental bodies, but most particularly from your own association. Your president, Mr. Trigg, has had frequent conferences with representatives of our Society and has helped us in many ways by his wise



John B. Dewar

counsel and by his spirit of co-operation. Our members are greatly impressed by the desire of your association to work in harmony with us for the solution of our mutual problems.

During the past year a painting promotional plan was devised through the joint action of both groups and particularly with the help of Miss Kent and the Save the Surface Campaign staff. While we have not been able to follow through with this plan as originally expected, our membership appreciates its benefits and as soon as we have completed the intricate task of administration of our code, we feel positive that we will be able to enter into all the provisions of this plan, particularly those involving finances, in a successful way.

Plan of the Code

The International Society of Master Painters and Decorators, as you are quite well aware, is now fifty-one years old and while it has been quite representative in the past of the various districts of our country, it now occupies prominence and importance never before contemplated. Within the last year, its membership has increased threefold. As of the middle of October of this year, the total of its paid-up membership amounted to 4,563, representing forty-six States. It has a total of 214 chapters and twenty-seven councils.

Because of its representative character, the international society had no trouble in establishing itself as truly representative of our industry and sponsor of the code for our industry. The members of our national code authority are selected by the international society executive board and the members of the local code administrative agencies are nominated by our chapters and the membership of regional agencies, by our council executive boards. The international society therefore is an organization of undisputed value to the industry. It represents the second largest organized group of the second largest industry in the United States, namely, the construction industry.

So that you may appreciate the organization of our industry under the code, permit me to briefly outline the general plan. The construction industry is bound by the provisions of the construction code. The Construction League of the United States is sponsor of this code. This league is composed of all the national trade associations of the various elements of the construction industry. The International Society of Master Painters and Decorators was one of the charter members of the construction league.

The construction code authority is composed of one member from each of its sponsoring trade associations. Gordon Marshall, Boston, is our industry's representative. The second largest American industry is now unified and organized to take leadership in the fight to regain its important part in our nation's business.

The construction code is composed of various chapters, at present twenty-two in all. Chapter I contains all those basic provisions common to all the supplemental divisions of the construction industry. The following chapters are individual chapters for each supplemental industry. The code for the painting, paperhanging and decorating industry is composed of chapter I and chapter III. The latter chapter contains those provisions applicable and peculiar to the painting, paperhanging and decorating division of the construction industry.

The provisions of chapter I of the construction industry code comprise three subjects of particular importance to our industry:

(1) Collective bargaining agreements to provide for wage, hour and other conditions of employment of the members of the industry. These agreements, commonly called area agreements, are made between truly representative groups or associations of employers and employees which, when signed by the President, are made binding upon all members of the industry within the region defined. To date, two of these agreements have been signed by the President, namely, Philadelphia and Wilmington, Del. A hundred or more such agreements are in the mill in Washington, expected to be acted upon very soon;

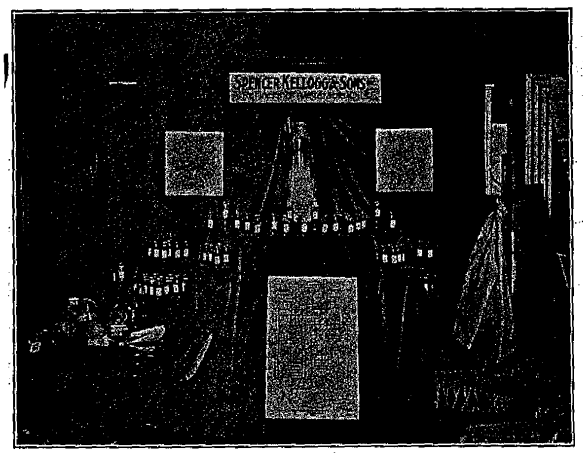
(2) General administrative provisions for divisional code authorities, outlining administrative powers and duties; and

(3) Provisions regarding the filing of duplicate bids and the correction of abuses attendant on bid shopping and bid peddling. All local agencies of our national code authority are now establishing these bid depositories for their particular region. Copies of all competitive bids will be filed with the bid depository and will be checked so that bid peddling will be eliminated and the provisions of the specifications complied with. Most cities are providing for a common bid depository for the various divisional industries of the construction industry. It is particularly hoped that this one procedure will eliminate many abuses which the subcontractors have experienced in the past, abuses which have led to the demoralizing conditions existing today.

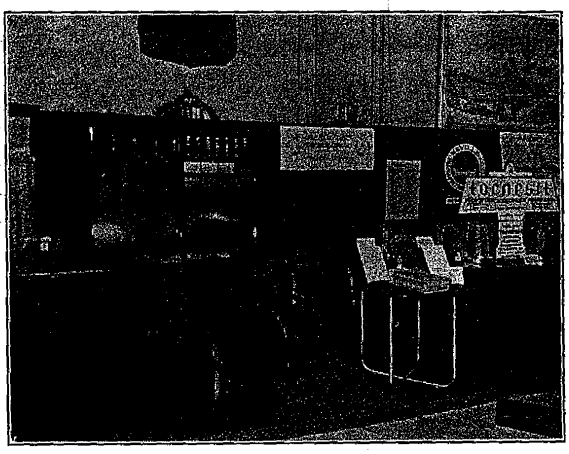
Administrative Plan

The provisions of chapter III of our code deal particularly with the administration of the code under the national code authority for this industry. This code authority is composed of ten members, seven of whom are members of the international society and three of whom are non-members. It has opened up official headquarters in Philadelphia, where already a very good-sized office force is at work. The administrative plan of our code provides for regional agencies operating as the state administrative bodies and local agencies operating as city or county administrative bodies. Regional agencies are now established in practically all the states and well over one hundred local agencies have been authorized to function. The tremendous detail of all this organization work has taken considerable time. It has been necessary to train the members of our industry in their administrative work.

Chapter III provides for the assessment of the members of the industry for code expenses. This was finally legalized through an amendment to the code. Our assessment is 0.5 percent on the gross



Spencer Kellogg & Sons, Inc.
At the 1934 Paint Industries Show



Hercules Powder Company
At the 1934 Paint Industries Show

amount of business, collected quarterly. The secretary's office has listed to date some 50,000 names, and these members are all subject to code assessments.

Chapter III also enumerates trade practice provisions. Amongst these provisions it is provided that the product of the services of the members of the industry cannot be sold below cost, which is defined as the sum of labor, material, job expense, plus 10 percent for overhead. A further provision states that it is an unfair trade practice to execute work not in accordance with specifications or to substitute materials or workmanship for those specified. We hope that through these provisions we may be able to correct much of the improper work found in many instances where competitive conditions have been particularly severe and abuses abundant.

Violations of the code are handled by two boards. Violations of the labor provisions are handled by a labor complaints board and violations of the trade practices provisions, including the non-payment of assessments, are handled by trade practice committees.

Our national code authority is now in the administrative stage of code procedure. The formulative stage was a long and nerve-racking one. Because of the tremendous size of our industry and because of the great number of individuals engaged in this business, you can well imagine we have plenty of problems to handle in setting up a smooth-running, administrative machine. We can modestly state that we are perhaps better organized in this respect than any other of the subcontracting groups of the construction industry. We still feel that we have far to go before we can be satisfied with our procedure. We do find everywhere a very fine spirit of co-operation. Our members realize that if any industry needs a code it is our industry. We do find, however, many members who would be delighted to continue under the old laissez-faire method. This group generally is comprised of those who either are rabidly partisan in their political belief, or those who have been taking advantage of the deplorable conditions of the last five years. I am inclined to believe that the latter motive prevails. The legitimate master painter, however, is most anxious to operate under our code. A general spirit of a revived industry is apparent. I am sure that this spirit will be evident to you manufacturers as you contact our members.

Achievements Under Code

Our national code authority has accomplished considerable for the industry:

(1) It has registered more than 50,000 contractors.

(2) It is organized in every State.

(3) It has prepared a safety and health manual which is now before NRA awaiting final approval.

(4) It is accomplishing an accounting survey and will devise shortly a model estimate and bookkeeping method. In the latter respect it has had considerable help from some of your members.

(5) It has undertaken a publicity campaign under the very able direction of a publicity director whom most of you know. News releases are being sent to a selected list of some 500 newspapers and many special releases are prepared for specific purposes, such as radio talks and class magazine publications. A publicity hand-book has been prepared for all our agencies so that local campaigns can be conducted in a well-organized and efficient manner. Another hand-book is about to be released, giving society chapters a manual for their functioning. We have had very close cooperation with your Save-the-Surface Campaign and have jointly undertaken certain publicity releases.

(6) We have appointed an official trade publication for the industry, the first issue of which appeared this month with 54,000 copies sent to the members of our industry. This publication will not only contain all the official releases of our national code authority but will endeavor to keep the members of our industry abreast of the times and supplied with all the latest authentic trade information. Its main duty will be to educate the members of our industry to more faithful compliance with the code and to elevate, through education, to better technical and business methods.

The value of associate membership in this association must be evident to all you manufacturers. You who are not now associate members are urged to become associated with us and take part in our activities and in our conventions.

Through the foregoing outline of the present program of the master painter, it is apparent that our interests indeed are mutual. We desire to cooperate with your association in everything that is progressive and for the best interests of this important industry. May we call upon you to stress in your advertising the value of good workmanship as being equally important to good materials. How often have you observed the products of your companies shamefully abused by application in an unworkmanlike manner. The best material produced by your members is of little value unless it is applied in a proper way. I urge you to stress therefore the value of employing a skilled master painter to do painting work.

We are very appreciative of the advertising many of your members do wherein they stress the value of employing a master painter. May we request that you stress the value of employing a member of the International Society of Master Painters and Decorators as a painting contractor. In this way the consumer may more easily obtain a skilled contractor.

The events of the past year and a half have decidedly produced a different master painter. He is no longer the individualist of previous years but is now a man conscious of the power of unified and collective action. He has a realization generally that the services of this industry are worthy of adequate hire. He realizes that labor should receive fair consideration and adequate pay. He, above all, realizes that his industry is a leading industry in the construction field and that no longer shall he remain submerged, subject to the connivances and the plots of other elements, whose abuses have contributed to his present unhealthy condition. He is conscious of the value of the international society and he is, above all, aware of the advantages of cooperation and organization.

Once again, I have to bring you the greetings of the International Society of Master Painters and Decorators, and to give you their best wishes for a very successful convention.

I also bring to you the greetings of the National Code Authority for the Painting, Paperhanging, and Decorating Industry and to your Paint Recovery Board I also bring this message of greeting.

Without doubt, in the past few years, certain members of our industry throughout the United States have not had a particularly friendly feeling for the paint manufacturers as a group. I think this is largely due to a misunderstanding. It may largely be due to certain associates, and a certain contact which has been unfortunate.

But we assure you gentlemen from the standpoint of the national association and its officers, particularly from the standpoint of the national code authority, we have every confidence in the desire of you and your industry to cooperate with us in the elevation of the painting contracting industry to an industry which can make a successful living out of a very honorable business.

President Trigg: Next is the president's report to the convention, and if Mr. Melum, as vice-president, will be good enough to take the chair, I will present it to you.

President's Address

President Trigg: Thank you, gentlemen, I have a good deal to say to you today, and I have compressed it into as small a statement as possible. However, it is going to take quite a little while, and I am going to suggest, if I may, that all of you make yourselves comfortable and bear with me I will complete it as quickly as I can, as I devoted a considerable part of this talk to the subject of code, and it will lead us right into the program arrangement for the balance of the afternoon.

"A Great Industry Moving Forward" was selected for the theme of this convention for two reasons:—First, because it states a fact; second, because in the process of revising and remodeling our methods of thinking and our methods of doing business in keeping with changing conditions, we are making progress for a better understanding of our privileges and of our responsibilities to one another and to the business fabric of the country as a whole. We are making progress too, in a material way, because our sales for the first nine months this year are over 20 percent ahead of the same period in 1933.

The year now ending has made new history in American industry. It has developed and is developing new philoso-

H. A. Melum
Presiding Vice-President

phies. Business generally finds itself doing many things today more or less as a matter of course, which a year and a half ago would have been considered by most of us impossible. So far as our own industry is concerned, this twelve-month period—starting with the amalgamation of the two national associations into the present National Paint, Varnish and Lacquer Association, authorized at our convention a year ago—has been full of development and activity, much of which has been in the nature of blazing new trails.

It has truly been a busy year and I want to take this early opportunity to publicly acknowledge the appreciation which I, as president of this association, feel to the many members of the industry who have so promptly and generously supported our activities as officers of the organization or as members of committees and emergency group meetings, many of which have been called on extremely short notice because of unexpected developments which made immediate action necessary.

I want also to express publicly my very genuine appreciation to all of the members of the staff who have worked so willingly and intelligently throughout the year and who have made many sacrifices of a personal nature in order that the affairs of the association and of the industry might be properly and promptly looked after. And I want to make it clear that this applies not only to the members of the staff in official positions and heads of departments, but to their assistants and the employees in the scientific section, the stenographic department, the general office, etc.

It is incumbent upon me to give yo at this time a general summary of th year's activities, which I shall do by re ferring to certain principal matters, no going into detail with regard to affair coming under the supervision of our sev eral groups or committees, the chairme of which will report for themselves durin the progress of this meeting.

Membership

It is gratifying to report a total direc membership in the new Association, as o October 30, of 768 members, 673 of wher are class A, 91 class B, and 4 class D In addition to this membership there i an underlying membership through loca associations of over 400, not including th class A and class B members who als hold local association membership.

The work of the national membersh committee has been splendidly done an the thanks of the industry are due t the members of that committee who s promptly and vigorously responded to th call for service. I want especially to express my personal appreciation to th manufacturers who have so promptl given their moral and their financial sup port to this new association by takin membership, thereby placing them solidl behind the work which is being done an providing the means with which to carr it on; and I want also especially to recognize and express—for myself and th other officers and executive committee o the association—our appreciation of th very substantial number of raw materia manufacturers who have taken class B membership thereby lending their ful support to our activities. It is a tribut to the vision and the co-operative spiri of these raw material manufacturers tha they are giving us this support, makin it possible for this national association t carry on its work in a more effective way in the interests of the whole industry.

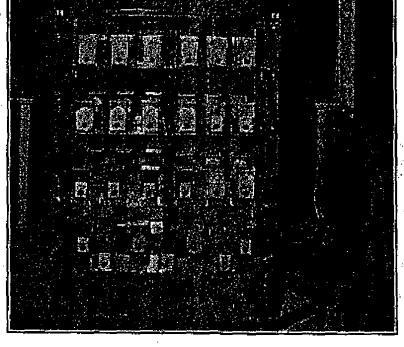
Our membership work is far from completed, as evidenced by the new memberships in both class A and class B, which continue to come in. It is, of course, a recognized fact that all members of the industry, whether or not they are members of this association, benefit by the work done by the association. It is confidently expected that as those who are not now members realize their common interest with other manufacturers, they will see fit to add their support—both moral and financial—to this organization.

Local Associations

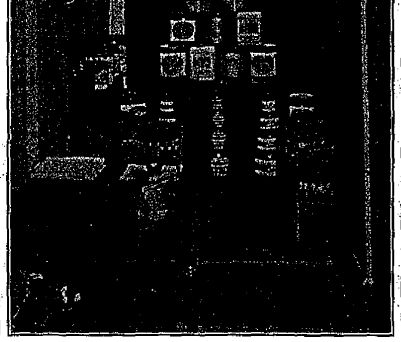
During the year most of the local associations have adopted new by-laws tying them in more closely to the national association and have perfected their local committee organizations which provide the underlying fundamental thinking and planning for the industry as a whole. The membership support which is being given to the local associations by class A and class B members in the national, supplemented by the direct class C members, is growing and will continue to grow.

The local associations are fundamentally important from the standpoint of first-hand dealing with problems and from the standpoint of gathering together the composite, deliberate views of the various sections of the country. So essential is this considered that the subject of local association activities will be specially dealt with on the program of this convention and it is hoped that the suggestions resulting from a consideration of this subject will mean greater activities and greater accomplishments for both the local associations and the national association as well.

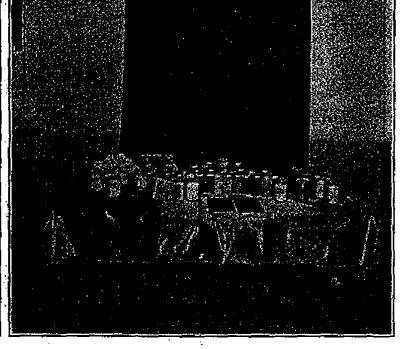
It is only through such action that collective thinking and deliberate conclusions on matters of interest throughout the industry can be accomplished, and it is only through this national association that the industry can speak with authority to government agencies and to the Congress itself. As a result of our united strength we are able to make representations and to present the industry's viewpoint formally and forcibly whenever and wherever it is necessary for the industry to speak. This national association is in fact the mouthpiece of the industry acting on the collective judgment and instructions of the industry itself. It is conducting the industry's affairs from an association standpoint in a thoroughly democratic



J. Meyer & Sons
At the 1934 Paint Industries Show



Gender, Paeschke & Frey Company
At the 1934 Paint Industries Show



Atlantic Research Associates
At the 1934 Paint Industries Show

and non-partisan manner. Certainly there never was a time when the suggestions and recommendations of all members of the industry—small or large—were listened to and given more careful consideration than they are at this time. Your Washington office is keeping its finger on the pulse of the industry just as closely as possible. It is constantly seeking advice and cooperation from the members of the industry throughout the country to the end that its service and its activities may be most completely representative of all types, branches and departments thereof.

"These Things Don't Just Happen"

One of our most difficult problems is to keep the members of the industry familiar with the activities which the national association is carrying on and the results which are accomplished. This is not peculiar to our association—it is a difficulty common to all organizations of a similar nature. Even though it were possible to advise the industry daily of the things which we are doing, it would then not be thoroughly understood because we know from experience that much of the material which we distribute its not read, and if we increased the volume there would be less of it read.

In a recent issue of "The Open Door," our monthly publication, there was an editorial entitled "These Things Don't Just Happen." I want to particularly refer to that because it is a subject which is close to my heart. There are many things accomplished for the welfare of the industry through the efforts of this *national association*—and from which *all* members of the industry benefit—which are taken more or less for granted by the industry, the members not realizing that forces had been deliberately at work, frequently for some time, to bring about these results. Our publication, "The Open Door," *goes regularly* to all members and contains current information of immediate importance to all. We urge its careful reading by the heads of each business and that it be then passed around to all the interested parties in each organization.

Scientific Section

The scientific section has continued its excellent work throughout the year, a report covering which will be made to you by its director. I desire to call particular attention to that part of his report which will deal with highly interesting developments possible from a recent study made on the ground of certain new products which seem likely to prove of very great interest and benefit to this industry. In our opinion there is no more important work which the scientific section can do than to be on the alert for improvements in the products of the industry, and the development of new raw materials and new methods which will enable the members of the industry constantly to render greater service to the public and to continue their own businesses on a safe and sound profit basis.

In addition to the specific work of this section it has been called upon to do a constantly increasing amount of technical work for the code authority, particularly with respect to setting up formulae in connection with specifications and verifying *cost computations. The code authority* has placed the responsibility for this part of its work with the scientific section, having entire confidence in its reports and conclusions, and I am glad to say to the industry that this part of the code work has been carried on most expeditiously, *accurately and satisfactorily.*

Working in collaboration with our tariff committee, the scientific section has continued to serve the industry on tariff matters, keeping in close touch with tariff developments, which incidentally bid fair to become of increasing importance to this *industry in view of the reciprocal tariff* arrangements which are under discussion, and which will continue to be under discussion, we are informed, until all nations with which this country does business have been brought into consultation.

Legal Department

The national association's activities through our general counsel's office in watching legislative matters affecting the industry are outstanding in their importance. Constantly on the lookout for Federal and State legislative proposals which *might be detrimental* to the interests of this industry, we have found within the last year many cases requiring immediate attention, as a result of which proposals inimical to the industry's welfare have been disposed of or modified so that no harm has come to our manufacturers. Obviously, there must be some central point from which these matters are looked after, and the industry has found and will continue to find a most responsive attitude on the part of the national association along legislative lines of common interest to the members of the industry.

In addition to legislative matters, the general counsel has continued to carry on the work of the *unfair competition* bureau and has devoted a large part of his time to code matters. His work has been of inestimable value both from the legal and the practical standpoint of our code operation. It is fortunate indeed that we have had someone with dependable legal knowledge and experience to guide us through the maze of technicalities—some legal and some otherwise—which confronted us in the last year, and which will undoubtedly continue to confront us probably to an increasing extent in the months ahead.

Clean Up and Paint Up Bureau

The accomplishments of our clean up and paint up bureau are beyond my ability to completely portray to you. This department, conducted at a very modest expense, is responsible for a large amount of additional business brought into the market through its promotional activities. The publicity which is given to clean up, paint up and fix up campaigns every year—the bulk of which is in the nature of front-page reading matter—would, if paid for at the current advertising rates of the respective newspapers, represent a huge sum. For example, thirty newspaper pages were published in Buffalo, alone, in 1934. Our most recent measurement of clean up and paint up newspaper clippings received by our bureau in one season, when the bureau was subscribing to a paid clipping service, and which, incidentally, represented only a part of such publicity, was computed on this basis and found to represent a value of over four million dollars. Such advertising of the paint industry could not be bought because the reading space used is not for sale. Yet, publicity, great as it is, constitutes a reflection of an auxiliary result rather than a fundamental initiation of the clean up and paint up campign. Basicly, the campaign is one of co-operative community organization and effort, with door to door solicitation of jobs literally by millions of volunteer salesmen who have no interest or profit in our business, but who sell our goods for us without material reward and with only the inspiration of their contribution to community betterment.

When I say millions of volunteer salesmen, it is no loose figure of speech. The *Chicago Tribune* is authority for the statement that in Chicago alone in 1934 there were 600,000 volunteer participants in the clean up and paint up campaign. St. Louis and Pittsburgh with 150,000 each and Cleveland and Detroit with their working quotas, totaled over a million clean up and paint up campaigners for only five American cities.

It is estimated from reliable data that approximately 7,000 American communities engage in organized clean up and paint up activities each year. The mobilization *of live flesh and blood human beings* is the rock bottom base of clean up and paint up as distinguished from publicity. The mobilization of a great army of militant volunteers is big news—always—and that is why the newspapers—with the aid of the services of our clean up and paint up campaign bureau, devote their front pages, full pages and entire sections to promotion of this unparalleled movement, the success of which spring from the cultivation of the human instinct for greater cleanliness, orderliness and safety of environment in the development of better living.

While repair and rehabilitation of property always has been one of the outstanding aims of our clean up and paint up campaign, the terms "Fix Up," heretofore more or less informally used in the campaign's promotion, has this year been permanently added to clean up and paint up, making the slogan "Clean Up—Paint Up—Fix Up" with consequent increased breadth of concept and public appeal.

While many manufacturers in the industry are taking advantage of this activity to promote their own business there are many more who are not but could and should benefit by it in a most substantial way. Every local paint association and every individual member of our industry should obtain the suggestions of our National Clean Up and Paint Up Campaign Bureau in Washington and should actively encourage and tie in with the local campaigns.

Save the Surface Campaign

The publicity work of the save the surface department is a rapid-fire performance which is going on every day in the year. Weekly stories are released to the real estate editors of approximately *one thousand newspapers* throughout the United States. These are sometimes used in part, but are usually used in full. Every time all or any part of these stories appear, it is another argument for the uses of the products of this industry, constantly building up good-will and selling a *conviction to the public* with respect to the desirability and necessity for the use of our products.

In a recent Sunday edition of one of the large metropolitan newspapers, there appeared thirty-three separate and distinct paint articles, running from two inches to a half newspaper column in length. Each of these articles dealt with some one or more uses of paint, pointing out its value and usefulness for the purpose to which reference was made. Literally, from the Atlantic to the Pacific the newspapers of the country are using this material in increasing volume because they have come to realize its source is impersonal, impartial and entirely reliable. This kind of space could not be bought and it could not be secured and maintained by an individual manufacturer who must of necessity feature his own products. It is a well accepted fact that statements of this kind carry more weight with the reading public than the more commercial (and properly so) advertising of an individual manufacturer, and consequently it is consistently creating a greater and greater paint consciousness on the part of the public generally. This cannot help but translate itself into additional business for every manufacturer dependent upon his own aggressiveness in the distribution of his products.

The radio broadcasting programs conducted under the auspices of the *save the* surface department are now being regularly carried on in one hundred and thirty-two stations throughout the country. Regular programs are supplied through our office to all of these stations, which are making at least weekly use of them without any cost to the industry other than the expense of preparing and submitting the program from headquarters. Here again the value of this work cannot be expressed in dollars and cents, because there is no definite way of arriving at it, but it is most certain that it *is of the greatest possible* value to this industry.

Better Light-Better Sight Campaign

A new development which carries high potentials for the increase of interior painting has been the recent establishment of a reciprocal alliance between the paint industry and the electrical industry in the promotion of the better light-better sight campaign through the co-operation of our own promotional activities and the scientific section with the better light-better sight organization of Edison Electric Institute in New York. Essentially, it is jointly recognized by the two industries that proper lighting is largely dependent upon proper reflecting surfaces, and that when better lighting is sold, better painting should be sold with it. The electrical interests *have* embodied this thought in their own advertising and promotion, and we are reciprocating by urging the use of more light and better lighting equipment for eye health, efficiency and comfort.

This co-operation has already been *taken up intensively* by some of the local paint associations, notably the Philadelphia Paint, Varnish and Lacquer Association, which has joined in the sponsorship and promotion of a vigorous campaign in Philadelphia in company with the local electrical industry. The better light-better sight campaign is especially susceptible to promotion in the Fall and Winter months when the nights are long and the minds of people are more concerned with artificial light than in other seasons. The sales arguments in this campaign are sound and logical, and I earnestly recommend that all local associations and members of the industry take cognizance of this new sales factor, which has an altruistic and social, as well as a business, significance, and use it for increasing paint sales and profits.

Trademark Bureau

The trademark bureau continues to serve a very useful purpose to those manufacturers in the industry who avail themselves of it. It is a place where any manufacturer in the industry can and should register his brands to protect himself from infringement. The list of trademarks and titles registered is available to all members, thereby making it easily possible for a manufacturer to check up on the brands now in use so far as listed with us to prevent his use of a name or mark already employed by someone else. Furthermore, it provides an authentic proof in case of later dispute as to the use and the date of the adoption of a mark by any manufacturer who has registered it.

This service goes back for thirty-six years, which means that there is already compiled a very valuable list of trademarks with the dates of adoption, and it will become more valuable to the industry as its use is continued and enlarged upon in the future.

Trade and Industrial Sales Divisions

The two main divisions into which this industry was divided at the time of the creation of this association one year ago, namely, industrial sales and trade sales, are functioning under the guidance, respectively, of the national industrial sales committee and the national trade sales committee. In addition to the chairmen, the members thereof are chairmen of local industrial sales or trade sales committees, which arrangement accomplishes the spreading of this work throughout the country in the several principal communities, and gives to each national committee the benefit of local thinking and action by such community committees. Certain sessions of this convention have been set aside for their deliberation where their problems and plans will be fully and carefully considered. This form of organization is insuring a more complete and intelligent consideration of the problems which confront our industry than has ever been possible in the past.

Committees

I shall not refer further to the work of the national organization or any of its committees or departments because our *program provides* for reports from them, which will be presented to the convention at the proper time for your information and careful consideration.

The New Deal

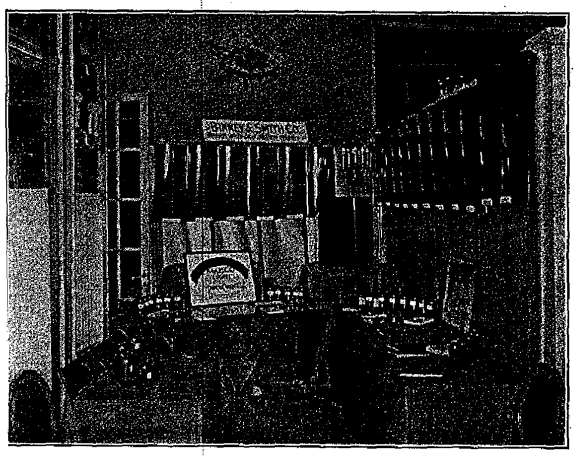
I am using the term "The New Deal" as it has *come into use applied* to the relationship of the government to business and to our economic and social problems generally. My reference to it and my thoughts in regard to the several propositions which I shall discuss are presented to you strictly from an economic standpoint and entirely free from politics or political significance.

The burden of constantly diminishing business volume from 1929 to 1932 literally tried the souls of men and brought great business calamity and disaster throughout the nation. The suddenness with which this condition overtook us and our inability, try as we might, to shake it off, will remain vivid in the recollection of those men occupying positions of responsibility in industry, trade and commerce for the rest of their lives.

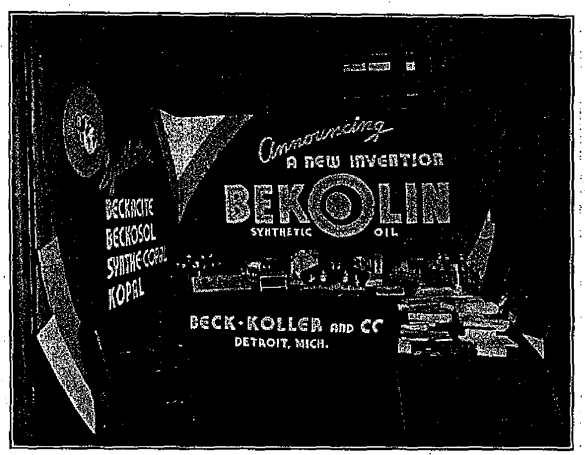
The new Federal administration took charge of affairs in Washington in March of 1933 when the business and financial affairs of the country were at their lowest point. Various efforts had previously been made in an endeavor to revive business, but without success. The new administration was faced with the necessity of "doing something about it," and it proceeded promptly, under the vigorous leadership of President Roosevelt, to put into effect some measures which—drastic as they may have then seemed to be—were intended to accomplish, and did accomplish, a return of confidence on the part of the great majority of our people and inspired a new hope for the future.

Banks

The first of these measures was the bank holiday. Serious as this action may have seemed at the time, its wisdom was quickly demonstrated. Just prior to the closing of the banks, chaos reigned and bank failures came in an avalanche.



Binney & Smith Company
At the 1934 Paint Industries Show



Beck, Koller & Co.
At the 1934 Paint Industries Show

Three months later, when business had stabilized to a degree, the member banks of the Federal Reserve System had deposits totaling twenty-six billions of dollars and an excess reserve of three hundred and fifty million. Twelve months later, in June, 1934 (the most recent month for which figures are available for the entire bank membership), the banks of the system had deposits totaling over thirty-one billions of dollars and their excess reserve approaches two billion—or approximately five and one-half times as much as twelve months before. In place of the anxiety of depositors which prevailed in March, 1933, there is a complete sense of security furthered by the insurance of bank deposits, and in place of "runs" the banks have an embarrassment in the form of deposits which they are unable to use profitably.

In connection with the bank holiday in March of 1933 the life insurance companies put restrictions on loans, which restrictions have been removed, and loans are now being made normally. Statistics under date of October 15, 1934, from the Association of Life Insurance Presidents, show an increase of 11.1 per cent in the amount of insurance written for the first nine months of 1934, as compared with the same period in 1933.

Business failures showed a decrease of more than twelve hundred in September, 1934, as against March, 1933. The index number for business failures for the first week in September, 1933, was 50 per cent more than for the corresponding week this year.

The latest figures on net corporation profits available from the Department of Commerce show a total for the quarter ending March 31, 1933, of one hundred and twenty-four millions of dollars, and for the first quarter of 1934 three hundred and fifteen million. The National City Bank of New York gives the net profits of two hundred and fifty corporations for the first half of 1933 at eighty-six million and for the first half of 1934 two hundred and twenty-six million—an increase of two hundred and twenty per cent.

The *New York Times* index of business for the week ending October 13, 1934, stands at 75.4 as compared with approximately 40. in March, 1933, a betterment of approximately 63.5 per cent as compared with the depth of the depression.

Home Owners Loan Corporation

The next great government undertaking in the interests of distressed property owners and in the interest of stabilization was the creation of the Home Owners' Loan Corporation, generally referred to as HOLC. Under the act creating this agency, the corporation proceeded promptly to take over—subject to certain broad limitations—mortgages of property owners who were in default on interest and/or taxes, and who were threatened with foreclosures, the mortgages being paid with bonds issued by HOLC, which bonds originally carried 4 per cent interest, the interest only being guaranteed by the government. Subsequently, Congress authorized the guarantee of both principal and interest and the rate was reduced to 2.75 per cent.

July, 1934, showed a reduction of 2,000 mortgage foreclosures as compared with March, 1933—a substantial decrease due largely to the relief afforded by HOLC. As of October 19, HOLC had closed 593,177 loans to a total of over one billion five hundred and eighty million dollars, of which about one hundred and fifty million has been distributed in cash in local communities. To liquidate arrears of taxes and assessments on homes securing the loans, HOLC to that date has paid over one hundred and three millions into local treasuries in over three thousand counties of the United States. These sums have reduced tax delinquencies which were serious in many instances, permitting countless communities to meet their payrolls for school, police and other service and to take care of other obligations.

The corporation requires that all mortgaged homes shall be in a state of good maintenance and where advisable allows a sum for reconditioning to be added to the loan. For the purposes of repairs and remodeling it is estimated that twenty million dollars has already been expended providing employment for thousands of men in the building trade and stimulating transportation and the manufacture and sale of construction materials, of many kinds, of which paint has been an important item.

More than two hundred millions of the loans closed represent mortgages taken over from closed and restricted banks and building and loan associations. This operation has placed these institutions in a position to make substantial payments to depositors, and in many instances to reopen. As a result of this program distressed properties have been removed from the market and owners of mortgages and real estate securities have a firmer foundation under their investments. The mounting rate of home foreclosures is arrested and real estate prices are being stabilized to the advantage of all elements among American people.

HOLC loans are amortized at a 5 per cent interest rate over fifteen years. It is encouraging to know that already payments are being made to HOLC by mortgagors at the rate of five to six million dollars per month.

National Industrial Recovery Act

In June of 1933 the national industrial recovery act was passed, the purpose of title one being to increase employment and to encourage greater industrial and business activities. The National Recovery Administration grew immediately out of this act, and it proceeded promptly to the acceptance of codes under which the various industries and businesses of the country would operate; the members of each such industry or business being permitted to write its own rules for fair practice procedure, subject to the approval of the National Recovery Administration and of the President of the United States; provided, however, that each such code must contain, in addition to its own fair trade practices, provisions for minimum wages and maximum working hours, together with the so-called "right of collective bargaining." All of the provisions of proposed codes were carefully considered by properly constituted boards functioning as a part of NRA and nothing was permitted to go into a code which was considered inimical to the public welfare.

Especially was consideration given to the matter of minimum wages and maximum working hours, the purpose of those requirements being to raise the level of wages and to reduce the working hours in order that employment might be spread over a greater number of workers and to increase buying power and the demand for products of industry. While there is still substantial unemployment of labor it has been very largely reduced, the number of workers who have been put back on payrolls being estimated at from seven to ten million, and there has been an increase of from ten to twenty-five per cent in the payrolls, due, I think it is only accurate to say, to the national recovery provisions.

Increases in Employment and Payroll

As to our own industry, the most reliable statistics available show that there was an increase in September of this year, as compared with March, 1933, of 33.3 per cent in the number of factory employees, and 50 per cent increase in the total average payroll. Our industry should feel a justifiable pride in the part it has played in increasing employment and the payrolls of labor.

While the subject of the fair-practice provisions of our code will be open for discussion in detail I feel that I should make some comments with respect to them at this time.

The fair practice provisions of our code were under discussion almost continuously from June 5, 1933, when the code committee was appointed, until September 28, at which time the public hearing on our code was held by the National Recovery Administration. During that period of over three and one-half months, the code committee worked steadily to produce a code of fair practice provisions acceptable to the administration, which would meet the wishes and necessities of the majority of the industry. Its first draft of a code was submitted to every known manufacturer of the industry early in July with a communication requesting criticisms, comments and suggestions. A large number of manufacturers replied and all replies were carefully considered. This resulted in a number of revisions in the first draft and the revised code was again submitted to all known members of the industry. As a result of criticisms and suggestions which continued to come to the committee, the code was rewritten not less than six times and every time a revised copy was sent to all members of the industry for further criticism and suggestions.

While this was going on, meetings were held with various groups of the industry for the purpose of giving particular consideration to any special problems which they might have, all in an effort to make a code which would fairly and as fully as possible represent the wishes of the industry at large.

After having secured all of the criticisms and suggestions obtainable from the individual members of the industry, there were three concurrent meetings held to which all manufacturers of the industry were invited. One of these meetings was held in New York, one in Chicago, and one in San Francisco. The final draft of the code was presented to each of these meetings in detail and action taken by such meetings on each of the provisions of the code and on the code as a whole. These extraordinary precautions to insure full and ample opportunity for consideration of all of the provisions in the code were taken because it was realized that when the code was finally approved by the President of the United States it would become the law of the land, and every member of the industry would be called upon to live up to all of its provisions.

Code Administration

I wish particularly to call the attention of the industry to the provision made in the code for its administration by which the members of the industry themselves nominated and elected the representatives on the Paint Industry Recovery Board for their respective commodity and community groups. The method of nomination and election, as well as the conduct of the election itself, was perfectly democratic and left entirely to the choice of the members of the industry who would come under the provisions and requirements of the code.

Ever since manufacturers in our industry have been meeting together for the discussion of common problems there has been an expressed desire for the privilege of making agreements, one with the other, whereby abuses in the industry might be eliminated by common consent. Not until the national industrial recovery act was passed, however, was it possible for competitors to enter legally into such agreements with the force of the Federal government back of them and with penalties provided for violations thereupon. For, after all, what we call the "Industry's Code" is in reality an agreement between the members of this industry, approved by the President of the United States, thereby making it legally binding and relieving the members of the industry under a definite provision of the national industrial recovery act from action against them under any antitrust laws insofar as code provisions are concerned.

Every one of the fair trade practice provisions in our code is of benefit to the members of this industry. Especially have the interests of the smaller manufacturer been protected and safeguarded. The limitation of terms of sales and datings is distinctly to the benefit of the manufacturer who doesn't have unlimited capital and protects him from terms and dating competition on the part of the manufacturer better situated financially.

The prohibitions under free deals prevents extravagances in the distribution of gifts of one kind or another, which was growing. In some instances these abuses had reached a point where salesmen of certain manufacturers were devoting more time to the sale of prizes, free goods and gifts or allowances of one kind or another than they were to paint, varnish and lacquer products.

Sales Provisions of Code

The selling below cost article in the code puts all manufacturers on the same basis of cost figuring for raw materials, processing, etc. Advantages formerly possessed by large manufacturers in their bidding on large business, due to their ability to produce or purchase raw materials at lower prices, is now removed in that all manufacturers for the purpose of code cost figuring must use the monthly quotations of the Paint Industry Recovery Board.

Similarly the processing and package costs with loss factors establish minimums known to every manufacturer and below which he is not permitted to figure. The beneficial result of this from the standpoint of the small manufacturer is evident in a number of directions, notably the fact that in some municipalities smaller paint manufacturers who for years have refrained from bidding on municipal offerings are now coming back into this field and commencing to secure some of that type of business.

The whole code undertaking was a new departure in our business lives, and it was not to be expected that every manufacturer would thoroughly understand all of its provisions and requirements immediately. We recognized that there would have to be education on code compliance and this education has been carried on just as completely and patiently as possible throughout the entire industry. It is gratifying to be able to report to this meeting that the great majority of manufacturers have strictly complied with all of the provisions of the code, as evidenced by the fact that the complaints reported to headquarters have involved less than 5 percent of the members of this industry numerically, and in the case of practically all of those against whom complaint has been made, we have found on investigation that the complaint was not justified, or if a violation had occurred, that it was due to a misunderstanding of a provision or to a mistake, and the manufacturer complained of readily gave his written assurance of future compliance.

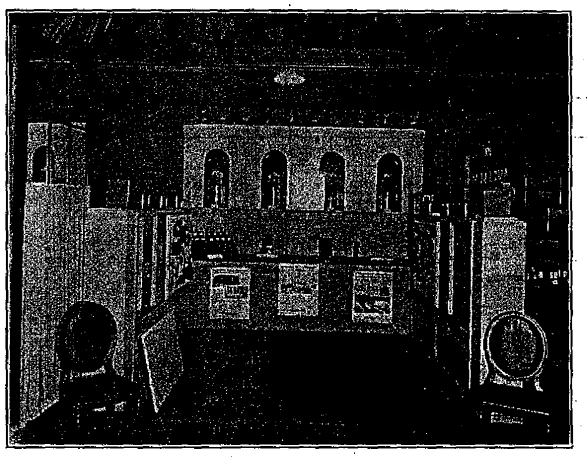
The number of cases which have finally sifted down to an ascertained violation without a satisfactory explanation and/or adjustment amount to sixteen, which cases have been formally reported to NRA with the request, in some instances, for specific action, and in other instances for appropriate action on the part of the administration. These sixteen cases so referred to NRA represent only eight manufacturers, there being more than one complaint against some of them.

We have not permitted ourselves to construe this situation as indicating that everything in connection with the code is working as smoothly as we would like. It is too much to expect that any code or articles of agreement could be set up for an industry as large as ours that would satisfy every manufacturer in every particular. It has not been the experience with any set of regulations or laws affecting large groups that they were promptly and cheerfully accepted and lived up to by all interested parties. As a matter of fact, the Good Lord Himself was not able to please everyone, and so it has been down through all history for the last two thousand years. The record of compliance of the great majority of the industry, however, has convinced us that the code provisions are acceptable to the industry in the main.

There are no means by which every transaction of every manufacturer in the industry can be kept constantly under check. We must depend upon the members of the industry to report violations or transactions which they believe to be violations, in sufficient detail so that we may go directly to the accused manufacturer—if there be occasion to do so—and determine definitely if a violation has occurred.

Our primary concern is to secure compliance and in cases where it is a first offense and we are assured by the respondent that a violation occurred through misunderstanding of the code or through error, we are willing to close the case by accepting from such manufacturer a signed certificate of compliance in the form approved by the Administration. We have some cases in which two or more offenses by the same manufacturer are included in the list of complaints we have filed with NRA. It has not been the attitude of the administration itself to deal arbitrarily with violators, but rather to encourage them to an understanding of their code and to live up to it. It is our experience with the administration, however, that they do not intend to permit flagrant violations of the code and we are finding now, with the passage of time, a determination on their part definitely to require compliance and to take further steps, if necessary, when there is failure to comply.

It is our general conviction, based on nearly one year's intimate association with our code, that definite progress under



Bakelite Corporation
At the 1934 Paint Industries Show

General Plastics, Inc.
At the 1934 Paint Industries Show

it has been made. We hear statements to the effect that the terms, datings, free deals and cost provisions, etc., are being violated, but it usually happens that when those manufacturers who make such statements are requested to provide us with the information on which an investigation could be based, they fail to do so.

Furthermore, it seems clear that a new spirit is developing in industry—a keener sense of "fair play." If, prior to a year ago, a manufacturer allowed unearned discounts, or if he made unduly long datings, or if he sold at less than cost, the incident was only of passing interest to his competitor and no further attention was paid to it. Now that we have a code, any such transaction is subject to criticism, and properly so, by the manufacturer who knows of it. Sometimes he criticizes the code authority because such instances continue to exist, when the code authority itself is powerless to do anything without having the necessary facts. I should like to give you some indication of the progress which has been made under each of the fair trade provisions of the code based only on direct transactions handled by headquarters.

Articles XII, XIII, XIV and XV

XII—Misbranding, mislabeling and false advertising.
XIII—Gifts to employees of another.
XIV—Manufacturing restrictions.
XV—Exchange of goods.

There have been comparatively few complaints on these Articles—in the main have been disposed of satisfactorily and without delay.

Article XVI—Standard Terms of Cash Discount

Article XVII—Datings

The definite nature of the terms provisions of the code has made it possible for us to get information from a substantial group of manufacturers covering their first year's experience with the code terms.

On October 5 I addressed a letter to the members of the executive committee of the association and to the members of the national industrial and national trade sales committees, to the members of the credits and collections committee, and to the presidents of all local associations, asking a number of questions, as follows:

1. Do collections show an improvement at this time as compared with last year?

All replies stated there was an improvement in collections, the percentage running from 1 percent to 10 percent.

2. If so, to what extent in percentage has it decreased the investment in receivables as compared with sales volume?

Practically every reply stated a decrease in this percentage, figured running from 3 percent to 20 percent—the average figure was 11 1/3 percent.

Taking questions 1 and 2 together, the replies indicate a most decided improvement:—

3. Is the total of the overdue accounts smaller in proportion to sales volume than the comparable period last year?

One reply stated "about the same," all of the balance were a definite "yes." In one case the figure of 50 percent improvement was given.

4. Is the total of cash discount allowed larger or smaller, in proportion to sales volume?

By far the majority of the answers stated the cash discount was running less. This is definitely constructive because it shows that cash discounts formerly allowed after the discount period had expired, are—under the code prohibition—not now being allowed.

5. Have the requests for unearned cash discounts decreased or increased in the last three months?

Nearly every answer showed decrease. Typical of the replies we quote the following:

"The rigid restrictions under the code whereby remittances must be mailed by a certain definite time have apparently had quite a salutary and wholesome effect. We don't hear nearly so much today about abuses of the cash discount privileges as we heard a few years ago and our credit managers generally throughout the country indicate that there is better observance of terms than we have ever had before. The condition is very much better and the code should have the benefit of it."

6. Do you now receive requests for dating terms, other than the dating provided in the code?

A few replies read "Seldom," "Occasionally"—and many of the answers stated "No" most positively. The following quotation from one letter is indicative to the responses:

"Little by little merchants realize that the codes are to be respected because of the good effects on business, and no one being inclined to give any encouragement to special terms propositions they little by little recede and gradually come into line on the basis of the regular terms of sale."

Article XVIII—Guarantees

Article XIX—Consignments

There have been few complaints under these two provisions. Reported violations of time guarantees have been promptly and satisfactorily disposed of.

There has been a good deal of interest in the consignment prohibition as evidenced by numerous requests from manufacturers to know whether certain jobbers' or dealers' names had been reported to us in accordance with code requirements. Such information has been promptly furnished.

Article XX—Free Deals

We have had a great many complaints under this article. It is the first opportunity the industry has had in a legal manner to limit premiums, prizes and awards, free goods, etc., to the benefit of the industry as a whole. It is well known that the practice of distributing gifts of one kind or another had grown to serious proportions in the industry. The Paint Industry Recovery Board recognizes and takes the position that there should not be unreasonable restrictions put on the merchandising activities of the members of the industry, because to do that would result in curtailing sales, but it does feel that the provisions of Article XX are reasonable restrictions which do not unduly hamper the industry's sales activities, but do prevent wasteful competition between manufacturers in the giving of free gifts.

Our investigations have developed some cases where, while the offers made were not technical violations of the code, they were nevertheless violations of the spirit of Article XX and we have found, in the main, a willingness on the part of manufacturers generally, when such situations exist, to revise their propositions so that they are fully within the spirit as well as the letter of the code itself.

Article XXI—Discontinuance of Shades and Colors

There have been no complaints with respect to this article.

Article XXII—Selling Below Cost

Since the original code was written there has been an amendment to section 4 of article XXII permitting the Paint Industry Recovery Board to classify the products of the industry for the purpose of establishing processing costs, etc., which cost schedules have been in effect since last May.

This article is of outstanding importance to the industry. It provides a known basis for establishing a cost below which sales must not be made. It must not be a "stop loss" provision. It must not be confused with the so-called "open price" provisions which appear in some codes, and under which members of such industries must file their selling prices.

Under the code cost figuring requirements, the costs of manufacturers may and do vary depending upon their formulation and upon the availability of raw material markets. The manufacturer is limited in the raw materials costs which he may use by the figures which are published in our monthly replacement cost bulletin and they are limited also to the minimum processing and packaging charges with accompanying loss factors, as set forth in the respective schedules.

In the preparation and promulgation of the processing costs and the accompanying schedules, this industry has for the first time provided to all manufacturers in the industry accurate, dependable figures to use for cost purposes. It is a well-known fact that only very few manufacturers have maintained cost systems in sufficient detail to provide accurate processing and packaging costs and to provide correct figures to cover losses in handling of raw materials and losses in processing. If there is any doubt as to the correctness of this statement, it would only be necessary to go over the several hundred replies received to a questionnaire sent out at the time the first set of processing costs was published to realize the almost complete absence of dependable manufacturing costs.

The natural result is that this element of cost entering into the total cost has largely been guesswork. Sometimes it has been built up on an average basis by a manufacturer's dividing the total factory expense for one year by the total number of gallons of all kinds of products produced, and using the resultant figure as the cost per gallon for making everything produced in his plant during the following year. An illustration of this is that of a manufacturer who reported to us that it cost 10 cents per gallon to make lacquer thinner, 10 cents per gallon to make clear lacquer, and 10 cents per gallon to make pigmented lacquer.

Now a very definite service has been rendered to the industry in that a master cost accounting committee has worked out what are believed to be fair and equitable cost figures and which we have been able to give to the industry in a legal manner for their benefit for the present and for the future.

Process Costs Studied

At the time of the last extension given by NRA to our processing costs, they requested that a study of the figures being used be made by some independent agency competent to do such work and that a report thereon be made to the administration. This study is now in progress by Peat, Marwick, Mitchell & Co., certified public accountants, and it is expected that they will have sufficient figures from which to draw conclusions and make a report shortly. It is possible that as a result of their study and their conclusions some changes in the figures now in effect will be made.

We welcome the opportunity which this investigation gives us under official auspices to make further refinements in the cost schedules, if such should be the result, because our concern is to have all the figures on these schedules just as nearly right as they can be made, in order that the administration need not hesitate to approve of them and in order also that the members of the industry themselves may feel perfectly safe in using such schedules as their minimums and have complete confidence in their own costing work.

Regardless of the accuracy with which such costs are set up, it is impossible to make them fit exactly the experience of each manufacturer on each product he produces. Some factories specialize more on certain types of goods than they do on others. Some factories have occasion to produce more small batches than others. Where a manufacturer's production is not fairly uniform in the general paint field, he might find that the processing costs on certain items may seem to be a little high on some of his production, and proportionately low on other items. The variation, however, is at most a slight one, and when it is recognized that a slight variation—one way or the other—occurring in one element of cost which in itself is in the neighborhood of only 15 percent of the total cost, it will be seen how unimportant such variations really are.

These cost schedules are, of course, intended to cover all factory expenses, both direct and indirect, including superintendence, taxes, insurance, etc. They must also be made to cover the operation over a full year rather than to be based on a time study, for instance, of a single batch of paint. By putting them on a yearly basis, due allowance is made for slack periods of production, during which, obviously, the overhead goes on just the same—for periods when equipment is being repaired and hence out of service—and all other contingencies.

We shall continue further to revise our processing costs as the opportunity or occasion presents itself, hoping eventually to have in the possession of every manufacturer definite figures of a dependable nature which he can accept without peradventure as his minimums for this purpose.

The raw material replacement costs, as published monthly, are serving their purpose most satisfactorily. They have taken the uncertainty out of the situation so far as the manufacturers' cost figuring is concerned, in that everyone now knows that replacement costs must be employed. Previously, especially on bid business, manufacturers have oftentimes been in a quandary as to whether or not they should include raw materials at lower than the market, if they had made favorable purchases, and in a like quandary as to what to do if they themselves did not happen to have favorable raw material costs but know that a competitor who was also figuring did have such an advantage. There is nothing in the raw material replacement requirements that interferes in the slightest with the manufacturer's buying his raw materials just as favorably as he can, but he must start "from scratch" with his fellow manufacturers insofar as figuring under the code is concerned.

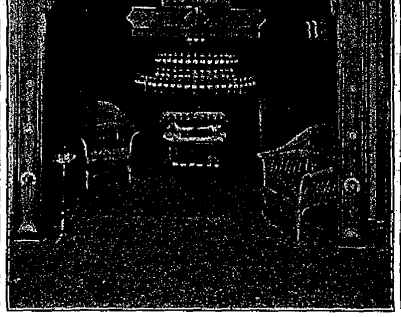
Considering the fact that both the processing costs and the raw material replacement costs were such a radical departure from anything heretofore known in this industry, it has been most gratifying to see the manner in which they have been accepted and used by the industry. It is gratifying, too, that there have been relatively so few complaints with regard to each of these undertakings. I can say to you that the criticisms of either processing costs or market replacement costs have been so few as to be counted negligible. Out of several hundred replies received by NRA to the questionnaire on processing costs sent out in May there were only twenty-three who criticized any one of the processing figures—twelve of whom thought that some one of these figures were too high—and eleven who thought that some one of the figures were too low. It is a tribute to the ability, vision and hard work of all of those men who so unselfishly devoted their talent to these problems and who are continuing to do so, and they are certainly entitled to the very genuine appreciation of the industry as a whole.

While we do not feel that the selling below cost provisions of our code are perfect, it is such an improvement over the dog-eat-dog conditions of the past that it is difficult to realize why any manufacturer in our industry should attempt to controvert these provisions or do anything else which would tend to diminish the efficiency of the code. They are not only of immediate benefit, but hold out promise of even greater benefits in the future.

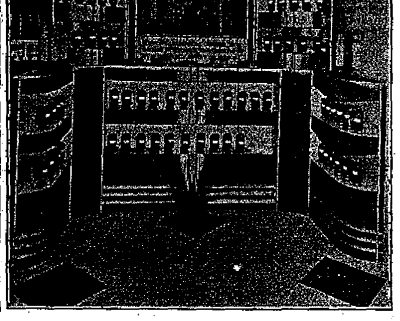
The cost provisions of our code apply to all products of the industry with the exceptions stated in the code. Their practical usefulness, however, is largely limited to the so-called "bid business," where members of the industry are in competition with each other on specifications goods and similar inquiries. There is a noticeable improvement in the bids made on this class of business, although the range from high to low continues to be a wide one. The improvement is in the bottom bids. We all know how, on this class of business in the last several years, prior to the code, prices were frequently made which represented a manufacturer's cost based on raw materials at irreducible figures and with none, or only a part, of the factory overhead included.

A good illustration of this is a road-marking paint purchased by a certain state. Late last Fall a contract was made for this paint under the specifications of the State at 15 cents per gallon less than another contract entered into sixty days ago. This does not mean that any advantage was taken of the State, but that the advantage which it did possess last Fall at the expense of the manufacturer, due to the practices then in force, has been corrected by the operation of the recovery act.

Farrel-Birmingham Company
At the 1934 Paint Industries Show



Stroock & Wittenberg Corporation
At the 1934 Paint Industries Show



Archer-Daniels-Midland Company
At the 1934 Paint Industries Show

We have had more complaints under Article XXII than under any other one in our code. Every complaint is given immediate consideration upon its receipt. The procedure is that we calculate costs as nearly as possible to determine whether there has actually been a violation. In the case of bids on specification goods and where the specifications are available, it is possible for us to do such figuring with substantial accuracy. It does not always mean, however, that our figures are correct, because the manufacturer complained of may have had some other method by which he formulated under certain given specifications which enabled him to make the price he did.

Where our own figuring indicates there has been no violation we so advise the complainant immediately without taking it up with the respondent. If our figures indicate there has been a violation we then ask the respondent for a copy of his formula with extensions, which is promptly checked as to the accuracy of the figures used, as well as to determine whether the specifications have been complied with. We frequently find, at this state of the inquiry, that the respondent has not violated the code, even though our first figuring would indicate he had. In other cases we find that there has been a violation, and here appropriate action is taken.

It is not always possible to complete investigations of this kind as promptly as we would like. Oftentimes we must carry on considerable correspondence to develop certain points which arise. No complaint, however, is abandoned until a definite conclusion is reached and the complainant and respondent are both notified thereof. It is in this field where we believe much good has been done and definite progress made.

Disposition of Bids

As examples only, let me call your attention to the following specific cases:

1. A State purchasing agent refused to permit a manufacturer who had violated the code cost provisions to withdraw his bid. A signed statement from NRA caused this purchasing agent to change his position and permit the quotations to be withdrawn. The requirement was submitted for new bids and sold at some profit to the industry.

2. Several cases of bids below code cost have been disposed of by the business being placed with another bidder who did not violate the code provision, at the expense of the violator.

3. We have had several complaints on bids made on specifications where physical as well as ingredient requirements existed, to the effect that the goods made on the bid would not meet physical requirements, especially drying time. In several cases we have made up laboratory batches based on the accused manufacturer's formulas and have determined without peradventure if the requirements of the specifications were lived up to.

4. Cases of manufacturers bidding on specifications of a buyer, but with the intention of supplying material different from said specifications, have been corrected and such bids are now being made without any misrepresentation.

5. In some cases we have secured cooperation of government departments by having bids rejected where below cost prices were quoted.

The above are just a few of the cases, cited to indicate the results accomplished. They apply, as stated, only to matters which have come to headquarters. The community representatives of the Paint Industry Recovery Board, in twenty separate sections throughout the country, have handled most of the local complaints directly and with but few exceptions have disposed of them on the ground, without the necessity of reference to headquarters for action. We do not have a numerical record of all of the cases handled, many of which, as will be appreciated, are taken care of verbally, frequently through telephone conversation.

From one community representative who has made regular periodical reports of all cases which have come to his attention, we have a record of 197 up to the present time. It is not conceivable that such careful painstaking checking of all complaints which has been going on in a systematic manner should not have improved the conditions throughout the industry to a marked extent. We are fully conscious of the lack of ability on our part to keep the industry fully posted as to every complaint which is handled and its disposition.

In this connection, let me call attention to the fact that we are under strict instructions from NRA not to reveal the name of the complainant in any case and that all examinations and investigations must be handled confidentially. While on the face of it, it might be argued that every complaint should be reported to the industry as a whole, sober second judgment will indicate that this would be unfair and would work an unnecessary hardship on many manufacturers, at least so long as we have been going through the stage of education and securing compliance. It is possible that, as this work proceeds further we may reach a place where it will be advisable to give publicity to cases of violation. If and when we do, we will, with the permission of NRA, be very glad of the opportunity to put the detailed facts completely before the industry, and this in itself will serve as a most effectual stoppage to further deliberate violations on the part of any of the members.

I shall report to a later session of this convention when the code is up for discussion, in further detail.

Future of NRA

There is much speculation as to what is going to happen to NRA. I doubt if anyone knows definitely and in detail. It was brought into being as a recovery measure. It has not accomplished all that was hoped for it in the beginning but it has made and is making progress, for business has been and is better. There is more employment and business has been better this year than it was last year. With all the criticism that has been made of NRA, I nevertheless feel that it has served a very useful purpose and can be made to serve even more effectively in the future and in a permanent way. I believe that the majority of business men would oppose the complete abandonment of it.

In a spirit of fairness, we must recognize the fact that the setting up of the machinery to develop and administer codes was a huge task and one which obviously could not be put into perfect working order in a short space of time. Looking at it impersonally, we must realize, I think that, everything considered, the administration has done a good job in bringing this undertaking to its present state in little over a year.

We hear much complaint about lack of enforcement. The administration has over 60,000 complaints—an impossible situation to deal with expeditiously. Under the new board set-up to control the affairs of NRA, it is apparent that no violent or radical changes are to be made immediately and that whatever changes are contemplated will be carefully considered and thought out in collaboration with affected code authorities.

We are justified, too, I believe, in the expectation that as industries demonstrate their ability to handle their own code problems, they will be encouraged and permitted to do so. Certainly this is a result to be desired result because of the fact that impartial code authorities, familiar with the business, can deal with complaints much more expeditiously than any outside agency. Obviously, however, such permission, if and when given, must be accompanied with proper safeguards and checks on the part of the government itself, to prevent the possibility of any injustice being done between competitors, or of an industry taking advantage of the public.

I have made the suggestion to NRA that as a part of reshaping its work responsible code authorities be permitted to enforce their own codes by being given permission to take cases of violation directly into Federal district courts where the transaction is interstate. This would make possible more prompt action and quicker results. Some States, particularly New York and Ohio, have made national codes, where they exist, the codes of their own State, thereby making it possible for a code authority to take its intrastate cases into the State courts and secure prompt results. It has been recommended to the administration that they use their good offices to secure similar action in other States, thereby facilitating nationwide disposition of intrastate cases.

Without a code the progress which has been made in the last year by way of improving competitive conditions would be forfeited and the result would probably be the worst kind of sales warfare. All of the provisions of our code are distinctly beneficial from a competitive standpoint. When thinking of the code we must bear in mind all of its provisions—not just some one that we feel particularly bothers us at the moment. It gives us a control over terms, datings, misrepresentation, and other fundamental conditions of the greatest importance. By lending our constructive support to the NRA movement as a whole and to our own industry's code specifically, we shall help the industry through the stage of refinements and adjustments, and just that much quicker bring ourselves to a place where our code will in reality be the charter under which this industry operates and will be respected and observed by everyone.

National Housing Act

The housing act adopted in the closing sessions of the last Congress is the most important business building legislation so far enacted. It does not contemplate the advance of money on the part of the government, but instead it urges upon property owners, bankers, merchants, and contractors, that they resume the doing of business as they formerly did in every hamlet, town and city of the country.

Its purpose is to encourage property owners to proceed promptly with the repair, alteration and modernizing of their homes, thereby starting the construction industry again in motion. It must be apparent to all of us that we cannot hope for permanent business recovery until this great industry, which in the aggregate employs more men than any other activity excepting only agriculture, is really active again. The Federal Housing Administration, which is administering the housing act, is not dictating to the property owner, or the banker, to the merchant, or to the manufacturer, how they shall conduct their relations one with the other, except that if a banker or other financial institution is not willing to lend money to a property owner who desires to borrow it for repair or modernizing purposes and assume the full responsibility, then the government will guarantee twenty percent of the total of such loans if the banker or financial institution desires such a guarantee.

When guaranteed loans are made, the government has prescribed certain broad general rules which must be followed, such as a limitation in the amount charged for the use of the money—that the borrower's income must be at least five times the amount of the monthly payment to be made, etc. It should be understood that this government 20 percent guarantee is offered only in cases where the banker desires it or feels it is necessary.

In other cases the banker will make his own individual arrangements with the property owner, or the property owner will arrange to have the work done on some other instalment payment plan, if there is one available, while in many cases the property owner will pay cash for the work when it is completed. In this connection, it has been the experience of those companies which conduct instalment payment plans, such as the installation of heating systems, roofing manufacturers, etc., that over 60 percent of all property owners who arrange for payment on an instalment basis, actually pay cash when the job is finished. It would seem as though in the consideration of this subject too much emphasis has been placed on the arrangements for financing. I would like to make it clear that the primary purpose of the housing act is to encourage property owners to go ahead with their repairs at this time and on their own financial arrangements. The financial assistance under the housing act is only for those cases where jobs cannot be otherwise financed.

The whole undertaking is of primary and special interest and advantage to the paint industry. There will undoubtedly be many exclusive paint jobs done as a result of it, while any other repair work which is done will require the products of our industry to a greater or lesser extent in its completion. The government has found out from a very complete check-up that of the eighteen million homes in this country fifteen million are in need of repairs ranging from a minor to a major nature.

An average of $50 per home spent for repairs would mean a total of seven hundred and fifty millions of dollars, and such repairs on 50 percent of the homes would mean three hundred and seventy-five millions of dollars. To whatever extent this activity is carried on, the paint industry cannot help but benefit by the lion's share of it directly, and our industry will of course be a further beneficiary in the general improvement in business conditions which will result. This is like the other plans worked out by the government. We shall realize on it only if we put our shoulders to the wheel energetically and do our full part in cashing in on the opportunity presented. We frequently hear the statement made that this thing and that thing has been done by the government to "prime the pump." One of our trade papers recently discussed the business of "priming the pump" and called attention to the fact that merely priming a pump would do no good unless, while the priming was going on, some one vigorously worked the pump handle. The combination of the government priming the pump plus the vigorous working of the pump handle by industry generally will start the permanent flow of business, and without such co-operation the only result will be the flow of what was used for priming purposes itself.

Broad View Essential

We have a new deal. It is possible that our nation has reached the point in its growth where some stress, such as we have recently gone through, was necessary to bring about a remodeling of our attitude and actions in keeping with changed conditions. Certainly we must recognize as a matter of enlightened selfishness that employment for the masses of working people and reasonable wages are essential to the general starting up of the wheels of industry and what is even more important it is essential to the happiness and contentment of our people and the future security of our form of government itself. We must have customers for the products of our factories. The great buying power lies with the working classes. With rebalanced conditions should come, as far as is reasonably possible and consistent with the public welfare, the elimination of abuses in industry, the price of which eventually in some form or another is paid by the consumer.

A close association with the recovery program during the past year convinces me that with the earnest and hearty support of industry and business these programs can and will be made to serve a real purpose for the benefit of all of us. If these programs fail for lack of co-operation on the part of industry and business, and if industry and business assume an attitude of leaning to much on the government and depending upon its leadership in all the various steps to be taken, we shall then quite likely, be faced with more drastic regimentation of industry and more and more government control thereof, because of our failure to occupy our proper position in giving constructive leadership to our own affairs. Such a condition would give more strength to the position of those who are questioning the right of industry and business to a profit, a question which is naturally of the greatest possible concern to all those who are responsible for the satisfactory conduct of business. It is not conceivable that this could eventually be faced with the elimination of profit from business, because without profit business could not progress, and if it does not progress it must start backward.

Our government which has always protected and encouraged private initiative and insured the opportunity for success to the man who was willing to pay the price of it, has grown from nothing in one hundred and fifty years to be the greatest industrial nation on earth. Without this incentive coupled with the profit motive such a growth would have been impossible. I sometimes wonder if the morale of the business men of this country has not been seriously affected by the strain and stress of the period through which we have been passing, and as a result their aggressiveness and their leadership has weakened. American business men have always enjoyed an enviable reputation for progressiveness and overcoming obstacles. Industry has been making progress along several fronts during the last year and the future holds promise of a greater business than we have ever known heretofore. The housing act opens up an especially desirable market for our products. In addition to that, we know that during the past four years the paint condition of the properties in this country has been sadly neglected, with the result that there is a volume of paint business dammed up throughout the land which, when it breaks loose and starts to move, will be greater than the capacity of our plants to supply.

In a recent statement to the members of this industry they were told that business would be available for those who "climb trees and shake the branches." I want to repeat that advice now, and to urge that the men of this industry get their own houses in order by conforming to all the provisions of our code—not in a passive or indifferent sort of way—but in an active, aggressive manner, and that they revive their confidence in themselves and in their business associates and go forth from this convention with a determination that to the fullest extent of their ability they will resume their normal functions of leadership and initiative, and with renewed courage and confidence, go ahead to cash in on the business which is available throughout the length and breadth of this land.

Mr. Phillips: May I say a few words? We have just listened to the very excellent report of our president, Mr. Trigg, and as a member of the industry who has had some occasions during the past year of working with him in relation to the problems discussed in his report, I just want to take this opportunity of telling you gentlemen that in my opinion, no man could have worked harder and more faithfully for the benefit of every member of this industry than Mr. Trigg. And I am going to ask you once more to give him a rising vote of thanks.

(The audience rose and applauded.)

(President Trigg resumed the chair.)

Discussion of Code

President Trigg: Now we are ready to take up the discussion of code.

One of the things which I am sure is close to the heart of all of us, is the question of what is being and what may be expected will be done insofar as putting authority and compliance and enforcement back of the provisions of the code.

I think we all know that it does take time for a big undertaking of this kind affecting one hundred and twenty million people to get working smoothly and have everybody realize that it means what it says.

We have plenty of evidence in the past of similar things that have taken some time to get them over but they have been gotten over.

Now, in the interest of giving you all of the information and all of the support we can back of this thing we have invited and are very glad to be able to have with us this afternoon, the counsel of the compliance division of the NRA, Franklin S. Pollak. He has dropped all his other duties today and is giving this afternoon to advise us and with us on this particular question.

At this time I am going to take the liberty of asking Mr. Pollak if he will be good enough to talk to us from that standpoint.

Address by NRA Counsel

Mr. Pollak: I am very happy to be able to be with you this afternoon, and to talk about the question that Mr. Trigg has stated.

I know you are interested in this, and I don't think there is a more important question before NRA.

R.B.H. Lacquer Base Company
At the 1934 Paint Industries Show

There are several parts of the question that I want to talk about. In the first place Mr. Trigg said that he thought NRA was interested in giving industry as much chance to administer its own codes as possible. That is absolutely true. We realize that the compliance enforcement situation depends to a large extent on the effectiveness of industry in organizing for administering its code, and we are not only realizing that, but we are taking steps within our own organization to carry that realization into practical effect.

We have in the field, for instance, now, a number, or several at least, of deputies whose job is largely working with local code authorities, and state code authorities, helping them to get organized and get upon their feet. Adopt their by-laws, getting their trade practice plans through and actually starting. Those deputies are conferring constantly with the administration members of those code authorities so as to give the setup a good start.

We are concentrating more and more in organizing the field divisions, of which those deputies will be a part. We want to give industry as much of a chance as we can.

Now, I don't think I need to tell you that as applied to your own industry. From what I have been able to gather from Mr. Trigg, in the short time I had to make inquiries in the office, I find that you have done a big job on your trade practice complaints already.

You have had quite a number of them, taken by themselves, or perhaps not many in relation to your industry, and over eighty per cent of them have actually been completely disposed of. There is just a relatively small number of them in the process of being handled, and a small portion which you have to send over to NRA on account of not being able to dispose of them yourselves.

Now, it is not only in giving industry authority to handle its own complaints that we are devoting our efforts in NRA.

We realize the compliance situation, and another way in which we are trying to meet that is by concentrating our attention in NRA on that subject.

I can give you several examples of how we are doing that.

In the first place, the compliance division, the chiefs of the branches of it, had a conference last week with the National Industrial Recovery Board on the compliance situation. That is one of the regular conferences which the board is holding with all divisions in NRA.

We stated the problem of compliance and discussed it with the board, and I am sure the board realizes that compliance is one of the major problems before the NRA. In fact, I am not telling you any news in telling you that. No doubt, you have seen that in the newspapers recently.

Now, in addition to that conference, the compliance division is having a conference regularly with each one of the industry divisions in the NRA.

One of them is scheduled for tomorrow afternoon and another one is scheduled for the afternoon the day after tomorrow.

Closer Organization Sought

The purpose of those conferences is to knit the NRA organization closer together, so that the industry divisions and compliance divisions will work as a team in solving this compliance problem.

At those conferences the compliance division speaks through the heads of its various branches in stating our problems and in explaining any policies which the industry divisions want to hear explained, and the industry divisions on their part ask questions concerning their own problems and anything about what we are doing.

Those conferences have been found to be very helpful to the industry divisions and also to us, and as I say they are now in progress and I am sure you can count on increased effectiveness and in compliance problems coming throughout the whole NRA organization as a result of that work.

Now, your budget and assessment basis have recently been approved and your notices for the payment of assessments have gone out. The thirty-day period has not yet expired, but the payment of assessments is obligatory now upon members of your industry, and regardless of whether or not they are principally engaged in this line of business the payment is obligatory.

That is to say, your industry has obtained an exception from administrative order X-36, and I think that you probably all know what that means as a practical matter:—That members of your industry are obliged now to contribute fairly in the proportion prescribed in the code to the expenses of code administration.

When you listen to Mr. Trigg's recital of what the code has done, and see the improvement in economic conditions, I am sure you will realize what you are getting for your money when you pay your assessments, and you will not have any doubt that the payment of assessments is worthwhile, and also the fact that you are getting a lot for very little in doing it.

It is your own code administration that you pay to support, and I think the recital which Mr. Trigg has made of what the code authority has accomplished should eliminate any doubt at all as to the worthwhileness of paying those contributions promptly.

Now, as you know, there are some members of the industry who are inclined to lay back and let the majority carry the load for everybody. I am afraid that you will find that there are some of those in your industry as there are in all other industries, and I imagine you have got in your minds the question of what can be done about those members of your industry who want to let you carry their load.

Well, as you know, payment of the assessment is obligatory at the end of thirty days after the notice, unless within fifteen days the member has filed a protest with the code authority or with the NRA stating or protesting against the budget or basis of assessment or some other good reason.

Those protests are promptly disposed of one way or another by the NRA.

If such a protest is not filed, and payment of the assessment is not made within thirty days, there are a number of things which the NRA can do.

In the first place, I don't suppose that your code authority will want to immediately resort to all of those measures.

It will probably wish to explain to the delinquents that they are delinquent and to point out that payment is compulsory, but if that doesn't work, the code authority is in a position to make a recommendation immediately to the National Recovery Administration for the removal of the "blue eagle" of those men.

That is not the only step—there are others—but I want to pause a moment on that one.

Power of 'Blue Eagle'

A realize quite well that the "blue eagle" is now not quite the bird that it once was, but I think that it is much more of a bird than many people realize. We in the compliance division have a chance to see that and every week, at least, we see what its claws do when they close down on somebody.

In a very large percentage of cases in which we remove the "blue eagle," the person from whom it is removed finds that is very much worth his while to get it back again, and to do what is necessary to get it back, and to make restitution for his violation.

If a man does not pay his assessment we will remove the "blue eagle." We will do that because nonpayment of the assessment is a code violation, and we remove the "blue eagle" when code violations occur.

As I say, the effectiveness of that action is very substantial. In many cases, especially where the manufacturer makes a product which is known to the public under his name, and even when it is not known that way, you will find that a great many people who because they are supporting the recovery program are disinclined to buy from a manufacturer who has been announced as in violation of the code.

If the removal of the "blue eagle" does not work, there is another step which can be taken. As I say, nonpayment of the assessment is a violation of the code.

That makes the person who is violating ineligible to supply goods to the government under government contracts. It not only makes him ineligible as the main contractor, but it makes his material ineligible as material for the subcontractor.

A man who is selling to the government, as you know, must obtain from each subcontractor a certificate that the materials which he is manufacturing have been made in compliance with the code, and that certificate cannot be truly made out if the manufacturer is delinquent in his assessments.

The penalty for violation in that way, by a person who is a party to government contracts, is that the contract may be cancelled and your code authority is fully posted on the measures to be taken when a situation like that is raised.

The procedure after the code authority has certified to us that the member of the industry is delinquent, is to notify the government contracts branch of the compliance division that that member of the industry is a party to a government contract or is a bidder or a prospective bidder on furnishing material to somebody else who has a contract with the government. The government contract branch will take action from that point on.

Your communications to the government on this subject should not be to the branch of the government that is making the award. It should be to your code authority which in turn will come directly to the government contract branch of the compliance division.

Now the regulations which we have got concerning the assessments also provide that the code authority can bring civil suit for the amount of the assessment due, and that measure will be taken in proper steps, and our legal division is busy now preparing a law for such a case and getting the papers ready and we are going to bring those cases where we have to bring them.

I am telling you all this with the thought that some of you are going to fail in those assessments because as I said there are always some who want to leave the majority carry the burden which is extremely unfair, and one which I know that you want your code authority in the government to be in a position to prevent.

Code Enforcement

That brings me to the general question of enforcement. You need money to run a code authority, but the majority of your industries, I am sure, are going to pay their assessment and the general problem of enforcement and compliance will be more important on the whole, I suppose, in relation to the other code provisions.

Now we do want your own code authority to do what it can, and I know that it is taking its job seriously and working conscientiously on the complaints coming in. It realizes the importance of a carefully prepared case.

Mr. Trigg pointed out to you the importance of reporting violations when you know of them. If we don't get complaints we don't know that anything is wrong.

It is very difficult for us to act on general rumors. I know that many members of industry have a certain feeling that it is not quite fair or right to report one of their competitors for a violation. The system doesn't work unless you do report them for violations. I don't mean that you should go around snooping because there is a certain amount of confidence which you men have to have in one another. But when you do find a violation, I say that it is mistaken chivalry to refrain from calling that to the attention of the code authority.

There isn't any other way of having the machinery work, and the complaint is none the less well founded because you have been injured by the violation. You should not only report it but you should report it with full facts so that the code authority need lose no time in getting up the complaint in proper form and passing on it and handling it as effectively as it can.

Now, in some cases, the code authority will not succeed. There are a few now which it has not succeeded, and that puts squarely up to the government the question of what it is going to do to back up the code authority in such situations. Is it going to let the loyal compliance members of industry sit there, or stand there, complying with the code, doing their best to help out the program and live up to the letter and spirit of their obligations while competitors who do not have the common good at heart, chisel and violate the code provisions and take the business away from loyal ones?

Now, I assure you gentlemen, that the government fully realizes that situation, and there isn't anything which gives more concern to the members of the administration, or the members of the compliance division, than to see that situation arise. And I can assure you that the compliance division is doing its honest level best, and more than that, and is pushing as hard as it can to get enforcement of the code provisions.

We consult with our own litigation division, which is there in a way as an arm of the compliance division in the NRA as a whole. We are adding now to the number of lawyers in that division. We want to survey the litigation situation and see where litigation is needed to strengthen the position which we have now.

I know that the government is not going to sit back and let the complying members of the industry be made suckers by those who are not complying.

The compliance division is putting all of its efforts to fixing that situation up as promptly as it can, and I can assure you that we realize the importance of that situation and are back of you completely on that. There is nothing which we regard as more important. Perhaps there is nothing that we regard as equally important, and that is certainly what the people there are working at now.

We want to back up your code authority, we know your code authority wants to back us up. I feel sure that after the lapse of another year or less you will be able to look back on these first years and see that in the time elapsed from then the situation is greatly improved and that the benefits which you have received under your code now have been extended by more effective enforcement of its provisions. Thank you very much.

Assistant Deputy Introduced

President Trigg: Thank you, Mr. Pollak.

I just want to introduce this young man here, to you. Modesty prevents his talking to you this afternoon, but his whole heart and soul, I can say to you, is back of this code and its enforcement in helping this industry in every way possible for him to do it.

This gentleman is C. E. Willis, who is the Assistant Deputy Administrator in charge of our code, working directly in connection with and under Deputy Administrator Dahlberg, who expected to be here this afternoon but on account of a very bad cold and throat that makes it impossible for him to talk above a whisper, is not here.

Mr. Willis and Mr. Dahlberg have been two men in the administration with whom we have, for the last month or two since they have been in charge of our code, had the very closest kind of contact, detail contact.

I want to say for them that they are both men who when we go to them with problems of our code in our industry they start to work immediately to help us figure out what can be done, rather than to do the thing that so many times happens in our human relations, as you all know, to turn their minds on to the subject of why it can't be done.

We have got constructive cooperation in the administration leadership and heading which we have had officially in the administration, and it is a great source of daily satisfaction to us that we have got that kind of men to work with.

Now let's talk about it. The meeting now is in your hands, and anyone who has any suggestions to make, who wishes to discuss the code in general, or any of its provisions, or any angle involved in the situation, we would be very glad to have them do so at this time.

Discussion by Mr. Callahan

P. H. Callahan: I was very much pleased with your report. I have a doubt about this NRA, but I hadn't given the idea up as being a failure.

While my own business has not shown such increases as you generally report, nevertheless it has had an increase over 1932. But when you come here with these facts and these figures it removes any doubt that I might have had in my mind as to its being very helpful in our industry and our trade.

What I am here to say would be largely seconding the motion Mr. Phillips made some time ago—the question is put rather quickly—that the success that you report, the working out of this code and the regulations bringing such excellent report in collections and investments, and in profits is largely due to its execution here in Washington.

You have very fortunately a whole measure of respect and confidence of the trade, and I believe that more than the code itself, or the code authority here, you have been responsible for these different progresses that have been made in the different directions. I don't want to give you another rising vote of thanks, but I cannot restrain the thought, that it is due to the leadership that you have given us, and evidently working so wholeheartedly with the authorities here in Washington.

I traveled considerably more in the last few years than I did in ten years. I spent two weeks in the Southwest ending Monday. Most of my customers are the furniture people, and they are complaining about profits, and they are complaining about sales, and very few of them have a good word to say for the NRA.

None of them has a business in excess of last year, which perhaps accounts for my business not showing the increase which the rest of these good folks around me have experienced.

Then I come here and I find what we have been able to accomplish and it is markedly the other way. In fact, I came here expecting to complain. I know that the lumber people have been able to get prices that they never heard of before, that their business was all cut to pieces and all losses for years, and that now they are making money. I know that the textile people have been doing the same thing.

Now I was thinking of complaining why we were not able to do the same thing, but at the same time I would have said that we have had abuses in our business, that I think do not exist in these other trades. They have been with us longer, and I don't think that there is any industry in the United States that has such wild and woolly competition as we have in our varnish and paint business. So that with my complaint that I registered, I would have qualified it with the conditions with which you had to contend.

But now I find that, regardless of all of these conditions, of the cut-throat competition that we have had for ages, which, of course, brings out all of the initiative that we possess, brings out all of our energies and ingenuity to meet, which are commendable virtues, but we don't have the profits at the end of the year that we would like to see. I come here and find that it is not necessary to make a complaint, that you have done as good as the lumber industry, the textile industry, and I guess any other industry, and I don't know how to go along to suggest the question suggested by the government official as to compliance.

As I came in this afternoon I got a telegram from home, would I accept the chairmanship of a new NRA compliance and educational program—I believe they call it—for the State of Kentucky. I had already dictated a reply declining what I thought would be a very onerous duty at this time. I am inclined to give it a little further consideration, if you are able to get up and make a report like you did, and I may consider it a little bit further.

So I want to say that I am highly pleased with the report you made, but I don't think anybody else in the trade would have accomplished such a record and have been able to make such a report.

Discussion by Mr. Walker

R. O. Walker: I do not believe that chivalry is the real reason why violations are not reported. I think that we are all afraid of our customers.

If you tell some customers that they are buying lower than the code allows they will acknowledge it, and say they know it, but it is no business of theirs.

If in spite of that you report them, they blame it immediately upon you, and you have lost a prospective customer, if

Reichard-Coulston, Inc.
At the 1934 Paint Industries Show

not one that you have had for many years.

That prompts me to ask this question: Does a buyer, with knowledge that he is purchasing goods at a price lower than the code allows, become liable for unfair practice of any kind?

President Trigg: I will ask Mr. Pollak if he will answer that.

Mr. Pollak: A few codes have provisions which prohibit persons subject to those codes from soliciting violations of other codes. Where the code has such a provision, a person who violates it is guilty of unfair trade practice. Most codes, I am sorry to say, do not have such a provision, but we are working on that problem now, and we have heard from a number of sources that it is a very serious one, and there are some remedies actually in the process of being drafted, and I hope that it will be possible to show some results along that line very soon.

Comment by Mr. Trigg

President Trigg: I would like to say in connection with that subject, the validity of which, Mr. Walker, we fully recognize and appreciate, because, to a large extent, it is the crux of the thing insofar as getting efficient evidence which it is necessary to have in order to stop violations.

We have made some very serious representations on that very point, to Mr. Willis and to Mr. Dahlberg.

We have stated to them something which I know is not new at all, but we have gone on record, as far as our industry is concerned, that there is questioning in the minds of many manufacturers as to the value of NRA and the code and codes. It doesn't apply to our industry only, but I think it applies to all codes—because of the fact that so far there has not been that clean-out evidence of a determination to enforce the codes with penalties and punishments meted out where that should be done.

It is my own belief that the most effective way to stop these cases, such as Mr. Walker referred to, and as we all know about, or at least think we know about, is to have some genuine enforcement applied in cases distributed geographically throughout the country, believing that the enforcement of such action will have a more salutary effect than spot where buyers have the least excuse.

Now as to the specific point which Mr. Walker makes, we have had some discussion with certain manufacturers who are especially interested in sales of the products of our industry to railroads. I want to be specific in order to make the point with you. We have been told that the purchasing agents of railroads ridicule the idea of a manufacturer living up to the code of his industry, and, in effect, the purchasing agent says to the seller who says "I am living up to my industry's code," "What is the matter with you; are you still wearing wooden shoes; why do you live up to the code?"

It seems to me that that is the one stop where buyers have the least excuse, or have every reason for not trying to destroy the discipline of the members of an industry under a code, where they have every reason in the world for not trying to drive the seller into a position where he must do an illegal act by violating his code.

We know that the influence and the power of a purchasing agent with maybe a twenty-five or fifty thousand gallon order to be placed—that that purchasing agent can pretty nearly break the back of any manufacturer if he persisted in making that manufacturer believe, or try to make him believe, that everybody else is violating the code and why shouldn't he do it.

Now, when we say that that is about the last group that ought to do it, I base that on the fact that the railroads themselves—I think they were responsible for it—some years ago, because there had to be created the Interstate Commerce Commission.

Perhaps they didn't cause it to be set up, but I think that they were beneficiaries of some of its activities, because about the first thing that the Interstate Commerce Commission did was to order that there be no more secret rebates; that there be no chiselling on the part of freight rates as made by the railroads; that if they made a rate to one shipper between certain points on a certain class of goods, that they must make that same rate available to everybody else; that there must be one price in their industry. The government put itself in a position of backing the railroads and insisting that they do not cut prices and they do not make exceptions.

I know from my own experience that prior to that time the question of special rates made on a carload of goods was probably the regular rule, and not the exception.

We know that passes were handed out. The government said, "No more of that; it can't be done."

Now I referred a while ago to the fact that there were evidences, or past experiences and other activities, where they had to go through the same ground-laying, the same stabilization of confidence, building up of adherence that we are going through in NRA today and I had in mind particularly this railroad situation, because I can remember in the early days, the first few years, this first order of the Interstate Commerce Commission, it was not lived up to by the railroads.

Every shipper in the country didn't instantly respect that order of the Interstate Commerce Commission, and so they kept on insisting on getting a special rebate and secret refund and so forth from the railroads, and in some cases they continued to get it for awhile.

But they lived through that stage of education, and today I don't think that there would be any shipper who would be foolish enough to waste his time asking a railroad to give him a special rate or a secret rebate on a shipment where he had a preference over a competitor because he would be laughed out of the court if he suggested such a thing.

I am sure that nobody would be foolish enough to waste their time in that way.

No shipper would ask a railroad to give him a pass to ride from New York to Chicago.

Now, there is a class of buyers, on the one side, from the selling side of the business, and the rates that they make they have absolute protection on and there isn't any chiselling in so far as rates are concerned and the government has made it possible and they stand absolutely back of it.

On the other hand, in their buying activities, they are insisting that the one who sells to them, should do the things which they seem to have gotten out of and the things which they no longer do.

Then there is another angle to that proposition, and I refer this to Mr. Pollak, if I am not making a correct statement.

The railroads who are borrowing money today from the government, and some of them are, are obliged under their arrangement with the government, as borrowers from it, to agree that in all of their transactions they will live up to the provisions of the code of the industry. Is that correct, Mr. Pollak?

Mr. Pollak: You mean that they will buy only from the industry members who are complying?

President Trigg: With their codes.

Mr. Pollak: I think so, but I am not sure, but I would like to find out and let you know about it.

President Trigg: But that is one of the problems, that whole subject of getting at all of the cases, and I submit to you, as I said in the first place, and I am very much encouraged by Mr. Pollak's talk here today, and I see in it a determination on the part of the administration of the seriousness of this situation, and a determination on their part to put their full support back of securing compliance and endorsement, and I believe that as we go forward in the next relatively few weeks, that we are going to be able to get some real tangible results which will serve to advertise to all manufacturers in the industry more effectively than anything else that they themselves must quit any cheating under the code of their industry.

I think that that is the essential thing for us to do and I certainly am encouraged to believe that that is going to happen.

Is there some one else?

Discussion by Mr. Zinsser

William Zinsser: I am just as delighted as you are to have the NRA compliance division here today, because I think that that is probably the domain of the NRA with which we have created the less amount of experience.

As I heard Mr. Trigg speak, and I want to confirm everything that everybody said about Mr. Trigg's wholehearted co-operation I think that the question of shellac gave them more trouble than all of the rest put together. I would just like to say that I wonder if the compliance director could let me know a little further ramification of the very intelligent question asked by my friend, Mr. Walker.

We are not concerned only with the purchasing agent in outside fields, I think that we, all of us, are NRA sellers, and not NRA buyers, and we have the cure to a great part of the disease among ourselves.

We should, can, and know how to recognize quotations that are made us below replacement costs in all of the raw materials we buy.

If we paid a little more attention to trying to figure whether a concern that was putting in a bid was honestly living up to the regulations; whereas, you can take your pencil and paper and find out that the other fellow is not, that the fellow supporting the industry, and who is supporting the government gets more recognition over the next twelve months than he has in the past.

Now to get to my specific question—I was wondering whether the evidence has to be so very tangible to cause the speed of enforcement. I probably could supply the compliance division with names of a score of people who, if written to by the code authority, whether they are selling the particular product I am familiar with, according to the replacement costs, could not honestly answer in any way but that they were not.

In fact, Mr. Trigg has several letters from concerns that said that they were honestly living up to the costs, but said that it was impossible, that no one else was, and that they were going to disregard the costs, and gave public notification that they were going to disregard their costs in their quotations.

In other words, I would like to ask the compliance board if it is possible for the code authority to write letters to concerns we know are violators and ask them to answer in black and white if they are figuring on the replacement costs, on the theory that most of them could not answer and would not answer that they were selling their particular product on the basis of those replacement costs.

Mr. Pollak: It certainly is all right to write such a letter as that and I think that it might be very effective.

Another way that I could suggest that might help you in meeting this problem is that you have a group of buyers or manufacturers who you think are not pricing on replacement cost, that you get them all together in a room and handle them altogether. Then it would not be possible for each one of them to pass the buck to the other and say, "He will comply with the other fellow when he complies."

We have used that technic ourselves in our administration through State directors, in getting together all members of a particular industry in a particular city, and we find that that is often effective.

President Trigg: I would like to ask Mr. Pollak a question, too. On this matter of prosecuting cases, interstate commerce, or any case, of course, would have to go before a Federal district court; that is correct, is it not? The United States court and not a local court.

Mr. Pollak: Yes.

President Trigg: Now in the case of intrastate, that is a transaction that takes place within a State, in the State of New York, and in the States of New York and Ohio, at least, they have by legislative action made the code of any industry approved by the Federal administration the effective code in the State, so that in our case, for example, our code is the code of the State of New York, as well as a Federal code.

The same thing applies in the State of Ohio, so that we are in a position insofar as intrastate violation in the State of New York, for example, is concerned, to go directly into a local court in the State of New York, with our evidence, and the recovery board can be a complainant to prosecute the case.

I would like to ask Mr. Pollak two questions. The first is: Is the administration doing anything with respect to getting other States of the Union to do the same thing that New York and Ohio have, namely adopted the national codes as their State law, and if they are doing that, is there any hope that that may soon be accomplished?

I mean at least in the most populous States where there is a larger volume of business done.

Mr. Pollak: We are very actively working on that. We have got a Deputy Administrator for State relations, R. S. Beach, who spends his whole time on questions relating to States, and part of whose job is to see to it that the NRA laws are enacted as widely as possible as State laws, and he is busy on that now.

There are now State laws in a number of States, in addition to Ohio and that York; Wisconsin has one and California has one, and South Carolina and quite a number of others. I don't recall all of the States.

But we can easily furnish that information to you, and I will be gald to let you have that, and at any time that you want to get information about it, you can get fully up to date information from Mr. Beach's office.

Status of Shellac Cutters

Walter P. Yarnall raised a point about the refusal of one seller to accept a code price provision. Mr. Q. Macdonald pointed out some of the legal questions involved.)

C. A. Campbell: Am I to believe that the shellac code is in violation of the law? They have a provision, and if you comply with that, you violate the paint, varnish and lacquer code?

Mr. Macdonald: A cost-finding which is approved under a code is not a violation. A cost-finding that is not produced under the provisions of a code would be outside of the code and therefore not within the protection of the code, and a violation of law.

The shellac code, insofar as it sets up a means of finding a floor cost price, is of course legal in the same way that our own cost provisions are legal, having been approved by the administration under the code.

Mr. Campbell: I still contend that if you sell shellac in accordance with the terms of the shellac code, you are violating the terms of the paint, varnish, and lacquer code.

Mr. Macdonald: That is a question with a different angle, which involves the overlapping, possible overlapping of codes, and that particular question is before the administration for ironing out, and I am happy to say that progress is being made on the overlapping problem.

Questions by Mr. Merkin

M. J. Merkin: I would like to ask Mr. Pollak, through the chair—listening to his statements, how seriously they realize that compliance is so necessary in our industry, and how hard we are working toward that compliance, and that also Mr. Pollak's statement congratulating our industry and our code authority that so few complaints have been made, and so many have been settled by ourselves, and that so few complaints have reached the NRA directly—may I ask Mr. Pollak whether those few complaints in the hands of the NRA will ever be acted upon?

Mr. Pollak: Well, now, I am sure you don't mean whether they are all, whether all complaints are violations, because I can't tell, but I do know that NRA is going to act on them and let you know what disposition is made of them, and they are going to do that just as promptly as they can.

Now, is that an answer to your question, or have I left something unsaid?

Mr. Merkin: May I again ask, through the chair, Mr. Pollak, what are the violations, what are the penalties when you do act on them, for the reason that these complaints, before they reach the NRA, were very carefully and intelligently analyzed by our own code authority and its executive committee, and no doubt when the went into the hands of the NRA they felt fully justified that there was an honest and legitimate violation, detrimental to our industry. What will the penalty be?

Mr. Pollak: The law provides a violation of the code is punishable by a fine of $500 and each day's violation is a separate offense, and if any of these cases that you have sent in to us seem to be cases in which we should go to court—and they may very well be that—then we can go to court and we can ask for a criminal prosecution, and of course we don't control the penalty, the judge imposes that, and that is also in the discretion of a judge, but if the case is one where it seems right to go to court, we can go to court criminally and ask for the maximum sentence. But the President himself can't tell a judge what sentence is going to be best to impose.

There is another line which we can take, also, instead of going to court criminally. We can, if it seems better, ask for an injunction restraining continuance of the violation. If that injunction is granted, and then there is a violation, a subsequent violation of the code provisions, then a violation of the injunction is a contempt of court, and a person in contempt of court can be fined in an amount of the discretion of the judge, or imprisoned for a length of time in the discretion of the judge, or both.

Now this is what we do in particular cases: A decision is always made in conjunction with the code authority. There is a hearing before the compliance counsel of the compliance division, and the code authority is always notified of such a hearing, and is there to state its case, and to recommend the action which it thinks should be taken.

Now, does that answer your question, sir?

Mr. Merkin: I accept it as an answer.

Mr. Pollak: I am not trying to quibble with you, or avoid your question. I wish you would tell me what I haven't said.

Mr. Merkin: It seems to me, Mr. Pollak, and I know it is in the minds of a great many men, that these few violations—and God only knows we have tried to give the NRA a very few—the records show that by the number there now, that during all of this period it might have been good judgment on the part of the compliance board of the NRA to give this industry the support that it really needs, and it would overcome all of these questions and difficulties and grievances on the part of almost every one of us in this room if you took a specific case, where you were satisfied there was a violation, and really acted upon it, immediately.

Now we believe, most of us do, that there has been sufficient time for action, at least with one case, and if there was a successful violation on the part of the accused, it would help to clear up a lot of our troubles.

I believe that is the consensus of the majority in this room, if not all present, this afternoon.

Answer by Mr. Pollak

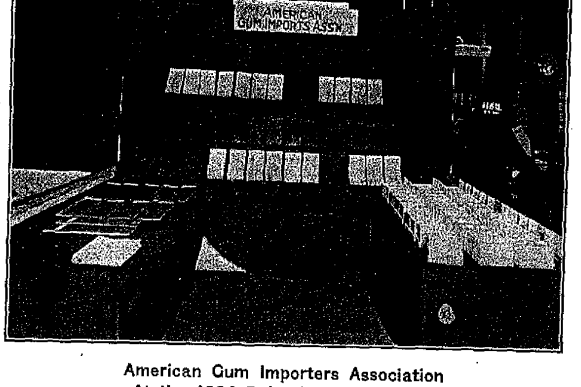
Mr. Pollak: I have heard from Mr. Willis the details of the two cases that are pending in the compliance division. I am not personally familiar with any of the other cases, because they don't come to my attention until later stages in the course of handling, but I have heard some details from Mr. Willis about the two cases, and I know that both of those are in the course now of being brought to a conclusion.

I wouldn't try to defend the time that has elapsed since those cases were filed in the NRA. I am just as down-hearted as the members of the industry are at our awful delays in some situations, and I can't offer any excuse for them except the difficulty of handling the volume of work and sometimes the people we have aren't as good as we would like to have.

There isn't anything to be said about it except that, but I can assure you that we do realize the seriousness of the matter of getting these cases heard promptly, and I do know that Mr. Willis is pushing these cases that he has. One of them involves a question of overlapping codes. Maybe we should have found out sooner that the overlapping existed.

But at any rate, there the question is, and we can't dispose of that case until we have disposed of what actually is a real question as to which of these two codes the man comes under, and how you are going to reconcile, to solve a situation in which two codes appear by their terms to apply to them.

We have another case, and this is a case where the charge is a sale below cost, and we have had the formula that was given to us examined by our division of research and planning and submitted to a paint expert there, and he says that



American Gum Importers Association
At the 1934 Paint Industries Show

the formula works and meets the specifications.

Also, I am informed by Mr. Willis, if I am wrong I wish that he would correct me, that the evidence which the respondent in that case has given us of his cost of filling the specifications shows that he is not selling below cost.

Mr. Willis: That is substantially correct, but there are many technical details.

Mr. Pollak: Now, I don't know whether those cases are the ones that you have in mind, Mr. Merkin, and I don't know about the others, but I certainly want to tell you that we are there to push those cases through, and I think that probably the code authority wanted us to concentrate on those two cases.

We have got to a point in those cases now where one of them does not seem to hold water, and no final decision has been made on that, but if it turns out that one of them does not we will certainly actively press on any of those that the code authority wants, and I think that we stand ready to hear Mr. Trigg's request on behalf of the code authority for taking up and giving attention to any of these other cases.

I will get together with Mr. Willis, when the meeting is over, and get myself posted on the status of the other cases, and we will see what we can do to expedite them also.

I am entirely with you on the importance of prompt action, and that isn't just a stage statement or a gesture for this meeting. I know that there is nothing more important before us now than prompt disposal, and in recognition of that importance NRA has recently established some elaborate control systems, and some more soul-searching, and has set up an elaborate control division in the communications division, so that every incoming letter is read in the communications division, and any letter of importance is given a control number, and the man that gets that letter is periodically annoyed by somebody in the communications division until he has answered it promptly, and if the outgoing answer doesn't seem to the communications division to be an answer to the question, it is sent back, and we in the compliance division have similarly established a control on ourselves so that we can see that right in the compliance division we can act promptly on the matters that are referred to us.

We are also periodically jogging the industry advisers on the matters that we send to them.

We have decided that that is necessary, and I think that it has developed a considerable improvement in the dispatch with which cases are handled.

Comment by Mr. Trigg

President Trigg: I would like to add to that statement: I think Mr. Pollak is at a little disadvantage that we must recognize insofar as discussing details of our code cases are concerned, because he has not personally been brought into it before.

I also want to make a statement for the administration, that they have been slow in dealing with some cases which has been a great disappointment to us, but we have realized that the job of handling all of the complaints which they have had—and as I told you earlier in the day, over sixty thousand complaints—it is just utterly out of the question to expect that they are going to be expeditiously dealt with.

We must realize that, and we must realize another thing, and that is that there has been considerable change in the personnel, a shifting around and replacement here and there in the administration organization itself, and it is a necessary condition that always does happen when so many men are involved in an undertaking as they are involved in the administration of the codes.

Now, as to the two cases which Mr. Pollak has referred to, you are thinking of those as the two cases out of the sixteen. As a matter of fact, it is nine cases out of the sixteen, because one of those two cases is the case of a manufacturer against whom eight complaints have been registered with NRA, and so eight is part of the sixteen, so that after all, it is nine complaints that are being dealt with and not two.

Now, as to the facts with regard to certain of the complaints, here is what has happened:

NRA, of the eight complaints against this manufacturer, took up some of the earlier complaints first—they are all complaints on article 22, selling below cost—and now it develops that unfortunately the case which they took up all antedated the establishment of market replacement costs as published by us now and the establishment of the processing costs, with the result that we haven't got the definite final control or check on it, that is the arithmetic of the situation that we have got in cases that have occurred since those two things were done.

Now, then, we do have other cases against this manufacturer, which as Mr. Willis knows have happened since those two provisions have gone into effect, and those cases which have happened since that time we have got the control on, and they are the ones that we expect to get some definite action on.

As to the one case, let's talk about it for just a minute, and show you what has happened.

That is a shellac case, and it is estimated by the shellac people and others who know that there are probably 750 cutters of shellac in the United States. Now, you fellows in the paint business all know that a great many of those cutters of shellac are not what we recognize as out and out paint or varnish manufacturers, but they are in many cases jobbers who cut their own shellac, or the smaller merchants whose only business that comes under our code is the cutting of shellac.

They are not the people that we are used to having at our meetings, and that we are acquainted with, and they are not acquainted with us.

However, our code very definitely covers not only varnish, which means shellac, but it specifically says shellac varnish is a product of this industry.

So when we found that the bleached shellac code had been approved by the administration some months after our code was approved, and we found that the bleached shellac manufacturers, of which there are only fourteen in the United States—when we found that their code also covered shellac varnish, or I think it doesn't specifically refer to that, but it covers those who bleach shellac, and any products made from it, or words to that effect, we then got in touch with the code authority of the bleached shellac association and said, "How about this thing?" And they said that they wanted to bring the bleachers of shellac who also cut shellac, just these fourteen, under our code insofar as their cutting of shellac was concerned, and it doesn't interfere with your code, and their code says we have notified the fourteen bleachers of shellac that, insofar as your code is concerned, they are subject to your code.

We have gone along with no difficulty. We have had no better support, if as good support, from any shellac varnish producers as we have had from the bleachers of shellac, who also cut and sell shellac. They have supported it when many of the other exclusive cutters of shellac we know, or believe we know, did not support it, and they have worked on committees with us, they have given of their time, unlimited amounts of it, some of them, to us in our code in working out this shellac situation.

But while that was true as to practically every one of the manufacturers who came under the bleached shellac code, we had one manufacturer who was a bleacher of shellac and who was violating our code, and we had plenty of evidence of that fact.

Now that was in the phase of the recognition and acceptance of our code provisions so far as the rest of the bleachers of the shellac in their shellac varnish business was concerned and their cooperation with us.

Of course, from a technical standpoint, that man was haled down here to Washington for a hearing before the compliance division, and the compliance division of NRA couldn't take judgment. They couldn't act on this thing on the basis of what they might have liked to do—and I am not trying to give to them motives or desires—but they had to be bound by the legal limitations or requirements of the situation, and so that case was held up pending a clarification of this issue which has been raised by this one manufacturer.

Am I stating the facts correctly?

Mr. Willis: Correctly.

President Trigg: Now, that then brought us back to a consideration of this subject with the code authority of the bleached shellac industry. Our cooperation there has been 100 percent, and you couldn't want anything any better than it has been. As a result of a further conference held in New York last week, I think it was, or perhaps a week before, the two code authorities, that is the code authority of the bleached shellac group and our own code authority, came to an agreement.

We first came here to Washington, their code authority with ours, and had a discussion of this subject with Mr. Willis and Mr. Dahlberg and others represented in the situation. Then, following that, we got together among ourselves, and the two code authorities agreed upon a provision, the effect of which is in substance: That all shellac varnish manufacturers, whether bleachers or not, are subject to all of the provisions of the paint code, together with the fact that those cutters of shellac varnish who are under the bleached shellac code, fourteen in number, shall also be subject to certain of the provisions in the shellac code which do not conflict with any of the provisions of our code.

Now we have jointly presented that to the administration as the recommendation of the two affected code authorities, and that matter is in the hands of Mr. Willis and his associates, and we are hoping any day for a decision in which we have every reason to believe—maybe we are colored by our own views in the situation—by which we have every reason to believe that it is going to be favorable. That is the other one case involved.

Comment by Mr. Wolf

J. S. Wolf: I wonder if the compliance board realizes the feeling of many manufacturers in the situation. I have talked to a lot of them in the last month or so, and I think that the feeling boils down to this, that it is directly up to the compliance division to get some action, and that the action of the compliance division, and prompt action, would determine whether the code is to continue as an active instrument with the industry, or whether it is going to continue on the books as the prohibition law did.

A lot of manufacturers, most manufacturers, are eager to continue working with the code, because they realize the benefits that it has done for the industry; on the other hand, a lot of them have ceased to be as active in reporting complaints, in reporting violations, for the simple reason that there has been no action on these violations. Now I fully realize all of the difficulties involved in getting action, but I feel very strongly that unless there is some definite action taken by the compliance division there is going to be a serious breakdown, even if it is a temporary breakdown, in the feeling toward the administration of the code.

Mr. Pollak: I think that we do realize that, Mr. Wolf, and we are making that one of our main objectives right now. We are trying to get cases into court and to get the United States attorneys to go forward with them, and we are going forward just as quickly as we can.

We agree with your statement of it, and I don't think you have overstated it.

Albert K. Sheldon: I rise in the spirit of enlightenment with reference to the NRA, and not criticism, and I would like to have this information:

Perhaps we will acknowledge that the paint industry is a chemical industry, and we are making varnishes that require different solvents, and in making paint it requires different pigments.

Mr. Walker put that thought in my mind in asking a certain question before, and if someone is undersselling, now the question is when overheads are different, and sometimes costs are different, and formulations of different products are different, how can you get a selling price of a commodity in the chemical field unless it contains certain basic ingredients?

President Trigg: The only answer I can make to that is in addition to what I said in my longer statement today. The whole subject of processing costs—and I take it that is what you are referring to—is being very carefully studied by an agency at the present time, who are getting the facts from a large number of sources, on which they will make a thorough analysis and a report. We hope it will result in further refinements of the processing cost.

I think it is quite likely that it will result, and I have no advance information only my own knowledge of the situation. I think it will likely result in further classes of goods, and further break down of the classifications which we have. There are twenty in number at the present time, but when that work is completed, we will feel that we have recognized the conditions such as you have referred to, insofar as they might require any changes in the processing costs. We will be down to a basis then which we can all accept as the lowest reasonable processing cost.

I recognized in my paper earlier in the day, the fact that there might be different conditions in different factories, but after all those differences would not be great, and when those differences are only small, and then that small difference is only applied to that part of the cost of the finished product which on an average is about 15 percent. A small percentage doesn't leave very much to argue over.

Even though it does mean one or two cents a gallon in the finished cost, please remember that we are only figuring costs, and not selling prices. Ordinarily speaking on the product of the industry no manufacturer can continue in business very long if he sells his product at cost. It means that the amount he has to add is only a little bit less.

W. D. Gilman: I feel that we are very fortunate in our code, and I think it is due very largely to the fact that we had a mighty good code committee, that didn't make the mistake that some industries did, of trying to fix prices. And they gave the public due consideration, and as I see it we are not faced with some of the troubles that other codes are faced with.

Now when it comes to the question of enforcement, whenever you have anything like prohibition, it is very profitable, and enforcement is going to be almost impossible.

As I see our code, it is unprofitable to break our code. It is to the interest of every manufacturer to adhere to the code and support it, and it is going to cost money if you don't.

There is nothing to advocate or make attractive to break the code.

Now unless you believe in Santa Claus, you naturally couldn't expect perfect results in a year, but as I look over it, and I see the number of complaints that we have had, it seems to me that we should congratulate ourselves on our code, and with leadership that we have, and with the assurance of Mr. Pollak, it doesn't seem to me a fellow could be any squarer, he has recognized that we need a horrible example, we'll say, to make people sit up and take notice, that our code is not just simply a form and hasn't any teeth.

Now he has given us assurance, and it seems to me repeatedly, that he recognizes our need in that respect, and as I see it, we have had a record here of a year that certainly justifies confidence not in the whole NRA, but in our own code, and so far as I am concerned I can go away from this convention with a lot of enthusiasm for our code and the possibilities of the future.

Thanks for NRA Representatives

Mr. Zinsser: I move a vote of thanks to Mr. Pollak and Mr. Willis for their very serious considerations of the industry problem, and that we all are very much heartened by what they have said and we thank them for their co-operation in the future.

Mr. Gillman: I second the motion.

President Trigg: All in favor please say "aye," contrary "no." It is carried.

Mr. Pollak: I know that I appreciate that and I also was entirely sincere that I appreciated this opportunity to be with you. I have found this three days exchanges just such as we have had today are very helpful, and I know they are to the compliance division, and I believe that they are also helpful to you. I am glad I was asked to be here, and I thank you for your frankness in discussing these problems with us.

Mr. Bennett Looks Ahead

Wallace F. Bennett: Now that we have come up to this point in our discussion, I would like to look into the next year with you for a minute or two.

I have come from the Wild and Woolly West where they talk about code matters just as freely as you do here, where they have about the same ideas that you do here, and I have talked since I came with a number of men from the West, from the East, New York, Philadelphia, and Chicago, and the other points, that are struggling with this situation, and it seems to me that in the year that has passed, about which Mr. Trigg has talked so convincingly this afternoon, we have laid the foundations, we have gone as fast, and maybe a little faster than NRA has gone itself, in making our organization our central headquarters organization, effective in laying the foundations for code enforcement.

We have also satisfied ourselves that it is possible to enforce this code in situations where efficient evidence is readily obtainable.

This selling below cost provision so far as public bids are concerned is "duck soup," and this question of non-payment of assessments, is "duck soup." Because the efficient evidence is on the surface.

The problem that I see around the various sections of the country is the problem of enforcing the code in the cases where the efficient evidence isn't quite so easy to get.

I am impressed with two things. In the first place, during the year passed, we have existed solely on the volunteer organization. We have had twenty community representatives, some of whom are practically giving up their business to work on this code matter.

We have had others who have accepted it as they accept any other association assignment. They have taken it because they were asked to take it, but the less work they do the better they like it. And I am wondering as I look forward whether this isn't one of the things that has got to be solved in the year to come, just as NRA is talking about solving its field problems.

Mr. Pollak said when he began one of the things they were tackling was the problem of enforcement in the field, and I am wondering if we haven't got that problem to solve, too.

This morning Mr. Roh gave us his treasury report and told us what it cost to enforce this code during the past year.

I don't know anything about any other code except what I read in the newspapers, but it seems to me that this industry has gotten off for 10 percent of what some other industries have paid, and I am wondering as I look ahead if we are not facing the necessity of spending more money.

We have solved the easy problem, and we have demonstrated that we can handle the fellows whose efficient evidence is on the surface, and I am wondering if we are not actually facing a problem of substituting our unpaid, volunteer code workers, with some kind of a system that will make it possible for that work to be done efficiently without a great hardship on the part of any one individual, and if we are not solving the problem of having to pay for that.

Now we may pay for it through the national association, and we may pay for it through the local territories, but it seems to me as we talk about code enforcement we can't overlook those two things.

We have got to move through the next step, having set up our central organization, and having proved to ourselves that it will work, we have got to move through the next step of setting up some kind of a coordinating organization in the field and we have got to make up our mind we are going to pay for it.

President Trigg: Does someone else want to say something?

If there are no other comments, I want to express very great satisfaction with the discussions we have had here today. I have been anxious about this kind of meeting this afternoon because nobody is more conscious of the seriousness of this situation, and its importance because we have now a means of correcting situations in our industries which we have never had before. I am anxious for the industry's sake that we should rise to the greatest possible extent to this opportunity.

I am going to close the meeting now, if there is no more discussion. I want to close with this one thought—that if each one of us, as we go home from this convention will carry with us a recollection of the spirit evidenced by the discussions here today, if we will think of the code of the industry in its broad phases, and not be too much perturbed over some little incident that happens, maybe now and then, under some one provision of the code, we will think of it in its ultimate benefit to the code, and to the industry. If we will preach to our fellow manufacturers, as we come in contact with them, the value of the code, of adherence to it, support of it, I think that we will do more to help the whole situation, than anything else that could possibly happen.

Our industry and the members of it can make this code what we want to make out of it. It is in our power to do it so long as we get, and continue to get, the kind of support which has been promised to us through Mr. Pollak by the administration.

(The session was adjourned at 5:30 p.m.)

Thursday, November 1

Third Session—Thursday Forenoon

Industrial Sales Conference

[The third session of the convention was the conference on industrial sales. It was convened by President Trigg at 10 a.m., November 1.]

President Trigg:—Gentlemen, if you will be good enough to come to order, we will start this session going.

Mr. Kennedy has asked me to open this session by saying a few words to you which I am glad to do.

I am glad to welcome this morning this first annual meeting of the manufacturers of industrial finishes as a separate and distinct group of this industry.

I naturally have been keeping in close touch with the work of this group during the past year, being interested, as we naturally are, tremendously interested, in the success of the separate deliberations, on the one hand industrial sales, and on the other hand trade sales.

You all know, I think, that the trade sales group is making a very satisfactory progress in the development of

its programs and in the consideration of its problems, and your own group is, as I see it, also making very real progress.

I know that this has not been the definite results accomplished from everything that all of us had in our minds with respect to industrial sales problems, but when we realize that this again was a new undertaking, when we realize that there was almost a complete absence of co-operation in the past between manufacturers of industrial finishes, while there had been plenty of co-operation between trade sales manufacturers, when we realize the absence of it on the industrial side, probably we can, in making a mental inventory of what has happened during the year, recognize that a foundation has been laid, and that it was more important that the foundation should be well laid, a firm foundation, in order that the building of the superstructure on that in the years to come will in turn represent a permanent set-up.

From the standpoint of the association and its officers, I want to express our very great appreciation to the chairman of your central committee, Mr. Esposito, and then succeeded as he was by Mr. Kennedy, and to express appreciation to the members of your steering committees, and members of the other committees, and to all of you men for the interest and thought and time and effort you have put into this proposition.

With the foundation now laid, with the stage set for you to go ahead, building constructively, also being careful to conform to legal requirements, not going overboard in a way that might embarrass you later on, we can see where you have got an opportunity to be of distinct benefit to your own individual business and to the industry as a whole.

Field Man Proposed

There is one thing that I want to particularly refer to, and that is the subject of giving your set-up, the industrial finishes side of the industry, a man to work with you, a full-time man, paid by the association, who would devote his entire time and effort to the daily handling of the problems of the industrial sales business.

The necessity for that became apparent some time ago, and three or four months ago, at the request of some of us, the budget and finance committee of the association made an appropriation for the purpose of engaging the services of such a man.

Since that time, Mr. Kennedy and the members of the steering committee and some of the rest of us have been looking around for a man that would fill that bill. We have made a good many inquiries from manufacturers in the industry.

We have had many applications and we have not up to the present time, however, been able to find somebody who would exactly fill the bill, and in saying that we recognize, too, that it is entirely possible that the first man we do engage for that work, even though his qualifications and everything else seem to justify engaging him, may be a mistake; we don't know.

You know how it is in hiring men; sometimes you're fooled on them. I am mentioning it now because I want you to know, first, that the association is back of your having such a man, the association has provided or made available for it, they are now available for it, and we have been trying to find the man.

I believe it is proper for me to say that we have now reached a point where we are practically ready to make a decision, and hope within the next week or ten days that we may be able to announce to you that we have secured such a man that is actually on the job, putting all of his time into this job of co-ordinating, pulling together and improving the conditions of the industrial sales finishes side of our business.

I sat in a meeting last night of one of the groups, where the chairman, in my opinion, handled it in a very satisfactory way, and in the manner it was presented to that meeting it seems to me that it is a thought that we all ought to have back of our considerations of this business. Namely, he said this:—

"Let us look at our particular problem, our part of the industrial finishers' business, and let us list up all of the difficulties that we have. Now, every one of us feels that we have problems in this, that and the other thing, and let us put down those problems and, once having gotten them listed, the problems that we feel that we can deal with in a collective manner better than individually, having them down on a piece of paper, we are able to check them up one at a time and see what we can do by way of solving those problems."

And I think, gentlemen, if we all thought of it that way, of first finding out, in our own minds, and expressing to our groups the things that we believe ought to be done, and if the group believes that those propositions are ones justifying our considerations, then you have something specific to work on.

I think, as and when you get a man working on this job exclusively, on industrial finishes, you want to be in a position to tell him what your problems are, to give him your ideas as to how those problems ought to be solved and then, Mr. Chairman and gentlemen, let him go to work on the job of going out into the field, meeting with groups of manufacturers all over the country and discussing those problems with them to the end that eventually one by one we hope that we may clean up the problems that are difficult ones for us to handle individually.

At least we can clean up some of them. I am not standing here to say to you that I think the millennium has arrived and all we need to do is to say what our problems are and they are going to be solved. On the contrary, it is going to take some time, but with patience, and with conviction and confidence in ourselves and our associates, we can go a long way forward in settling many of the difficult problems that we certainly can't solve individually.

Mr. Chairman, you asked me to say a few words. I have done so and now I should say the meeting is in your hands.

(Paul S. Kennedy assumed the chair.)

Introduction by Mr. Kennedy

Chairman Kennedy: I may be a little hoarse this morning, so I think that I will use the microphone.

I hope that everybody hasn't parked any guns outside because we have got a real fighting, aggressive group. I was very glad to see the spirit that was exhibited at the meeting held last night, and also at the wood finishing group meeting which I had the honor and pleasure to conduct and I am sure that we are going to get some very tangible results.

Now, when Mr. Trigg talked me into taking this job, his selling point was that this was blazing a new trail, and from my experience over the past year, he had the horse before the cart because it has been trailing a new blaze most of the time. But I am confident that we are going to get some place with this organization if we will take it seriously.

Mr. Trigg has commented upon the professional, hospital services, I am sure, being adopted in a diverse and useful manner.

In outlining and commenting on this industrial setup, I will naturally have to employ quite a bit of repetition, and I hope I will be forgiven for that, in the hope that it will drive home more firmly the setup and the purposes for which we are organized and are striving for.

As you know, the fountain head is the national industrial sales committee. They held their first meeting in Chicago last April.

Naturally it would not be convenient for them to function at all time conveniently, and for that reason a steering committee, which is composed of Mr. Esposito, Mr. Waltberg, Mr. Horn, Mr. Lackey, Mr. Longworth, Mr. Patton was set up. That committee has been particularly active during the past year. The work that they have done has really been remarkable when you consider the time that they have had to take away from their regular duties, and I wish at this time to give my sincere thanks to them for the magnificent co-operation which they have extended.

Some of the results of their work are already tangible. The results will be very much more in evidence during this coming year. For instance, dealing with raw material manufacturers or other rather unusual problems which require dealing with outsiders, such as, for example, city or government officials, we have what we call the outside relations committee, which is comprised of Mr. Lackey, Mr. Esposito, and Mr. Horn.

They have been called in on some rather ticklish problems during this year, and have handled them very nicely and satisfactory.

Lay-Out for Procedure

In particular we have built up a very desirable relation with raw material manufacturers which benefits the association directly, and in a very bad circumstance of specifications when we were able through their efforts to remove what promised to be a very fundamental evil, and which will probably be commented on a little later.

Now after that come the heads of the subcommittees who make up the product value committee which function to directly steer the specialized efforts of various manufacturers.

For instance, the wood group, who are interested in stain, filler and the finishes, varnish, lacquer, and so forth, which go on wood. That group is headed by Mr. Longworth, and their idea is to confine exclusively and intimately their interest to the problems associated with that industry.

Then we have the metal division headed by Mr. Andrew and they have many problems which are peculiar to certain manufacturers, and who do not have a particular interest in other lines. And then we have the marine and industrial paint division, headed by Mr. Betty, and finally we have the railroad group which is headed by Mr. Sullivan.

Those four gentlemen, together with Charlie Cook, who is a member at large, make up the product value committee, and the product value committee, while probably misnamed, has a very definite function. Its name may be changed, but it really is a steering committee on happenings and on actual transctions in the industry.

Now, theoretically, I do't think we could have a more ideal setup. Time and circumstances may demonstrate that it can be improved on, and when those things make themselves evident, we will attempt to make such improvements, but for the present, I think that it gives a very embracing setup, and at the same time, quite narrows down the very important branches of the industry, into groups where those directly interested can secure an intimate contact that has never been possible before.

Method of Functioning

Now that is the machinery. The functioning of it is this: In the first place, this convention, for example, makes possible the most vital consideration in any progress which is going to be made in constructive efforts to improve conditions in industrial sales, and that is the factor of acquittance.

There is nothing like knowing the people that you are dealing with, and such a convention as this gives a grand opportunity to start the ball rolling.

From that point on, the national industrial sales committee comes into the picture, because they are in a position to set up and promote activities in local subdivisions where the manufacturer is in a particular line, or in a particular locality, can very readily get together and become very much better acquainted.

And the third step in the whole program is for everybody insofar as he can to enter actively into acquittance, this rubbing of elbows, this talking of problems over, and as I said before, because of the way it is set up, theoretically it is ideal and I hope that practically the situation will work out that way.

The greatest mistake that all of us make in a proposition of this character is of impatience, and to be so readily and easily discouraged. We must have patience.

A movement of this kind, you might say, in our case is really getting under way this year, because this first year has been devoted quite generally to setting up the machinery. This year it will start in motion. I think that the possibilities are beyond conception, compared with what we have had, but in the final analysis it is up to each and every one of us as to whether it will succeed.

If you don't try, if you don't work, if you let George do it, then it cannot go over, but if you all take an active interest in it, in the activities, if you will become discouraged and throw up your hands the first time there is a defection in some direction, in which you think it is ill advised, but will take the pains to see that the party making the defection is first talked to and reasoned with, rather than losing your head and busting up whatever constructive efforts that have already been built up, then I think the possibilities are magnificent.

Now, we have many problems, too many to discuss at this convention, but certain of them I think should be commented on and certain of them should be discussed and will be discussed in the course of the meeting.

We have papers on the program, one of them you will notice, "Synthetic Resins Nomenclature."

I think this is one of the most irksome problems that all of us have in connection with industrial sales at the present time. The answer to "What the hell does anybody mean when they talk about synthetics?"

I think if it is possible if we could eliminate that word altogether, it would be very desirable.

Whether we can do that, only time will tell. We are making a start in that direction this morning. If we can't eliminate it, possibly we can classify it, so that when our salesmen talk to customers and talk to us or our factory men, and talk to our sales department, we will all know what they are talking about, and not have to go into a lot of detail and haste to find out what has been driven at.

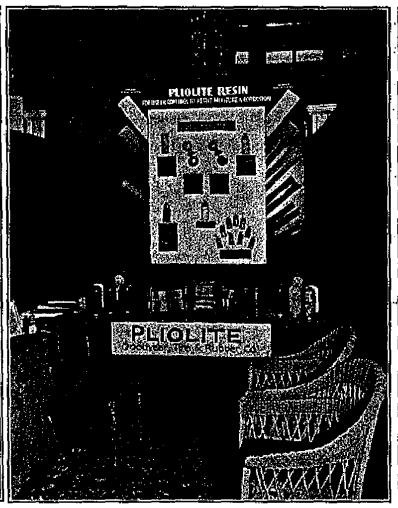
Tie-up With Production Clubs

Another very important subject, on which there will be a paper, is how the production clubs can tie into the industrial end.

Personally, I feel there is an opportunity for a very intimate connection in this respect.

These men who are working in the plants and dealing with the manufacturer, and when you say that, no matter whether it is directly or indirectly, they are dealing very much with sales, and

Kentucky Color & Chemical Company
At the 1934 Paint Industries Show



Goodyear Tire & Rubber Company
At the 1934 Paint Industries Show

General Electric Company
At the 1934 Paint Industries Show

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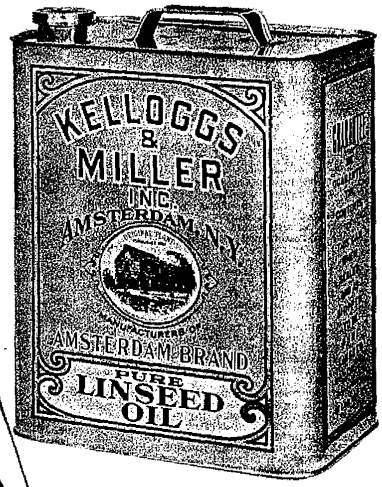
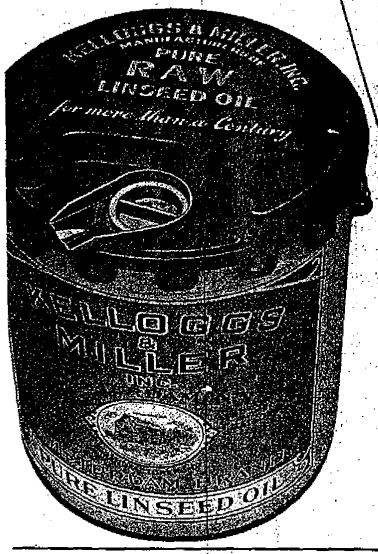
KELLOGGS & MILLER INC.





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sales is what in the final analysis concerns us most.

I think that if something can be developed so that they can tie in better with us, particularly from the standpoint of service, it will be highly desirable and constructive as well.

I think that we ought to talk about the specification evil, and when we talk about specification evil in connection with industrial sales, it is a very serious proposition.

I think we should discourage specifications every place that we can. I think that for certain classes of products there should be approved lists, rather than thrown wide open, and in that connection I have in mind an actual happening which was discussed at the national industrial sales committee meeting back in Chicago last April, where a certain government department put out specifications for finishing vehicles, which is admittedly a specialized proposition.

They had an approved list prior to this time, but I suppose, through political mechanism or what not, it was thrown wide open. That bid was given, and even today that material has not been supplied—yet those bids were opened last March—for the simple reason that the person that got it cannot make the goods.

In New York city a similar incident occured, and this is where our outside relations committee functions very beautifully. In New York city I have a specification for the finishing of their vehicles. It was very clear what the intent of those specifications were, although they used our old friend, synthetic enamel, in it.

Now, what happened was that synthetic enamel was determined by the successful bidder, I believe, to be "ester gum." Technically, he was right; morally and every other way, it was not according to the intent, but he got the order. Fortunately, in New York city they did not put it on their vehicles, and through the outside relations committee they changed it to a specification which will insure them the proper material.

I mention it, that is these two cases, merely to give you a picture of that very serious situation.

Now, as far as our job, as industrial sales people or supplies is concerned, our fundamental job is to supply a legitimate product to the consumer at a legitimate profit, and, furthermore, protect ourselves from ill-advised competition from within and from without the industry.

Four Points of Service

Summing up industrial sales, I think we can boil it down to four points.

First, the dignity and identity of a product; second, the high ability of a product; third, acceptance of a product; and fourth, the service of a product.

Now as to the dignity of a product, if we inform or talk too loosely with our customers about the product we are selling, we strip every bit of dignity and identity away from that product in the exact degree to which we talk about its composition. The serious part of this is that it is striking right at your selling price, because when you finally have your customer so that he is well enough acquainted with the composition of your product, the next step is that he starts to tell you what you shall sell it at.

He does the fixing for you, and unfortunately he doesn't know how to figure overhead, and selling costs and so forth, but nevertheless if you do not try and sell it as a finishing product, rather than with a lot of description and intimate information outside of physical performance information, that is a step decidedly in the wrong direction.

Now as to liability of product, take for example an automobile, before we got the clause into our code of no guarantees certain automobile firms demanded guarantees for finishing materials on the automobile.

The lowest you could figure the finishing of a car would be $50 and about the highest you could figure of actual net profit on the lacquer that the manufacturer would sell, would be 50 cents So what you are doing is shooting one hundred to one, which is just crazy. Liability of product, just squeeze yours down to the last nickel, sell it, and then take a hundred to one shot that you would make good.

I use that as an example. It is rather extreme, but in a relative degree it applies to everything. So your product is worthy of a rise in accordance with the liability which it has to stand; because, regardless of guarantees, if you do supply through accident or otherwise material which is distinctly defective, I think it would be the general custom to make good on a thing like that.

Therefore, you should have some protection and some assurance on it.

Now, on acceptance of product, which I think is the most important of all, and which embraces the specification evil, the minimum price, and all of those factors is this: I will challenge anybody to tell me a consumer who will not pay a legitimate price to finish his article, or articles, provided the competition is within a reasonable and limited range.

Now, all of us can go through the motions of figuring cost accounting, in figures and what not, but when it all boils down, there isn't such a terrible difference in our raw material, and in our manufacturing, and in our sales costs.

If there is a difference it would probably be more in the sales cost than anything else, but generally speaking, from the factory end, the material and manufacturing cost would be comparable.

Against the Sharpshooter

Therefore, there is no fundamental reason for products of a certain type not being within a reasonable competitive range. What I am striking at now is the fellow that goes out to sharpshoot, who has his overhead covered, and he sees an opportunity to chisel into something, and he goes out and makes cuts of 50 cents or a dollar a gallon, which are not extreme, or which are not too extreme. Fifty cents is not at all an unusual cut in uninformed circles, and that is one of the things that needs the greatest study with us.

We try to keep materials within a reasonable competitive range for the simple reason that our basic costs are within the same reasonable competitive range, and we want to use reason in that, because every time we take money like that off a price, we take it right out of the industry.

We take it out of everybody's pocket who supplies that particular field.

Finally the services of product, another reason for keeping up prices within a reasonable range. I am not talking about price-fixing. I am simply talking about an honest price for an honest product is the scientific department. Particularly with synthetic resins which are producing very much more durable products than were possible a few years ago, and apparently that progress is advancing, and durability and life are improving on units such as railroad cars, or automobiles, or vehicles where the repainting time is very important.

In other words, if you increase the life of the finish 33 percent, we will say, you cut one-third of your replacement business off. So why not get a decent price for giving that improvement? Certainly why should you cut prices to give an improved product, cutting them down to what is not an equitable figure?

I thank you very much for your indulgence, and I won't take any more time because we want to get into the papers, and I hope all of you will enter into the discussions.

First we will hear from Al Wittenburg, secretary of the Synthetic Resin Manufacturers' Association, on the "Nomenclature of Synthetic Resins as Seen by the Resin Manufacturers."

President Trigg: I think we all want to let Mr. Kennedy know that we appreciate his talk by giving him a distinctive "encore" for it.

Nomenclature of Synthetic Resins

A. J. Wittenburg: Before reading our paper let me explain to you the reason for it. Last January Mr. Trigg held a meeting with the resin manufacturers and requested them to get together in order to bring about closer cooperation with your association. A committee from your association was appointed; one was from our group.

These committees met several times, attempting to iron out disappointments concerning membership in your organization and to make plans that would be of assistance to you in clarifying as much as possible the nomenclature of synthetic resins. The problem was considerably more difficult than might appear on the surface but the job was tackled by the chairman of our committee on tests and standards, John McE. Sanderson, who I believe has written an excellent paper.

It is with pleasure that I can tell you that these committees have functioned efficiently and successfully having accomplished all their objectives—

1. Membership of our members under class b in your association.
2. The full cooperation of the synthetic resin manufacturers with the paint, varnish, and lacquer manufacturers in not encouraging consumers of protective coating to enter into manufacturing of these products.
3. In one case at least calling attention of a large municipality to a very loosely drawn specification in which only the words, "synthetic enamel," described the product required.
4. Finally, the presentation of this paper.

It is hoped that these committees will function further and continue to be successful and be assured of the cooperation of our association wherever possible. I will now read you our paper "Simplified Synthetics."

(Mr. Wittenburg then read the following paper prepared by John McE. Sanderson).:

Manfuacturers' Views

The economic justification for any of your paint products, as for any other article of commerce, is for it to fill some need to better advantage than is done by other materials which may be available. Your customer has certain requirements in mind which your paint product must meet. He may want protection from water, weather, or abrasion. He may need color and gloss to enhance the appearance of some object. More likely he requires some combination of these and other characteristics.

You men of long experience in the paint industry know only too well that no one paint product will meet all requirements, that in fact the paint which is the best for one purpose may be the very worst for another. You would not dream, for instance, of recommending your best house paint for use on a table top, or a fine piano rubbing varnish for a boat deck. Your customer, necessarily lacking your detailed information, leans largely on your judgment. His knowledge of paint composition is limited, and is apt to be out-of-date and incorrect. He may even call for "pure white lead paint" or "pure kauri varnish" because his grandfather got good results with them or because he has been misled by less suitable products. Even the industrial or government consumer who insists on buying on specified composition frequently does so through a mistaken notion that this procedure will protect him against the purchase of inferior material.

You paint men are, of course, well aware that such specifications based on definite formulas are utterly inadequate since they cannot possibly take into consideration all the factors necessary to insure satisfactory quality for a given purpose. Furthermore, such attempts at standardization remove much of the incentive for individual initiative and research by which each of you strives to keep his place in a highly competitive field, and by discouraging such research, tends to retard progress. On the other hand, when paints are graded on performance you have the opportunity to impress your trademark on the public consciousness as a synonym of quality.

In the formulation of your products you use some materials which have been available for so long that their advantages and limitations are a matter of common knowledge to everyone in the industry.

From a variety of oils you pick one for paint, another perhaps for varnish, and still another for lacquer, without even being conscious of a possibility of confusion in their uses. You are equally familiar with the proper uses of various pigments. In varnish making you have spent generations learning how to manipulate the natural resins, oils, and thinners. And then with apparent suddenness you found a host of new and unfamiliar materials available to you. They include colors, pigments, oils, resins, and solvents in wide variety, with each new development encouraging your customer to anticipate and demand previously unattainable characteristics in your products. It is a small wonder that some confusion grew up not only in the minds of customers but among paint manufacturers as well in regard to many of these new materials.

Problem of Synthetics

Among the most interesting of the newer materials which have been made available for your use within the past few years are a large number of resins. To distinguish them from the natural varieties previously known it has become common practice to lump them under a single group classification as "synthetic resins." This was bad enough since it was used to cover a variety of materials utterly different from each other. It lost all meaning when extended by salesmen and consumers to cover so-called "synthetic finishes" which in some cases contained no synthetic resin whatever, or when used in specifications so loosely drawn as to permit the use of anything from limed resin to the highest type phenol or alkyd resin.

We resin manufacturers are anxious to assist you so far as lies within our power to clear up this unnecessary confusion in the minds of your customer. We want to place in your hands full and complete information as to the type and characteristics of each of our products since with this available you are in a position to use each of them to best advantage in the formulation of your finishes to specific performance requirements. Each of us maintains a laboratory staff devoted to the improvement of our individual products. Our work on the formulation of coating compositions is deliberately limited to that which is necessary to properly evaluate the working characteristics of our products and to meet your demands for guidance in their application. In the final analysis the value of our resins to you, like that of any other ingredient of your paints, depends on your own individual skill and initiative in compounding them into your finished product. This you can of course do to best advantage if you are thoroughly familiar with the characteristics of each resin which you use.

Now, just as a starter let us take this term, "synthetic resin," and see what it really means. What is a resin anyhow? We all have a general understanding of the term, but it is rather difficult to draw up an exact definition. We may say that a resin is a complex mixture of organic compounds of relatively high molecular weight, so easily and completely soluble in each other that they cannot readily be separated, and having a tendency to soften over a wide temperature range without the sharp melting point characteristic of pure chemical compounds. Some resins are friable solids, some plastic, and some liquid at ordinary room temperature. All of them, howeverfl when sufficiently chilled, break with a glassilic fracture. Such a description does not exclude rubber, asphalt, bodied oils, and the cellulose ethers and esters. Perhaps those are also resins although we do not ordinarily consider them so.

Synthesis means to put things together to form a new compound. We can start with a natural resin and combine something with it chemically to change its characteristics in some definite respect. We can start from non-resinous raw materials and cause them to react to form a new resin. Or we may manufacture modified resins by a combination fo these two methods. In these three ways resins of a tremendous number of different types can be produced. But of these a half-dozen groups have as yet demonstrated real utility and thereby attained widespread commercial use. We will therefore limit our survey to these types.

Ester Gum

This is the oldest among the synthetic resins from the standpoint of volume used by your industry. As you know it is produced by the chemical combination of resin with glycerin. By the use of proper equipment and control in the course of manufacture it can be varied in such characteristics as color, hardness, acidity and solubility. Hence you should exercise care to select the grade which meets your specific requirements rather than considering all ester gums alike

Ester gum is used in varnish as an improvement over raw or limed resin for water resistance, outdoor durability, and freedom from liverine with basic pigments. The usual requirements are low acidity, good hardness, minimum discoloration on heating, and complete solubility in oils, turpentine, and mineral spirits. High-acid grades are in occasional demand because of improved solvent action on polymerized oils and certain resins. In lacquer it is used extensively as the least costly and most easily handled resin which is freely compatible with nitrocellulose and most of the other ordinary lacquer ingredients. For this purpose the usual demand is for low acidity, pale color, and ready solubility in the usual solvent and diluent mixtures.

Phenol Resins

Investigations started many years ago, directed toward the development of new resins for use in varnish, resulted in the discovery that ordinary phenol and certain cresols would react with formaldehyde to form resinous products. These early products proved, however, to be more suitable for molding, impregnating, and insulating compounds, so that interest in them was diverted temporarily in these other fields. About fifteen years ago it was found that such phenol resinods could be chemically combined with resin to maintain sufficient solubility for use in varnish. And still more recently oil-soluble phenol resins have been produced without the use of resin compounds. We can, therefore, in describing the commercial phenol resins which you use, start by dividing them into four distinct groups, namely:

(1) Phenol resins modified with natural resins.
(2) Phenol resins modified with oils.
(3) Straight phenol resins, heat reactive.
(4) Straight phenol resins, permanently fusible

In addition to these there are the combination phenol alkyd types which we will touch on later. The term "phenol" is here used in its generic sense and, in

John McE. Sanderson

fact, a wide range of phenolic bodies are actually used to produce different characteristics. In general, the phenol-formaldehyde condensates used in these four-subdivisions have very definite and important chemical and physical differences, so that the so-called modified phenol formaldehyde resins are not normally mere dilutions in oil or ester gum of the unmodified phenol resins. By and large, the raw materials employed in the four types are different as are the final products and their functions in varnish manufacture. The commercial varieties of phenol resins are familiar to you under such trade-names as "Amberol," "Akco," "Bakelite," "Beckacite," "Durez," "Phenac," and "Rauzene."

Resin-Modified Phenol Resins

The resins in this group consist of compounds of phenols and aldehydes dispersed at the time of manufacture in esterified resin. They can of course be grouped only rather loosely for convenience in description since they necessarily differ in accordance with each resin manufacturer's individual ideas on materials, equipment, and method of processing.

In view of the number of phenols and aldehydes which are available and the possibilities of condensing and dispersing them by different methods and in different proportions you can readily appreciate the variety of these resins which might be made. You will find, however, that each of the manufacturers of this type of resin has been able to meet your needs with a relatively few grades differing from each other in such features as color, hardness, solubility and acidity.

One of the first and largest uses of these modified phenol resins is in quick drying water and weather resistant varnishes and enamels of the so-called "four hour" type which have to a large extent superseded for household use both brushing lacquer and the older types of slow drying finishes They are also extensively used in modern fast schedule furniture varnishes. In addition they have of course found uses in a wide variety of your industrial and other products. As a group they are a close second to ester gum in total volume used by your industry.

Oil-Modified Phenol Resins

The resins in this class are phenol-formaldehyde condensations modified with fatty oils so as to make them suitable for varnish purposes. These resins are either viscous liquids or are offered in solution. They are generally heat-reactive, so called because they become insoluble and infusible on heating, instead of melting. This heat-reactivity may be utilized during the further cooking with oils in varnishes, or it may be taken advantage of in baking coatings.

For this reason the heat-reactive oil modified resins are used in water resistant baking undercoats and enamels. These oil modified resins are also frequently used in lacquers. In this class of oil modified resins is also found the five-minute air drying type used as primers and surfacers under lacquer.

Straight Phenol Resins, Heat Reactive

The resins in this group consist of phenol compounds which have been rendered oil-soluble and suitable for your use in varnish making without dispersion in ester gum or oil, and which are hardened by heat instead of remaining permanently fusible. Therefore when used in varnish they must not be overheated before being thoroughly dissolved in oils or other resins. These resins may be used in baking goods to take advantage of their drying by heat-polmerization rather than by oxidation alone. They are also used to fortify ester gum and other soluble resins by their reactivity during the varnish cooking.

These straight phenol resins are classed separately from the modified phenol types since they differ from them in composition and impart different characteristics to the products in which they are used. As in the other family groups which we are describing there are differences in the individual resins which should be borne in mind in selecting the one best adapted to any particular use.

Straight Phenol Resins, Permanently Fusible

The permanently fusible (non-heat-reactive) types of straight phenol resins have found their greatest usefulness when cooked into varnish with drying oils. When properly formulated such varnishes are quick drying resistant to water, alkali and abrasion and have good elasticity and durability. They can of course be used in either clear or pigmented form. Although only a few years old, these resins have become sufficiently familiar to you so you have found many of your paint products in which they may be used to advantage.

One of their recent developments has been in the field of fortifying linseed oil house paints to gain quicker drying and better film integrity. The moisture proofness and chemical resistance of these resins has made them particularly useful in the field of metal primers and protective paints. Certain of these unmodified phenolics may also be used in cellulose acetate and nitrate lacquers where increased water proofness and resistance to fatty oils and dilute alkalies is required. Other resins in this general class are non-oxidizing, permanently flexible types suitable for plasticizing films.

Paracoumarone-Indene Resins

Coumarone and indene are chemical compounds present in coaltar light oil distillates. By polymerization under proper conditions, resins are produced from them which have been found well adapted for use in paint, varnish and allied products. These resins are sold under the the trade-names "Neville Resin" and "Nevindene."

These resins are neutral, resistant to alkali, dilute acid, brine, etc., and find their main use in coatings designed to resist destructive conditions. They are extensively used in aluminum vehicles and bronzing liquids, pipe coatings, traffic paints and concrete finishes, and to modify other resins, both natural and synthetic.

They are not soluble in alcohol, but are readily dissolved in petroleum and coaltar naphthas, and ester solvents, so that they find application as cold-cut solutions and in lacquers as well as in cooked varnishes.

Resins of this type are available in varying melting points ranging from 10° C to 160° C to meet different industrial requirements.

Alkyd Resins

The name, "Alkyd" covers in a broad way the resins made from polybasic acids or anhydrides (such as phthalic, maleic, or succinic) and polyhydric alcohols (such as glycerol, glucol, etc.) combined under different conditions and usually modified in various proportions with fatty or resin acids. Such resins are marketed under trademark names such as "Glyptal," "Rezyl," "Beckosol," "Duraplex," "Esterol," "Teglac," and some grades of amberol and rauzene. Since resins of wide variety are included under each of these names we will commence our description of them by dividing them into four mail classifications, according to composition, as follows:—

a. Alkyd types modified principally with natural resin acids.
b. Alkyd types modified principally with non-drying oils or fatty acids.
c. Alkyd types modified principally with drying oils or fatty acids.
d. Combinations of phenol resins with modified alkyd types.

Each group has its individual advantages and limitations, which define its field of usefulness and with which you should become familiar in order to properly utilize them in your products. Some of these resins are hard, relatively friable solids. Others are viscous liquids. Many of them are sticky plastic solids and these, for your convenience in handling, are frequently marketed in the form of concentrated solutions. They range in color from water white to dark amber.

Resin-Modified Alkyd Resins

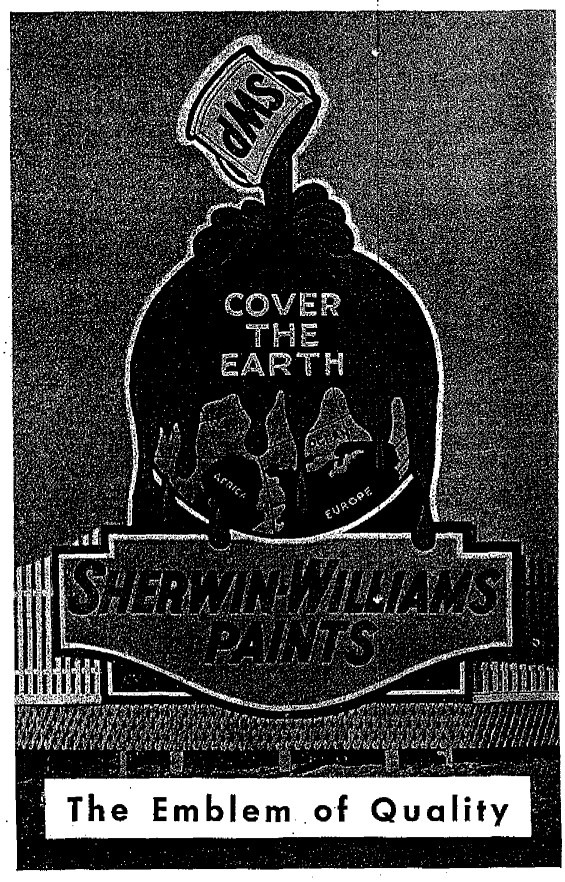
Alkyd resins modified principally with resin or other natural resin acids, differ essentially from the fatty acid types in elasticity, durability and other respects and should be used accordingly. They range in hardness from about that of ester gum to grades comparable to the modified phenol resins.

The resins in this group found their first commercial use in nitrocellulose lacquers. They are readily soluble in the usual lacquer thinners and are compatible with nitrocellulose and the ordinary plasticizers. One of their largest uses has been in sealers to which they impart easy sanding properties because of their hardness and relatively low solvent retention. They are also used in clear and pigmented lacquers for furniture and other indoor applications.

Some of these resins are also adapted for use in cooked varnishes and their use in this field has increased appreciably in the last couple of years. Their principal merit appears to be based on two qualities, namely, hardness for rubbing varnishes and color retention for both air-dried and baked finishes.

Lacquer Type Alkyd Resins

The alkyd resins modified principally with saturated non-drying oils or fatty acids have firmly established themselves in lacquer formulation. They find this use because of adhesion, toughness, resistance to oil and alcohol and particularly because of outdoor durability. This last characteristic permits the formulation of pigmented enamels of greatly improved gloss retention on exposure. It also enables you to make clear lacquers which while not as durable as the pigmented variety are at least more durable than any clear nitrocellulose lacquers which could previously be made.



Oxidizing Type Alkyd Resins

The alkyd resins modified principally with unsaturated oils or fatty acids are distinguished from the lacquer types in that when exposed to the air in thin layers they dry to hard solid films. They may therefore be used not only in conjunction with nitrocellulose or oils but also by themselves as durable film forming agents. As a matter of fact the latter is by far their most general application.

Considering the large number of drying oils which are available and the different proportions and conditions under which they can be combined, the variety of resins of this type which can be made is almost infinite. It is however obviously to your advantage to limit the number of resins you use to the smallest number from which you can formulate the wide variety of paint products which your customers demand. And it is equally to our advantage as resin manufacturers to keep our variety at a minimum. Hence the usual commercial offering of these resins is as a series of stock types differing from each other in solubility, elasticity, drying speed, and hardness somewhat like a group of varnishes of varying oil length.

Since such a variety of resins is included in this family group of "oxidizing alkyd types" it is difficult to indicate briefly their particular field of usefulness in your products. As a matter of fact because of their number and variety they are finding their way into products ranging all the way from house paints to quick drying enamels and lacquers. Many of their uses are based either on drying speed, good adhesion, or gloss retention on exposure to the weather.

Combination Alkyd and Phenol Resins

Combining modified alkyd resins, usually oxidizing types, with phenol resins produces another distinct group having advantages in many instantes over either type separately. They enlarge still further upon the variations which are possible with alkyd types and therefore extended their use into still more of your products.

Summary

We appreciate exceedingly this opportunity of presenting to you this brief resume of the resins which we manufacture. We hope that it will assist you to avoid confusion in the use of the term "synthetic resin" and help to clarify your understanding in regard to the several types commercially available. No one resin will fit every use—generally you must compromise on some qualities as you emphasize others—but that is true with all the materials you use. We have pointed out a few of the major points of usefulness of each group but we want to emphasize again in closing that your final selection for any particular going product must rest on your study of individual resins.

Chairman Kennedy:—I am sure this group thanks you for this very excellent classification of the resins, and now we would like to hear of the "Nomenclature of Synthetic Resins as Seen by the Consumer," following which we will be glad to have any discussion on this point.

I will ask Mr. Everett to give you the view of the consumer on synthetic resin.

Consumers' Views

Ralph H. Everett:—Some of you may have had the opportunity the other night of attending the dinner of the Federation of Paint and Varnish Production Clubs. If you didn't there was a new piece of entertainment used this year, by the New York club, a little skit depicting the life a production manager twenty years, hence, and among the little events that occurred in this skit was the fact that this production manager while seated at his desk was told of the arrival of a resin salesman who rushed in with a very considerable brief case, and very considerable samples and informed the production manager that he was there to tell him about the eight hundred and thirteen varieties of resins which they were offering to him, and he also brought along a man who remembered the numbers which he forgot.

The line went over very very well with all of the fellows interested in production in the room, but it didn't go over so well with some of the others.

The previous speaker has covered in detail the various synthetic resins which are commonly used in the formulation and preparation of varnishes, paints, and lacquers, and has pointed out the important facts with regard to the constituents in these resins and has classified them from the resin manufacturer's standpoint in groupings, which to the technical men of our industry are quite understandable.

Fortunately or unfortunately as one views the situation, technically trained men form but a small proportion of the executive, sales, office, and production forces of our industry. It would seem therefore that any effort which could be made by the units of our industry to adopt a uniform, simple nomenclature, easily understood, for products which include, as a basic element, one of these resins, would be a forward step in the right direction.

The word, "synthetic," has become a term of very great importance to the public at large, particularly since the World War. It might be said that when the term, "synthetic," was first applied to any product, the public as a whole rather viewed such a product with suspicion. This attitude however has later changed to one in which the term, "synthetic," has given to the product in question, something of value. This change in public opinion has probably occurred because many of the synthetic products exceeded in quality the natural products which were replaced.

We found the term, "synthetic," being openly mentioned in our industry, probably about six years ago, and the unfortunate part is that it has been loosely used. We, the manufacturers, are probably as much to blame for the loose use as anyone connected with the picture.

When varnishes, and resultant paints and enamels which contained as an ingredient, a synthetic resin, were being actively introduced into the market, it was quite evident that in many instances sales representatives were poorly informed and the term, "synthetic," given to the resultant products when such should not have been the case. Consumers in both industrial and trade sales lines were often led to believe that many paints and varnishes contained very considerable amounts of these synthetic resins where such was not the case. The term, "synthetic," was almost set up as one which meant a superior product, ofttimes accompanied by suggestions as to mysterious procedures in accomplishing the result.

Effect On Trade Names

We have trade-names today on some of these varnishes, enamels, and paints, which indicate the extensive influence that the term has had upon our products, and it would seem for the good of ourselves and our customers that it would be well to eliminate as much of the mystery as

Ralph H. Everett

possible and agree upon some simple terms which we could apply to these various products and which would indicate the type of synthetic resin included in the formulation. Such a form of nomenclature should be adopted universally so that when a product of a certain class was mentioned there would be but little possibility of confusion. Common acceptance or common use of certain terms in any industry make for progress.

First of all it would seem possible to eliminate one class of resins from the discussion. Ester gum has been classified by the previous speaker as a synthetic resin. Not all paint and varnish chemists will agree that ester gum is a synthetic resin. It has been so commonly used over a great period of years in so many varying types of our products that it is doubtful that we should find it necessary to include it and make our problem more difficult.

That leaves us products from the following resins which we should attempt to classify and name:—

Phenol resins, both of the modified and unmodified type; alkyd resins of all classes, which, to repeat, are the unmodified type, the type modified principally with natural resin acids, the type modified principally with non-drying oils or fatty acids, the type modified principally with drying oils of fatty acids and the final type which is modified with phenol resins, and, finally, the cumarone resins.

Classification Groups

For purpose of simplification it would seem possible to group all of the resins which have just been mentioned into four classifications and to term products made from these by the name of the resin principally used—these four groups to be as follows:—Phenol resins, alkyd resins, phenol alkyd resins, cumarone resins—with names corresponding for products into which they might be incorporated as the principal ingredient, which would mean phenol enamels, alkyd enamels, phenol alkyd enamels, cumarone enamels or varnishes, etc.

Let us review this suggestion. We use both unmodified and modified phenol resins. A varnish or enamel when made from a modified phenol resin will differ from that made with unmodified phenol resin in physical properties. If a sample of such varnish is submitted to one of your laboratories, it is perfectly within reason to expect your laboratory, on an inspection of the physical characteristics of that varnish and its resistance to certain well-known tests with which we are all familiar, to be able to almost definitely assure you whether a modified or an unmodified phenol has been the base of the varnish in question.

It would seem perfectly possible for a sales department to name a varnish made from either modified or unmodified phenol resin as a phenol varnish and the term would be fairly inclusive.

In years gone by, you certainly will all recall, that when a varnish was called a kauri varnish, such a name typified a product which included kauri resin among the ingredients, but it did not by any chance indicate what grade of kauri or what grades had been used in the formulation, nor did it indicate the proportion of resin to oil, the amount of nonvolatile contained in the varnish, the character of processing of the oils which had been used in it and simply therefore designated the varnish as one of a class. By the same reasoning the fact that you use the name, "phenol," on a varnish would give you the class name for it and you would have a definite indication as to some of the characteristics which might be expected from such a varnish. By the same line of reasoning, an alkyd varnish or particularly an alkyd enamel, would be one in which an alkyd resin had been used. As to what type of that resin had been included in the formulation, the name would not indicate but a laboratory examination of such a product would readily classify the type of alkyd resin which had been used.

There are so many combinations of types of alkyd resins which might be included in an enamel, and so many variations in types and amounts of solvents employed in the formulation, that a wide variety of products naturally results from the use of alkyd resins as the basic ingredient. Nevertheless, certain definite physical properties and certain definite behavior under certain tests may be attributed to products in which alkyd resins form the main constituent, as is the case with the phenol class of products.

The one class of these alkyd resins which you will note was taken out of the main group, namely that of the phenol alkyd type, is definitely different and might well be assumed to be a separate type worth naming.

Finally there are the cumarone resins which form the basis for the cumarone varnishes, and these likewise are very definite in their physical differences from products made from other resins and likewise will have a definitely different behavior under certain well-established tests.

Suggested Terminology

The suggested terminology that we give products made from these resins is therefore phenol, alkyd, phenol alkyd, and cumarone enamels, varnishes, etc.

It would seem unnecessary to impress the suggested terms on the production department of any manufacturer, as in a well-regulated plant, the products are scheduled on factory batch records, precautionary directions are given and irrespective of the ingredients in the particular product in question, it would seem that no further information or term were necessary.

It would seem unlikely that the office force in the ordinary manufacturing plant would find it necessary to know the terminology.

Naturally the duties of the executives in our industry vary from organization to organization. Where an executive is vitally concerned with the types of products being manufactured or sold, it would of course be necessary for him to understand terms as used, but often that is not the case.

The two departments of our companies which should be clear on the terms used are the sales departments and the technical departments.

There are two schools of thought in the training of salesmen for the paint and varnish industry. The one, that the less the salesman knows, the better he sells, and the other that the more the salesman knows, the better he sells.

It might be mentioned at this point that it is not a vital characteristic of selling that the salesman either divulge or try to impress upon his customer or prospect, his amount of knowledge. It might also be stated, particularly in industrial sales, that the man who does understand the technical differences in the products which he is selling, is certainly at definite advantage over the man who does not. It would be a matter of but little difficulty to inform a group of industrial salesmen as to the differences in results which would be obtained from products in which these various resins were incorporated. Information as to the behavior of products containing these resins under the following tests, would be instructive and of considerable assistance to the salesman in determining what type of product was either desired by his customer or being used by his customer:

Resistance to cold fresh water test.
Resistance to saltwater test.
Resistance to boiling water test.
Resistance to alcohol.
Resistance to alkali.
Behavior under exposure test.
Development of surface hardness.
Description of drying characteristics and adhesion.
Compatability with certain solvents.
Keeping quality both in the original package and in storage tanks where such are used by the consumer.

Differences Are Definite

A very definite difference is present between products made from all of these four groups of resins which are mentioned, and if your salesmen are informed as to these differences and become accustomed to thinking that certain characteristics will be found in products in which a certain resin is present, it will require but a short time for the sales department to be talking the same language as the laboratory.

Some industrial consumers of paints, varnishes and lacquers are inclined toward technical information and wish to know as much about the product they are using as a finish as they possibly can. When such a condition exists it would seem desirable to furnish as ample information as possible, and the more simple and fewer the terms used in naming these paint, varnish and lacquer products in which these resins are used as ingredients, the better it would seem for all of us.

The other class of industrial buyer who is interested only in results, irrespective of the ingredients of the finishes which are employed, will probably be uninterested in what terms our industry uses on our products. Nevertheless with the amount of technical articles which are constantly appearing in the publications devoted to industrial finishing, it is only logical to assume that purchasers in the future will be more inclined toward receipt of technical information than they have been in the past and the more simple we can make the names which we use and the more brief their number, the better it would seem that we would progress toward a classification of the term, "synthetic," as applies to the products of our industry.

Chairman Kennedy:—Thank you very much, Mr. Everett. I am sure that all will agree with me that that is a very intelligent paper, and a very excellent start toward a constructive move, and one which I think is quite vitally necessary.

I would entertain a motion that these papers be referred to the outside relations committee, and to the synthetic resin manufacturers committee, for further deliberations and recommendations.

Mr. Daum:—I move that this be done.

(The motion was seconded)

Chairman Kennedy:—Is there any discussion? If not, all those in favor say "aye," those opposed "no." It is so ordered.

The next paper will be from the new president of the Federation of Paint and Varnish Production Clubs on "How the Federation Can Co-operate in Industrial Sales Matters." Roy B. Anderson will now speak.

Co-operation of Federation

Roy B. Anderson:—I appear here somewhat as a pinch-hitter today because the firm first slave the topic to be discussed as the "Cost of Servicing," and it seemed that nobody cared to assume that, and they passed the buck.

I asked the chair if I might change that subject a little bit, to "How the Federation Can Co-operate on Industrial Sales Matters," and I would like to talk in a very impromptu way about this in order to see if we can't be of some service in helping out industrial sales.

First, let me say, however, that the federation extends to you their heartiest greetings and wishes for a very successful meeting.

If we in the federation can be of any help in making you or rather putting you in a position to produce more sales, we are very happy, indeed.

If, on the other hand, we fail in this matter, we ask you to throw something toward our way so we may show how we may cooperate.

In case you do not know the set-up of the federation, let me spend just a little time in saying how we are composed and what our function is.

We have over the United States sixteen federated clubs, all the way from California to the Atlantic Ocean.

We have two more clubs in Canada.

These clubs compose, or represent, about six hundred individual paint and varnish manufacturers, so we feel that when we make an investigation, that any report which may be turned over is quite representative of the entire industry.

Membership in our federation is composed only of those people directly concerned in production and technical affairs. I wish to repeat because that really is the main pillar of our growth and success, that membership is only composed of those people directly concerned in production and technical work.

Cost of Servicing

Now, as the first step about this cost of servicing, I would like to treat it briefly, and we might consider the first step of matching samples of industrial goods. Or perhaps we might consider the development of new products which might open up new markets for your goods. Of course these requests usually originate in the sales department.

Sometimes, the sales resulting from turning in a sample for a match might well compensate you industrially, for the trouble and expense of matching that sample, but in many cases the salesman in the he'd is turning in samples merely to show he is on the job and out working. Whether or not they will bring in profit is another matter.

Some manufacturers in the industry treat this matter in such a way that they can throw on to the burden of the sales department the cost of matching these samples or the cost of the development work. In order to do that the laboratory generally makes up a budget of the cost to match these samples, or the cost to produce these new goods. That budget is then passed on to the sales department, who eventually will be charged for that expense.

Now, if the sales department realizes that they are being charged for it, and that they must show a profit, then they will not ask for it to be made, or that development work to be carried on unless they see eventually that it will be a profit for their department. In this way, quite a few of the samples that are turned in are considered as unnecessary to do any development work on.

I just pass this on as a possibility of how we might co-operate a little more closely and how we might stop this high cost of servicing through matching too many samples, which are unnecessary.

About Small Orders

Secondly, let us assume that the samples have been matched and that the order has been received. In this case, the first orders that come in, of course, are very small, and our California club in San Francisco, this year started some investigation work to find out the status of these orders which they can "nuisance orders." By "nuisance orders," we mean orders for four gallons of special paints or colors which have to be produced under special conditions, they are not standard articles. The nuisance orders which come as a result of these samples generally are industrial goods, and so apply very closely to you men.

The club asked us in the federation to get this information, which was done, by sending a questionnaire to each of our sixteen associated clubs. These clubs, in turn, contacted all of the manufacturers within their district. The results of the questionnaire were very interesting.

In the first place, over 75 percent of manufacturers indicated that they accept this small type of nuisance orders—75 percent. In the second place, most every manufacturer reported that these nuisance orders constituted less than one percent of the total orders received. A few manufacturers, however, reported that this type of order constituted from 10 to 50 percent of the total orders received.

Finally, the most important result of this investigation was the fact that 80 percent of manufacturers who replied said

that they made a charge of from 25 cents per gallon up to one dollar per gallon for this type of order. Now I am not saying that this charge is passed on ultimately to the consumer. In many cases this charge has been assumed and taken up by the sales department, who in turn pass it on to the consumer if they can.

The federation appreciates that most of these nuisance orders falls in line with industrial sales and wishes to bring the matter before you, with a thought that possibly you might wish to bring about more universal and uniform methods of making some additional charge per gallon on this type of order. So that instead they will be profitable to your concern instead of just headaches.

Adjusting Troubles

Another way in which the federation might help was suggested last year by J. R. Esposito. He thought that we might help by getting up a "trouble-shooter." By a "trouble-shooter" we mean some method to pass on to the sales department, to adjust these industrial complaints on the job instead of bringing them back to the plant. Let me state just one way in which this might help.

I heard of a complaint in the industrial field a short while ago, about a heavy skin in the can. It seems a man had to go on a job and the customer told the man about this very thick and heavy skin on the top of the can, on the material. The salesman brought the can back to the laboratory, and I must admit, from what I hear, that the skin was very, very thick.

It happened to be that type of gallon can where you cut out the top with a can-opener. In this instance the top of the can had dropped down on the paint—and they thought that it was the skin formed from the paint.

Now if that could have been adjusted on the job it would have saved a lot of expense, the expense of bringing it back to the laboratory.

Information On Materials

Another possible opportunity of our helping is in regard to raw materials. You have heard quite a bit this morning about synthetic type of raw materials, raw resins, but there are many other types of raw materials coming forward every day. The federation is in a position to get first-hand information about these new raw materials. Very often they might adjust or open up some new market for industrial sales.

You men, however, are on the firing line, and know just how some product should be developed to open up this market for you. What we suggest is this. That you bring the problem to the technical man, and perhaps he has something in his laboratory, at the present time, which might be adopted for that new product which in turn will mean more sales for your department.

The federation has recently completed its convention this year, and I merely wanted to tell you about some of the types of papers that are being carried out by the individual clubs.

These papers are carried out by the technical committee in each club, who are actively working all year. Some of these papers had direct concern with industrial problems.

Research Work

For instance, our Cincinnati-Dayton-Indianapolis club has been working all year on how to correlate laboratory batches to actual production.

This will bring a direct influence on the cost of servicing because all of these new things originated any way in the laboratory, and they must be made up in such a way that they can be put in the factory to be made up into orders. In this way is the way of testing chemical resistance of protective coatings, directly concerned with industrial sales problems.

The New England club presented a very interesting paper about the protective and decorative coatings on new concrete floors. Perhaps everybody in this room has had some trouble with the paintings of new concrete floors, and we feel that the work of this New England club is going to help you overcome a great deal of that trouble.

The Pittsburgh club read a very nice paper, about the comparison of various pigments and vehicles, in rust-inhibitive primers. Another paper which is directly concerned with industrial sales in that it might open up new markets for some of your products.

In closing, Mr. Kennedy, let me say that all of the members of our federation are young, and full of vim and vigor, and we are very anxious to help you in your work. Give us the job and we will try to do it.

And, Mr. Twigg, I say the same to you. We are very anxious to co-operate in any way, for we appreciate that co-operation is the keynote of success. We in the plant must make our profit, and the sales, and we also must work together and we are very anxious to co-operate. Thank you.

Chairman Kennedy: Thank you, very much, Mr. Anderson. I am sure that we will keep that in mind as the years go on.

They have had very interesting results in the furniture district with an industrial sales credit man, and we will next hear from P. J. Gray, of the National Association of Credit Men, on the accomplishments of the industrial sales credit men as it has actually worked out. We will now hear from Mr. Gray.

Industrial Sales Credit Plan

Philip J. Gray:—It gives me great pleasure to bring to you the most cordial greetings from the directors, officers and staff of the N.A.C.M., and to express the hope that your national convention here in Washington will be at the same time pleasant and productive of much that is valuable and worth while.

The contract between our two associations has been a long and pleasant one, and we are all deeply appreciative of the splendid spirit of helpfulness, understanding, and co-operation that has characterized that contact throughout.

We feel particularly close to the National Paint, Varnish and Lacquer Association because of that long and friendly association, and also because so many of your members are also members of the National Association of Credit Men.

A recent survey by industries of the make up of our credit interchange membership revealed the fact that your industry led the list and made up 5 percent of our total interchange members—so we're really one large family.

Most of you present are fairly conversant with the details of the industrial credit plan—in fact, I see here some of the men who evolved that plan—but just to avoid overlooking anyone we'll sketch the high spots of the plan hastily.

The industrial credit plan for the National Paint, Varnish and Lacquer Association was conceived and formulated by your credit and collections committee with the cooperation of the industrial sales committee and other related subcommittees. Briefly, it proposed three steps to an improvement of the industry's administration of credit on industrial accounts:—

1. The use of credit interchange service.
2. The issuance of a monthly consolidated report on delinquent accounts.
3. The issuance of an annual consolidated report on bad debts.

Just for a change, we'll look those three steps over backwards.

The annual bad debt report needs little comment; it is a compilation of charge-off accounts, attorney accounts, and permanent C.O.D.'s. Its advantages and uses are evident and from a statistical point it has very real value.

The monthly consolidated report of delinquent accounts is another supplementary service with which you are all familiar; it represents the compilation of delinquents classified according to their age. This report has many definite advantages and of course very definite limitations. It constitutes a real warning signal to the credit executive, points out accounts that require an up-to-date investigation and can be made extremely helpful in the collection manager's work. It must now, however, be relied upon for a credit appraisal for it lacks several very necessary qualifications that we'll find in step No. 1 and that, the very foundation, the backbone of the industrial credit plan is credit interchange, or what is also known as ledger information.

Interchange of Information

Step No. 1 of the plan—credit interchange—is just what its name implies, the interchange or exchange of credit information, ledger information, than which there is nothing more necessary in credit appraisal or analysis. It is unerring, accurate, and prints a picture that is just unmistakable. It is remarkably fortunate that creditors themselves possess this invaluable system of appraisal. Creditors have the facts they need. All that is required is to pool those facts into one clearing system, compile the facts, and lo and behold! they have right there before them subject to their critical inspection, their debtors' accounts payable ledger. All his accounts payable? Yes, if all the creditors contribute their information and where and when, and how much and how long, and on what terms he's been buying and what is most important how he is paying his bills, marvelous facts for the man who must gauge that debtor's credit worth; facts that are absolutely necessary to the creditors; facts that only creditors have.

All that is required is creditor co-operation and that you have in the member-owned, member-controlled, and cost-operated credit interchange system of the National Association of Credit Men—co-operating creditors in every line of business, in all industries covering every market of the United States, and that is important. Ledger information to tell the whole story must be intermarket and interindustry if it is to give a representative description of a debtor's paying habits. Paint and varnish might be only a fraction of a debtor's purchases of labor or steel. The paint creditors exchange of information would be most incomplete. Add to that the ledger information from the lumber and steel creditors and perhaps a dozen other industries in as many markets, and Mr. Debtor's conditions stand revealed clearly and distinctly.

That then is credit interchange, the all-important step number one laid down by your committee.

The plan is a splendid one, comprehensive yet simple, accurate, efficient, and economical, and given a measure of co-operation by the industry in general, cannot fail to accomplish its objectives. Some minor corrections and adjustments have been suggested, and will be considered by your committees such changes as are necessary will be made from time to time.

Turning Losses to Profits

The broad objective is to increase net profits. Detailed, that objective divides itself into an aggressive attempt to reduce or, if possible, to eliminate the industrial bad debt loss, reduce the accounts receivable outstanding.

We are happy to report that real progress has been made particularly in the Midwest. Already that part of the consolidated report covering that territory is assuming worthwhile proportions and providing more and more valuable information. We anticipate a real advancement on the East coast this Winter, and are hopeful that shortly after the first of the year the plan will have really national scope and coverage.

From past experience with similar plans in other industries, we know your industrial credit plan will reduce the industry's bad debt loss and will definitely reduce your outstanding accounts receivable, and a definite trend in the direction of reduction is already discernible. Moreover the plan will furnish your credit executives with a more comprehensive and more accurate method of credit analysis, which in itself will pay huge dividends.

The industrial credit plan is practical and requires only the co-operation on the part of creditors to succeed. Every creditor participating in the plan perfects it in coverage, accuracy, and efficiency.

Your association officers and such members as T. J. Kenny, chairman of your credits and collections committee; Paul Kennedy, chairman of your industrial sales committee; the members of those and subcommittees that evolved this industrial credit plan, have rendered a real and lasting service, not only to your industry but to all industries. We wish to pay tribute to their forward-looking plans for the improvement of credit, and we hope the co-operation their plans deserve will be forthcoming. For our part, the National Association of Credit Men willingly and freely places all its departments, all its facilities, at their and your service, whether it be for this industrial credit plan, credit control, collections, liquidations, or any other service beneficial to credit and business.

The plan is a special one, it depends on only one thing, and that is co-operation. That you must have. It is evident that unless the majority of the members who are going to benefit from such a plan must co-operate, there is nothing to get. You can't obtain anything unless co-operation is there and this ledger information is pooled.

The broad objective is to increase net profits, bring them down so that it could be best accomplished by a reduction of your extremely large bad debt loss.

You have had figures on that for over a number of years and I suppose the first real objective would be to reduce that bad debt last, and second, of course, to reduce your outstanding accounts receivable, and lastly add to the scientific information and professional method by which your credit men may engage the credit worth of protective debts.

Just as a sidelight there, the national association is co-operating with four hundred different groups; and I suppose each one of them has a different plan. The four hundred different groups, some form of industrial credit plan is used and from experience with those groups, we can assure you your industrial credit plan will reduce your bad debt. We are hopeful that it will eliminate it entirely.

We are positive it will reduce your outstanding accounts receivable, and over and above that it will give the credit executives in your industry a scientific a professional method of credit appraisal that will pay huge dividends.

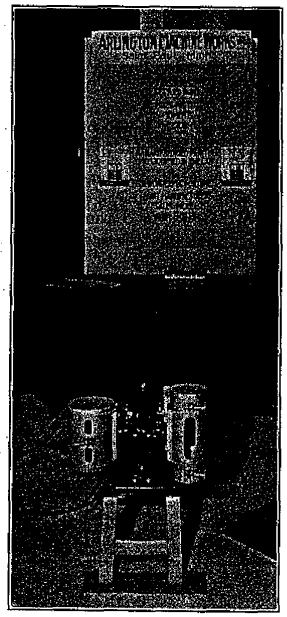
We are sure that the objectives for which this plan was designed will be reached.

It has been a real privilege and pleasure to meet with you here, and one that I appreciate very, very highly. Thank you.

Chairman Kennedy:—Thank you, Mr. Gray. In the old days when vaudeville was popular, I imagine most of us were patrons of that ,and we always waited for the next to the last act because that is where the star always appeared, I don't know why, but that was the spot on which the feature number appeared.

So in arranging our program, we have our star number, next to the last on this program. The next speaker I am sure, needs no introduction to you, but he certainly deserves your commendation, because he is, and was the moving spirit in the formation of this industrial sales group.

Without any further introduction, I would like to call on the "Daddy" of the industrial sales group, Joseph Esposito to give us some slants on where we are going.



Arlington Machine Works
At the 1934 Paint Industries Show

Where Are We Going?

J. R. Esposito:—This happily, is the first anniversary of the birth of the industrial finishes section of the National Paint, Varnish and Lacquer Association. What has transpired since it was officially born at the Edgewater Beach hotel, Chicago, last October, has been variously and well described by the speakers who have preceded me on this notable occasion.

As the sponsor of the industrial finishes section of our association, I feel at liberty, if not by solemn duty, to amplify some of the remarks which have been made at this meeting, with particular reference to the address of our chairman, Paul Kennedy, and to fully awaken all the members, both present and absent, to the fact that all is not quiet and tranquil on the old Potomac. I am sure none of us realized the difficulties with which we would be confronted in assembling this immense jigsaw puzzle titled, "Industrial Finishes Group"—each member a part—each part a mate. We put it together all right, and the picture was perfect. We hung it up so everyone could have a good look at it—miles away and at close range—but the audience, I am sorry to say, has been pretty damn unresponsive. Perhaps I sound like a "park-bench poet" dispensing a lot of "hogey" but it is nevertheless, the truth.

J. R. Esposito

Consider gentlemen, if you will, what the steering committee has encountered since it first started to function about the middle of January; meetings galore have been held in New York and Chicago, always with a full attendance; but why all these meetings?

They were first, for the purpose of securing the best man to head each committee, which was most important; and second, to get the necessary number of men in the industrial field to complete the several committees.

At this particular point, I wish to state that I was compelled to resign as chairman of the group owing to the pressure of business affairs and demands upon my time by my company, and Paul Kennedy most graciously, was kind enough to relieve me last April. Mr. Kennedy put in a lot of hard work, practically subordinating the affairs of his own company, as did the members of the steering committee in a smaller way, writing letters, phoning, telegraphing to a number of individuals in various parts of the country, and inducing several outstanding men in the industry to accept appointments as chairman of this and that committee and/or members of committees. Ernest Trigg also played a very prominent part in this respect.

All Must Work Together

To be sure, something has been accomplished to date, but we are still lacking in many acceptances to fill the committees as we desire. We simply have to have men who are thoroughly enthusiastic and willing to lend a helping hand to put this proposition across, but unfortunately those men most competent to serve have for one reason or other decided. If we all mean business, if we are all serious about upbuilding the industrial finishes industry, then for God's sake let's pull together and do something about it without selfish motives, subterfuges, and undue individual gain. But there prevails an attitude apparently of "To hell with you—I will look after myself." Such an attitude is disastrous and simply will not work in the long run. Comes the day (as has always come to sinners in our business) when they must give up and whether they be large or small, they cannot escape destruction any more than they can avoid death and taxes.

I firmly believe that the paint, varnish and lacquer industry can well be regarded as a barometer of business in this country, rather than steel and which everything seemed to gravitate up to recent years. In a way the latter still is, but it has lapsed into a lethargic state, and we seldom hear it mentioned nowadays as a measuring stick for permanent recovery and prosperity. By and large, our business can and should be established as the pivotal industry to determine the trend of general business conditions throughout the country.

This thought may sound absurd, if not fantastic, but it is far from being either. You must bear in mind that the products of our entire industry go on practically everything we see or touch, be it steel, wood, fabric, or tinplate. About the only thing we do not decorate, finish, or paint, is the hole in the doughnut. Then why

should we not only aspire to, but actually achieve this result? Instead of disintegrating, let's integrate, and if this suggestion is accepted seriously, we will soon reach our goal as the mainspring of business.

Perhaps among the millions of users of our merchandise, there are not a thousand people who do not look upon the activities of our industry as a "racket." By gosh! it is becoming a racket and I wonder who in this room dare argue that it is not.

Off and on for many years, some bright statesman has tried to jam a bill through the State legislature compelling the manufacturer of paints to print the formula on the label. The reason for a bill of this kind is obvious. When it has happened and when it happens again, hundreds of paint manufacturers literally go crazy and do everything in their power to prevent the passage of the bill; the effort in this direction is generally believed to be quite successful.

The point which I am attempting to make is that they have no one to blame but themselves. In the industrial finishes field the manufacturers of those products need have no fear of State or governmental interference of this type. Their fear of possible extermination is the result of ridiculous price-slashing, calling a piece of goods "synthetic" when it is far from it, and many other methods of vending their wares, too numerous and stupid to mention. Finally, the selling scheme in which the most flagrant offense is found and the worst abuse ever perpetrated upon a customer already suffering from other ailments born of the depression and other causes, is the one called "reciprocity."

Evils of "Reciprocity"

Ways and means and all sorts of devices are employed by a number of manufacturers in our line, in the attempt to extract business from their competitors to the exclusion of a more worthy and experienced maker of the products. The customer, influenced by the injection of the "reciprocity" serum into his system, must perforce (and with reluctance) take the hammer blow on the chin and deal with his purveyor on the basis of reciprocity. If he were diong a fairly normal business, he would not take it on the chin and be made to like it. Herein lies the main act in a show called "racket" which I mentioned before. The reciprocity blow is not applied gently, but with the same violence use by the racketeer in putting his man on the spot.

It is needless for me to remind you that our type of business is highly specialized—necessitating considerable research—far more today than as recently as five years ago. As the present time the question is not what particular material will answer the customer's needs, but which of many types will best serve his purpose—fossil gum, lacquer, or synthetic, and of the synthetics, which of a hundred?

Laboratory expenses are mounting daily, as is true of service charges. It is to be hoped that we will not soon reach the state where our factories become one great laboratory, populated by armies of service men and only a couple of millhands. All of these expenses must necessarily be prorated against every gallon of material turned out and sold. The selling price must, therefore, be commensurate with the total cost of development, production, servicing, and sales expenses and allow for a reasonable profit.

The paint manufacturer is not by any means confronted with these same problems and difficulties; his is more nearly a run-of-the-mine proposition, laboratories and service men being definitely in a minority and not so important a part of the overhead as is true in our line. Therefore, when industrial finishes are sold at the same margin of overhead as paints, the sensible and legitimate manufacturer of that product finds himself utterly unable to exist. The only way he can catch up with himself is to go into the paint business in conjunction with industrial finishes and play the game the same as the manufacturer who is interested primarily in house paint, but dabbles in industrial finishes to the detriment of the whole industry.

Let us, then, elevate our industry and give it the dignity it once possessed and regain the wholesome respect of the consuming public and industrial users. There is not a possible chance of victory unless we all get together in one concerted effort, each and everyone of us accepting the situation even more seriously than I can possibly describe, and taking an active part in the promotion of the aims of the industrial sales committee.

This ends my little talk, which I have purposely made very brief, but in these few words I sincerely hope I have conveyed the imperative need to all members of the association in our group of getting on the "band wagon" and helping the good work along.

Chairman Kennedy:—"Product value and subcommittee activities." Is David Andrew here? Is L. F. Beatty here?

Have you anything to report?

Mr. Beatty:—I thought the members might be interested in this. Since we have been only recently organized, we have nothing to report.

Just what form our activities will take I don't know. We haven't been organized long enough to give you the feeling of the thing, but I anticipate we will have plenty of suggestions the next year as to courses of action, and I hope that we will have a good, busy year.

The committee is as follows: S. R. Matlack, H. C. Shedd, Lawrence Phillips, Ben Patterson, and myself as chairman. That is the sub-committee on marine and industrial maintenance.

General Discussion

Chairman Kennedy:—W. I. Longsworth is ill; C. L. Sullivan had to take a train to New York.

Now the meeting is open for general discussion, and I wish you would take this opportunity to comment on the papers, or any other subjects of general interest.

In that connection, one subject which has been proposed to me is that some question would like to be asked upon the progress of the lacquer license situation.

I know I had three questions handed to me, and if there is anyone else here from duPont they might have some. One question asked was "How the industry was progressing."

Another one was "How much of a threat is high-viscosity lacquers"? Another was, "What do the members think of the present price schedule?" I suppose there are a lot more.

Would you object to commenting on those questions?

Lacquer Licensing

H. E. Lackey:—Mr. Chairman, we started out on this lacquer license situation, and I think that there was a lot of scepticism in the industry as to first on the object that we announced as being our objective, that is to advance the cause of lacquer in the industry so that we could all make a profit, and second, as to the ability of maintaining prices.

I think I ought to say that we want to thank all of our licensees and every body associated with us for their cooperation. I think that we can report that we are getting, absolutely, the cooperation of all of our licensees, and the industry, and we are now making a little money in lacquer.

Chairman Kennedy:—What is the number of licensees?

Mr. Lackey:—Two hundred and forty-five licensees, which I think comprises about everybody that makes and sells low-viscosity lacquer.

As far as I know, the customers, our customers have accepted the proposition, of course, a little unwillingly because they have to pay a little more than they were paying, but I think the general idea is that the prices that were established are sound, and that they only represent normal profits to us.

High-Viscosity Lacquers

Chairman Kennedy:—I also have the question of "How much of a threat is high-viscosity lacquers?"

Mr. Lackey:—High-viscosity lacquers are just as much of a threat as you want to make them.

Technically you know the difference between high-viscosity lacquers and low-viscosity lacquers. In different fields there are probably different threats. I think that the main answer is that you will supply your salesmen with economic answers, a high-viscosity lacquer in most fields will not be a threat.

Price Schedules

Chairman Kennedy:—Another question was "What do the members of the industry in general think of the present price schedules?" have you had many suggestions?

Mr. Lackey:—No, we have had very few suggestions for changes in the price schedule.

Chairman Kennedy:—Is there anybody in the meeting that would like to ask questions about lacquer in the first place to get Mr. Lackey in front of us and have some authoritative source to ask these questions some of which are of interest to all of us.

Are there any questions on lacquer?

Well, evidently everybody is pretty well satisfied with the situation. That is one thing that is ironed out in good shape. Thank you very much, Mr. Lackey.

We are honored today, in having with us a representative from the coast, and I think it would be of great interest to all of us to get any slants which might come from that section.

If S. Goldberg would be so kind as to step up and favor us with a few words at the microphone, I am sure that it would be greatly appreciated.

Is Mr. Goldberg in the room? Evidently our Western friends have deserted us.

Now, are there any other topics or thoughts that any of the gathering has in regard to our industrial proposition? There certainly must be something in your minds, and this is the best place and the most opportune time to get it off your chest.

A. C. Horn:—I expressed myself so much last night that I thought I would sit here and listen.

Chairman Kennedy:—The wood group is arranged with another group this afternoon. Is there any member of that committee here?

Mr. Horn:—May I suggest that you call on Mr. Hasson to report the proceedings of the metal group.

Chairman Kennedy:—Is J. O. Hasson, of Sherwin-Williams, here? No, he is outside.

Metal-Finishing

D. P. Joyce:—The meeting last night was the first meeting that I had the pleasure of attending, and I thought it was very constructive.

We learned a lot from the very interesting comments made by Mr. Horn on this activity of the metal finishing group, and I for one, and I know that all others present, thought that a good deal was done.

We talked at length, and we discussed our problems at considerable length, and I know that everybody received a great number of interesting ideas, and we are all looking forward to further meetings of the metal finishing group, and I think unquestionably we are going to benefit ourselves as time goes on.

I was particularly impressed to hear the members present at the group meeting comment on the improved conditions throughout the year as the direct result of the activities of the committee. I am sorry that I wasn't present at the other meetings of the groups, and I think that everyone there, all of the members present, felt that the work that has been laid out under the able direction of Mr. Andrew was very constructive indeed, and I feel that if all of the other groups functioned as well as the metal finishing groups was functioning, that a great many of our problems would be lifted.

Chairman Kennedy:—Is Wallace Bennett here? Would you mind telling us a word about the West. I know that you are not so strongly interested in industries out there, but possibly you will have a message that would be of interest to the group.

Mr. Bennett:—I was looking around the group for Goldberg. He is here from San Francisco and he does an industrial business. I think that he might give you a much more intelligent discussion of that.

There are a lot of people who think that the Harlem River is the western boundary of the United States, and there are a lot of people that think that the Mississippi River is the western boundary of the United States—but it is a fact, that Salt Lake City is as far from San Francisco as Chicago is from New York and for me to say anything on this situa-

E. J. Cornish

tion in San Francisco would be like asking Frank Sulzberger to discuss the New York situation.

I know that there is an industrial business out there, probably with the same problems that you have, but if you could find Mr. Goldberg, I think he could tell you about that.

Chairman Kennedy:—We tried to find him but he had left.

Are there any further comments?

F. H. Callahan:—Inasmuch as there is nobody here from California, I might use the alloted time to speak a few words with regard to the climate of that State.

I rise for an entirely different purpose, however.

A couple of years ago, attending a convention in Chicago, I think, as I was passing by, one of those younger people, remarked, "There goes old Colonel Callahan," and to add to my realization of my old age, I was put upon the arbitration committee, and with a chief justice at my side, we came in here rather late and missed all of the good things that were both enlightening and entertaining.

I should remind some of these members, however that I was the youngest president of this association, over twenty years ago, and I am now referred to as the "old man," as being on that arbitration board, and with Frank Cheesman and "Chief Justice" Cornish, and I begin to realize my years.

I think that we should appreciate the appearance of Mr. Cornish at this meeting; last year he was unable to be with us

I was highly complimented during the year, on a couple of occasions, calling on the trade, to have members say, "I missed you and Mr. Cornish last year, with your usual controversies over nothing."

We both have a fine regard for each other, and a mutual admiration exists between Mr. Cornish and myself, and we have, perhaps, in past days taken up too much time, but as you know, Mr. Cornish has jumped into the hearts of the members of this association until we must recognize that, perhaps, he is our first citizen, and having him here again this morning, to be frank, we didn't expect him to come back. It is a great honor to have him here, and I wish you would take recognition of that and ask him to occupy a seat at the table.

Chairman Kennedy:—We would be delighted to extend that honor, to you, Mr. Cornish, and I wonder if you would give us the pleasure of a few remarks.

Prosperity Near at Hand

E. J. Cornish:—I am glad that my invitation is to attend the dinner. I have been struggling now for two years to reduce my weight. A doctor found out about two years ago I had a 240-pound blood pressure, and he proceeded to send me to bed and hire a trained nurse to take care of me.

About three weeks ago he told me that that blood pressure was down to 185. Although he is competent as any physician I know of, I don't know what gave me high blood pressure and I don't know what has reduced that blood pressure, but I do know that for the last two years I have been trying to eat less—and if there is any real serious trouble that ever comes to a man, it is to have a good appetite and be compelled to eat less.

I also was a little unfortunate in the matter of drinking. When I was lying there in bed, the doctor was giving me directions as to what I should do, and I said, "Doctor, how about drinking?"

He said, "Oh, I don't object to your drinking. I am pretty liberal about those things."

When he said that, he had said all I wanted him to say, and the prescription was satisfactory and I asked no more, but Mrs. Cornish being there said, "How much, Doctor?"

Then the doctor proceeded to answer, "Two tablespoonfuls a day." That is another of my sorrows.

Now, I don't believe that I ought to have an opportunity to meet by old friends in this association, without trying to say something. Still, I don't know. I have nothing in particular to say to you, with the possible exception of this.

I think that the depression—the fact that so many people found their securities reduce in value, so many people lost most of their savings—I think that has operated to improve the condition, the morale of the people. I don't believe there is a man in the United States who works, who would not welcome an opportunity to work more hours than he can now get. I am sure that they all want to work.

I am sure that there is a good morale in business. I am sure that those two things are going to improve the business conditions of this country. I have appeared before this body many times in the last seventeen years, but I have always sounded a note of caution, I have always expressed a fear. Today I see absolutely nothing in the future that will stop the prosperity of the people of the United States. I have no fears to express.

I know that today the banks of the United States are loaning money at the lowest rate of interest that I have ever known in an attempt to get people to borrow money and increase their business facilities. Of course, I know that when the banks found their securities being reduced and banks failing all over the country, they also learned a lesson. They learned that they must have their paper properly secured, to the extent that that has made them careful in loaning money.

Credit Conditions

I presume they are careful, but the very fact that within the last three months the National Lead Company has been offered by three different brokers, in New York, a million dollars or less for six months or a lesser time, at the rate of three-quarters of one percent interest, plus the commission to the broker, has surprised me at the extent to which the bankers of this country are trying to get people to take loans, when they can properly secure them.

I have no doubt, therefore, that you are going to find money fairly free. To what extent the credits of the government can take the place of credits of commerce I don't know. I can well believe that as long as there is an uncertainty as to whether you are going to get your money back that you loaned, that there will be a hesitancy in making investments to be returned in five or ten years.

I recognize that that question is becoming a serious one, but I have no doubt that the people of the United States, yes, the politicians of the United States, if you please, also will see the troubles and will remedy them.

We will have credit forthcoming for everything that ought to have credit. We have got the best morale in business that I have known for years. It is the only time that, while I recognize all of the deficiencies of the present, recognize them fully, that I can not look into the future without seeing the improvement coming to us very fast.

I think that is the only message that I have to bring to my friends here. I thank you for the reception you have given me, and I assure you that last night and today constitute one of the most pleasant times I have ever had, because I am meeting so many of my old friends.

Now, of course, there comes a little pain when I look up and don't see Horgan; when I fail to find my old friend Chatfield; when Ludington Patton, one of the shrewdest, keenest business men I have ever known and one of the most honest men in business that I have ever known, has passed to the great beyond.

But my present pleasure, gentlemen, in feeling strong enough to come here, in meeting you, in receiving your greeting, your smiles, your handshake, is one of the greatest pleasures I have ever had. Don't think that the breaking of my voice means weakness. It is the enormity of the emotion that makes me weak, not the deficiency in my body.

Chairman Kennedy:—I am sure that Mr. Esposito will not be offended, if I say that we have just heard the star act then.

Thank you very much, Mr. Cornish, and if I may voice what I feel, it was the greatest bit of inspiration to me that I have had personally in a long, while.

And to you, Colonel Callahan, for making it possible to hear Mr. Cornish, and to be so thoughtful in the matter, I am sure that I convey the thanks of everybody here.

Mr. Callahan:—Could I say a word here?

Chairman Kennedy:—Surely.

Comment by Mr. Callahan

Mr. Callahan:—I never though that such inspiration from Mr. Cornish was possible, but it is fine to receive this inspiration regarding the depression and the changes that it has brought up. I consider the last four years of my life to have been the most interesting, and I should say the most pleasant of my career—meeting these conditions personally in my own fortunes, and meeting the disturbed conditions of our business, and making efforts now and then to overcome these difficulties.

American business men have been known to have accomplished wonders. They are supposed to be the masters of industry, and a model for the world.

They have been confronted in the last few years with extraordinary conditions. Too many of them have been weeping; too many of them have sung swansongs;

while on the other hand they should have welcomed a formidable opposition to their program. They should have applied initiative and intelligence and industry to overcome these problems that have been confronting us. We have had that advantage in the last four years.

In many ways this depression has been a great blessing; that is, a blessing, not to me or Mr. Cornish; we didn't have the advantage of an experience like we have had in the last four years; things were very smooth-sailing. But the younger men that I see around me who are rapidly taking our places, will remember this depression for the balance of their lives. They will be like the wise virgins, preserving their oil, and when we have another depression they won't be found like many of us were found, with little preparation for the difficulties we have been confronted with.

So the new generation in business and the young people have had an invaluable lesson from this economic depression, and even us older people can look around and feel how much worse we might be if we were in Germany, or the last twelve years in England which is now recovering for the first time, and in other countries throughout the world.

We have had a near-prosperity when they were suffering, and I am one of the hopeful beings like Mr. Cornish, I see nothing but better conditions when we can conform to a new social picture.

We seem to be headed that way. Things have been improving as Mr. Trigg reported yesterday, and so I just want to say that the depression will prove a great blessing in disguise.

For Better Ways

Chairman Kennedy:—I am sure that it would be most inadequate with the meeting at this pitch, to prolong it further, and in closing my remarks I would like to borrow from what Mr. Cornish has said, two thoughts and two questions, that I would like to ask you. They have just come to me as a result of what he said.

One of them is the most inspiring remark from such a source—that the outlook is clear. I would like to ask you this question, in the face of that:—Should we go on chiseling or trimming or should we set our ships in order and attempt during this year in the course of our industrial sales work, to improve the price and marketing conditions of the industry or not? I would like to have you answer that—should we or should we not—in a good loud voice.

(Cries of "Yes.")

Chairman Kennedy:—The other thing is about the remark that Mr. Cornish made about the eating, and what a terrible thing it is to have a wonderful appetite and not be able to eat the things you like to eat.

Now, just as a crude illustration, that reminds me of a meal that might be composed of bread and butter, and a nice juicy beefsteak, and personally I don't know of anything I dislike more than spinach, so that will be the third part of the meal.

Now, our bread and butter is our overhead business that we have to have. Our steak is our specialty business, on which we are entitled to, and should get margins, and the spinach, that is the specifications stuff, the minimum price, and all of the chiseling. Now, just answer this question for me, and we will close the meeting:—Do we want to eat spinach?

(Cries of "No.")

Chairman Kennedy:—The meeting is adjourned.

(The session was adjourned at 1:00 p.m.)

Fourth Session—Thursday Afternoon

Trade Sales Conference

[The fourth session, the trade sales conference was convened at 2:30 p.m. November 1, E. D. Peck, chairman of the national trade sales committee, presiding.]

Chairman Peck:—It is rare indeed that the time, the need, and the man meet, but they certainly did when Ernest T. Trigg became president of the National Paint, Varnish and Lacquer Association.

Introduction by Mr. Trigg

President Trigg:—Your chairman's remarks embarrass me. I am reminded of a story which I think I have told to some of you, but I am sure that some of the rest of you have not heard it, and therefore, I will take the liberty of repeating it.

One time, a year or two ago, I was up in Minnesota with a friend of mine, and we were driving over some of those country roads in that section, which probably many of you are familiar with, in my friend's car, and as we made a turn in the road we suddenly caught up with a couple of small boys leading a calf with a rope around its neck. The calf didn't lead very well, and it objected to being led and it just planted itself obstinately just where it was, and so my friend crept quietly behind with the car, and after getting behind it he gave a couple of strong toots with his horn, and the calf launched ahead, and rushed on a bridge, jumped over the railing, and fell into the river below and was drowned.

And so of course it was a great catastrophe. The boys felt very much upset and wondered what their father was going to say and what punishment he would mete out to them. They didn't criticize my friend, but finally one of the boys said, "Mister, I don't want to say anything, but don't you think that that was an awful loud toot for such a little calf."

I am glad again to welcome this group. I have been doing the welcoming all week, and it is especially nice to see the ladies here, lending their encouragement and inspiration by being here interested in what we are doing, because after all the ladies mean an awful lot to men in business in the way of inspiration and encouragement and we are glad to have you all here.

We have had some fine meetings, and I wish that every one of you, and I know that many of you were here this morning, but I wish everybody in the paint industry might have been present at the perfectly magnificent session that we had this morning of the industrial sales group, to listen to the commonsense talks made by members of the industry on technical subjects—synthetic resin, the co-operation of the production men in the industry, with our broader problems, and I want to compliment Mr. Kennedy, the chairman, on the wonderful manner in which he presided and I want to especially refer to the entirely spontaneous and most constructive conclusion of the meeting, when Colonel Callahan in that perfectly delightful manner of his arose in his place, and said, "Mr. Chairman, Mr. Cornish, dean of our industry is here with us today, and I think it would be nice if you called on him."

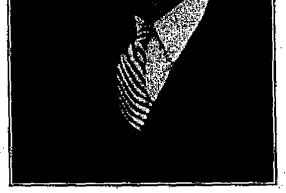
Inspiration From Mr. Cornish

So the chairman called on Mr. Cornish, and Mr. Cornish talked to us probably ten minutes in a way that inspired us more than anything that we could possibly have hoped for, and I am sure nobody dreamed of anything of that kind, and when Mr. Cornish told this meeting here this morning, that he, a man with the experience that he has, and that looking to the future, with the judgment that we all respect, could see nothing but prosperity ahead for American industry, well, of course, we just all went wild with that statement from him.

It was encouraging and inspirational, and I wish that we might all have heard it.

Now this afternoon we are going to have just another very fine and wonderfully constructive session. We are dealing with new problems. We are going to consider this afternoon and put into effect actively, we hope and believe, and we feel sure, with everybody in this industry the closest kind of co-operation with what I believe is the greatest thing the government has so far done in all of its many attempts to bring about recovery and restore business activity. I refer to the housing act, and we are going to put that before you.

Mr. Peck has been working on this, and I couldn't tell you how much time



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Chairman on Trade Sales

they have put on it. They have abandoned their own business practically, in order to be able to bring here to you, to the members of this industry, and through you down to the rank and file, the jobbers, the dealers, householders, and home-owners of this country, the opportunity which is now before us, if we only have the courage and energy to take hold of this new piece of machinery to just increase our business.

After all, I think the paint industry is the primary beneficiary of the housing act as set up by the government, and as being conducted by the housing administration.

And so, ladies and gentlemen, with Mr. Peck's permission I will welcome you here this afternoon, and I express the appreciation of the officers and the executive committee of the association for your attendance at the convention and for the interest that you are taking, and I just hope and feel sure every one of us are going to get the greatest amount of good out of the work that Mr. Peck and his associates have been doing on the trade sales end of our business.

Chairman's Address

It is a real pleasure to be with you and a particular privilege to preside at a meeting called for the purpose of helping "a great industry move forward."

And especially so when you realize:—

That our industry is the guardian and protector of the soundest asset the average American family possesses.

That our products not only protect but likewise contribute beauty, charm, and happiness to every home—and in a substantial enduring way.

That expenditures made for our materials do not cause or bring into being recurring or associated expense items for maintenance or operation but instead work in the opposite direction, and reduce the cost of living.

That without grease to eliminate friction, and paint to absorb the destructive action of the elements and the wear and tear of life, no industry could exist, and far less move forward.

Our industry, gentlemen, is a great industry, economically sound, definitely constructive and beneficial from every standpoint—beauty, protection, sanitation, and profit.

And, yet, what is our industry position, as compared with other industries which have originated and flourished during the same period of time?

What have we done?—How much have we accomplished?—and where do we stand?—are vital questions which should be carefully considered, comparatively weighed, and constructively answered for the benefit of our future development.

So let's examine our record!

The pain and varnish industry, as you well know, started in America at the end of the seventeenth century, about the year 1692, and after 237 years of pioneering, organization, and developing, reached, in 1929, its peak volume of $261,000,000 of trade sales merchandise.

A real volume of business, an accomplishment of which to be proud, an ambition fulfilled—until we say, "but what about other men, other companies, and other industries?"

That's the rub!

The radio industry, for instance, started in a limited way just before the World War, and in a commercial way about 1919. Within ten years, or by 1929, it had reached a peak volume of $592,000,000.

The electrical and gas refrigerator industry, started in 1914 and within seventeen years, had reached a peak volume of $258,000,000.

The oil burner industry, which is only active where we have cold weather, started domestically in 1919 when Nokol introduced a domestic unit and by 1929, or within ten years, had reached a peak volume of $131,000,000.

The mechanically rolled cigaret industry started in 1872 and by 1930 had reached a peak of $749,000,000.

The cosmetic and soap industry started, I guess, with Cleopatra, and by the year 1929 had reached a peak volume of approximately $1,000,000,000.

Talk about the success of clean-up and paint-up and save-the-surface! Why, gentlemen, what do you mean?

And so it goes, through industry after industry of every type and character—small purchase and large purchase; convenience and personal merchandise; service and construction products.

And, yet, who in this audience is prepared to say that any industry is as deserving of support or is as worthy of volume as is the paint and varnish industry? Your industry, gentlemen, and mine!

But facts are facts.

Playing Second Fiddle

The net is:—We are playing second fiddle to many industries, far less deserving industries manufacturing products which merely gratify some temporary or short-lived desire, are immediately destroyed or rapidly become obsolete, cost money to operate and do not in many or most cases add one single solitary thing to the protection of that great institution—the American home.

This does not mean that we condemn or belittle any or all industries but ours, but it does mean at the expense of repetition that many industries far less deserving than ours are getting a very much larger share of the consumer's dollar than their service or product merits; that too frequently paint money is spent for desirable but unnecessary things, while the home crumbles and our volume fails to grow.

Why? Undoubtedly for many reasons which all of us can think of—but certainly out of the mass we stand convicted of and condemned by five things—

Poor salesmanship, comparatively speaking, both written and spoken, as is best evidenced by the consumer's preference for other products in place of ours.

For example, a recent survey covering approximately 230,000 families, showed that during the past three years only 28.5 percent had rated; whereas 68.04 percent had automobiles; 49.51 percent, vacuum cleaners; 38.59 percent, washing machines; 34.25 percent, pianos.

Pitiful, you say, but true, and largely due not only to the inefficiency of our initial selling in transferring the ownership of the merchandise from one distribution link to another, but also to the terrible weakness and loss in potential and proper volume which occurs when the last distribution station has been reached, and consumer selling begins.

This, gentlemen, is no indictment of the sales people located in the various merchandising establishments of America, as the basic and original weakness is ours, and not theirs.

We have talked formulation until we have become black and blue in the face.

We have discussed raw material tests, manufacturing technicalities, and expert personnel until we have, by our own sales effort, convinced a large proportion of our ultimate sales force of the fact that this must be the major consumer appeal and the line of thought to be used, if one aspires to paint and varnish sales success.

And, yet, during this same period of time all of us knew, or should have known, that when people buy paint they buy paint for results; that they are not interested in a can nor a top nor a label nor a color card, nor in some confused idea of pigment-vehicle ratios, but in a beautiful satisfactory finish, and how to get it, on the home, barn, wall, table, or chair, which will add beauty, give protection, contribute to sanitation, and conserve the investment.

And, finally, that these facts can only be demonstrated and efficiently used by showing samples which reflect actual conditions.

Shortcomings in Selling

(2) Poor territory work, as is best indicated by the fact that our sales organizations spend a very large proportion of their time in account warfare and agency exchange, and but a limited and in most cases far too small a part of their time in creating business by using sound methods and personal effort to stimulate the final lines of distribution which lead from dealer to consumer.

This may sound quixotic, impractical, and visionary, but remember, gentlemen, that the maximum distribution of any product depends upon the number, the soundness, the energy, and the ability of the distribution outlets, and the resulting consumer contacts made.

That existing jobbers, dealers, and warehouses do not represent or make up this industry's real market.

That consumers and more outlets established for the purpose of contacting and selling more consumers, alone do.

(3) Poor sales direction, as is easily shown by the fact that but few dealers do little more than satisfy, or attempt to satisfy, the household consumer's demand for paint, which represents but 24 percent of the total market.

The balance of 76 percent consisting of materials used by the painting craft and maintenance consumers, is too frequently overlooked or unsought by concerns in a logical position to get the business, and in so doing, to render a real service, as a result of the inventory carried, leads furnished, advice given, and help of every constructive kind offered.

(4) Poor industry co-operation, as is best illustrated by the chaotic, unsound, unjustifiable, unstable, and demoralizing price pattern which exists in this industry, turning many salesmen and sales organizations into horsetraders, destroying the profit, and in some cases the very existence of dealers, jobbers, and manufacturers.

There is something pretty wrong:—

(a) About any condition which contributes to or makes for dealer mortality of 10 percent to 15 percent per year.

(b) About any sales plan which makes it necessary to completely renew the industry's existing distribution chain every seven to ten years in order to even hold its own.

(c) About any sales approach which turns merchandising establishments into hard and excessively price-conscious buyers, instead of active, interested, and satisfied sales partners, who are contented with their gross, and who realize that real profit is made on sales and not on purchases.

(5) Poor financing strategy, which has made it necessary up to the moment for the consumer to pay $100, $200, or $300 on the line for decorating and paint jobs, as compared with the consumer's opportunity to buy and acquire other things needed, or at least equally desired, at $10 to $20 per month.

What a chance—and especially so with funds low!

Industry's Opportunities

And, yet, gentlemen, despite these weaknesse, it is a fact that we represent one of the most helpful and constructive industries this world has ever known.

An industry that can and will do its full part if we do ours. This means:—

1. Better and closer co-operation between manufacturers, as well as between manufacturers and distribution outlets.
2. Sounder and more intelligent selling.
3. Cleaner-cut distribution lines.
4. Adequate compensation for services rendered.
5. A reasonable, fair, and strictly maintained price pattern.
6. A competitive and deferred consumer payment plan.
7. An additional number of merchandising outlets.
8. More efficient distribution.
9. More creative ability applied to our distribution.

We cannot lull ourselves to sleep with the condition of consumer acceptance for our products under favorable conditions. We can no longer be satisfied with merely supplying materials which people of their own volition make up their minds to buy. We must stimulate new wants, new desires, and justify our existence by creating.

Our growth and success, gentlemen, as a nation and as an industry, in the final analysis, depend not upon the producers of raw materials, such as the farmer, the miner, or the woodsman, nor yet upon any body politic or governmental authority. They all help, of course, but our immediate and ultimate success undoubtedly depends upon you and every other sales and sales promotion agency creating a definite demand for more merchandise and better merchandise, as, if attention is secured in worthwhile and constructive products, attention developed into interest, and interest expanded into desire for possession and ownership sufficiently strong to make men work harder, and more efficiently in handling their own affairs for the purpose of acquiring funds for the purchase of other products, and, of course, ours, factories can be run, men employed, transportation facilities used, stores lease, and our nation made contented and prosperous.

Gentlemen, our success is in the wood.

We did not enter this industry to fail, nor to be satisfied with a condition of mediocrity.

We entered this industry, *my* friends, to win.

Chairman Peck:—During the last two years the government through the present administration and its various agencies has done much in numerous ways to prevent suffering and to assist in the rehabilitation of our nation, but of all programs devised, and efforts made, the national housing act stands far in the lead.

It is therefore with great pleasure that I present the Honorable Albert H. Deane, Assistant Administrator of the Federal Housing Administration. Mr. Deane's knowledge, understanding, and thorough appreciation of the opportunities afforded and opened up under this act as a result of his many years' experience will, I know, prove to be of

unusual and wonderful benefit to this industry. Mr. Deane!

Housing Act Opportunities

(Everybody arose and applauded.)

Hon. Albert L. Deane:—It is with great pleasure for me to greet the members of this great industry. Even before the actual passage of the national housing act, we had the benefit of the wise counsel of the leaders of your association, your president, Mr. Trigg, Mr. Emerson, executive secretary of the National Clean Up Paint Up Campaign Bureau, and others, and since the passage of the act they have continued their counsel and close relationship, and I would like to express today the appreciation of our administration for the work they have given.

It was perhaps natural that they were early to sense the importance of this act to the country as a whole and to your industry in particular. One cannot think of better housing without thinking of paint and paint products.

It is hard to imagine a repair or modernization job, let alone new construction, where much or little of your products are not used.

You men sense so clearly all that is involved in the term, "better housing", there is perhaps little use for me to give you facts and figures about the great potentials that exist in the modernization of our existing structures and new construction that lies ahead.

You know that if this work can be undertaken, and the program that we have launched can be a success, that it will put millions of skilled workers back on the payrolls.

You know that it will speed up industrial activity and make profitable operations again a thing of the moment.

You know that it will reduce government spending for relief.

You know that it will enable us, if the program is successful, to approach the balancing of the budget and to bring an enormous increase in the output of all industrial products including our own.

We recently received a letter from a banker in one of the medium sized cities of this country, that so clearly states what I believe this program means to industry, and to the country, that I would like to read it.

The president of this bank wrote as follows:—

"This is why I believe the Federal housing act is a good thing. I believe it is a good thing because it is putting men back to work.

First, it provides immediate employment for the carpenters, plasterers, painters, sheet metal workers, plumbers, and others who actually work on the property, and the men and women who make and sell and transport lumber, roofing, paint, cement, furnaces, oil burners and other equipment.

"Second, the payrolls thus created immediately appear in the retail trade, creating sales in retail stores which furnish employment for more clerks and make more demand upon the factories and farms for merchandise and produce, and upon the railroads and trucks for more transportation. This new demand creates new factory payrolls and farm income which immediately appear as purchasing power in the retail stores, and the cycle begins again.

"This is the process (here greatly oversimplified) by which men and women exchange the services that they are able to perform for the services performed by others which they require. It is the process by which we make our living in the world. This process has been dreadfully jammed and deadlocked. We are now engaged in liberating it from this lamentable restraint.

"Idleness of men and machines is not simply the result of the depression, it is the depression. Getting men back to work is our whole job."

Necessity for Work

To judge what this program may be able to do, I would like to have you visualize what would happen if only one hundred dollars was spent on each of the sixteen million homes in this country, that we know from actual surveys are in need of repair and modernization.

This is entirely aside from the business structures and other buildings which are in good condition. If one hundred dollars on the average was spent it would mean one billion six hundred million dollars of new business and money circulating in the channels of trade.

I don't have to ask you men to visualize the fact that one hundred dollars on the average could profitably be spent on each one of these buildings for your products alone.

This is entirely aside from the new construction that we feel will get under way, and we hope, it will do so in the immediate future—certainly early in the year 1935.

This market for repair and modernization alone is larger in terms of materials and labor than existed in the devastated regions of France and Belgium at the close of the World War.

Our program of the Federal Housing Administration is now concentrating on the repair and modernization market.

In a matter of hours we expect to announce the rules and regulations under which mortgages will be insured on new construction and existing property that we believe will open up the field of new building.

But today, I want you to concentrate on what I say to you on the repair and modernization program.

This program has two parts. First, there is the modernization credit plan. By insuring the institutions, the banks and other institutions in a position to loan funds, against losses taken in connection with loans that they make for the purpose of repair and modernization, there has been made available throughout the country to the property owners and those of good character and reputation money in sums from one hundred to two thousand dollars which can be repaid in from one to three years and in some cases five years at a finance charge lower than has ever been available on this type of financing before.

The charge is based on a maximum, including interest, and all fees of five dollars on one hundred dollars on a one-year installment loan, with larger amounts and longer time in the same proportion.

This plan, we believe, has eliminated to a very large extent the red tape that so often is involved in plans of this kind. We believe it is simple. We believe it is easy for the property owner to understand. It is easy for the dealer and salesman to understand, and it is easy for the financial institution to understand.

Change in Paint Guarantee

In connection with trying to simplify the plan in order to make it most effective, Mr. Trigg brought to our attention soon after we put out our booklet of rules and regulations, the fact that the guarantee of the job which we recommended, that the property owner secured from the contractor, was in conflict with some of the provisions of the paint code. Perhaps you are familiar with it, but I would like to read to you the change in the guarantee which we authorized and which I am informed meets the conditions with which you are faced.

The guarantee that we are recommending that the property owner secure now reads as follows:—

"To .....
Property Holder

"The undersigned hereby certifies that the work he contracted to perform for you on premises located at

....
Address City State

for a total sum of $.....has been completed in a workmanlike manner, using the materials which you have approved or specified. The undersigned further guarantees said work against defects in workmanship for one year.

"Signed.....
Contractor"

(If the borrower does the work himself, no guarantee is necessary.)

In launching the effort to make this program a success we went over and studied the campaign for modernization that had been run in some eighty-four cities of the country in the past twelve months before the initiation of this act. We tried to eliminate all of the instrumentalities they had used, and the practices they had followed, that had proved not to be successful and to retain those that had proved worthy and successful.

In that connection we had the benefit through the counsel of Mr. Emerson, of the experience of your clean up, paint up and fix up campaign and that was very valuable to us, indeed. As a result we published a booklet explaining to local elements in a community how they could organize a successful campaign.

We expected this Fall, before the close of this year, that we would probably be able to induce ten campaigns to get started in ten of the leading cities of every State, some five hundred campaigns. Actually, after ten weeks of this program, thirty-one hundred cities have started such campaigns. They are in different stages but many of them are well along the road to real success.

During this ten-week period, the banks and other financial institutions in the country have accepted our insurance contract, and some nine thousand scattered throughout the country, in practically every city of any size, and in every State of the Union are prepared to make these loans.

Informing the Home-Owners

We have prepared and distributed thirteen million copies of a booklet for the property owner, explaining to many how they can take full advantage of this campaign. We have contacted manufacturers, not only those manufacturing materials directly connected with the building industry, but manufacturers of every type of product in the country, and I have pointed out to them the manner in which they could tie into this complete program to their own profit and benefit and to the benefit of the program itself. Some forty-five manufacturers are definitely concretely co-operating in the measures that we have suggested that they take up.

The newspapers, the radio have tied into the campaign, and as I am sure you are all aware there has been a good deal of publicity going out through the press and other media.

This campaign is essentially a sales campaign. We know already that of the work that has been activated as a result of this program, perhaps six to ten times as much has been undertaken for cash as has been undertaken as a result of the credit plan. The credit plan is only one of the instruments to make the campaign a success, and it is the real effort that is put behind this program by those directly connected in the building industry, and those connected with every industry in the country, that will make this a success, and nothing else.

Now I know that you men are interested in it, perhaps more than any other industry on account of the wide spread of your products, and I would like to point out to you, in a more specific way just the things that each one of you can do to tie into this program, and in your own business, and as an individual to help make it a success.

I don't mean a success for the government, not a success primarily for the country, but a success for yourselves, for the workmen re-engaged, and all of those who will profit by it.

First of all, you must learn all about it yourselves. If you haven't read the literature we have gotten out, I know it is burdensome, but I think it clearly presents what we are trying to do, as a goal for the program. You should become familiar with the objectives, you should become familiar with the manner in which you can fit into the program. Particularly, you should become familiar with the modernization credit plan so that you understand it thoroughly.

You should approach this program, I believe, not from the standpoint of paint alone, but from the standpoint of better housing, and everything that is involved in it, because its benefits to you are not only direct but the indirect benefits will be very very important.

After you have become thoroughly familiar with it yourself, the next step is to have your salesmen in your own organization thoroughly familiar with all angles of the program, and when I say that, I mean thoroughly familiar.

It is surprising that in a lot of meetings that I have attended, men have said that they were familiar with what we were driving at and how the program would work, and the different elements, but when we got down to the cases, we found that there really wasn't a sufficient knowledge to do a good sales job.

Dealers Need Instruction

Next, you should instruct your dealers, the retailers, if you will pardon me, from our investigation, I think that is the weakest line in the whole effort. It is necessary for you manufacturers to make a real concentrated effort to get these retailers first of all to understand what it is all about, and how they can benent by it and more important to have them do something about it.

This is very important, indeed, and particularly on the financing end which is a sales tool in connection with the results that will be obtained.

Next, you can go ahead with your clean up, paint up and fix up campaigns. Don't assume that because this Better Housing Program is under way that there is any reason to drop the splendid work that your organization has carried on in the past in that connection.

I would say that now is the time to redouble efforts on those campaigns. They will not only get additional business for you, but will be very helpful in giving impetus to the balance of the campaign throughout the country.

Next, you should try to educate the banks in those communities where they are hesitant to go ahead with this type of lending.

I would like to say this on the behalf of the banks. Generally speaking, I think that their cooperation has been splendid, beyond our expectations. Throughout the country there has been a very earnest and sincere desire on the part of the banks to tie into this movement and be helpful, but we are asking them to loan money on a different type of credit than most banks are used to extending credit on, and it is new, and in some cases they are hesitant to go ahead. They feel a little fearful of the results, and only by getting them activated to make some loans, and to get started on the thing, will that feeling disappear. It is very important where you find cases, or the cases are reported to you where the banks are hesitant, that you, having informed yourself, tell the banks that this is a real contribution to business, and to you, personally, in your company, and get them to go ahead.

Then, of course, everything in the nature of special advertising and sales promotional work, window displays, radio programs and that type of thing will be helpful in the campaign.

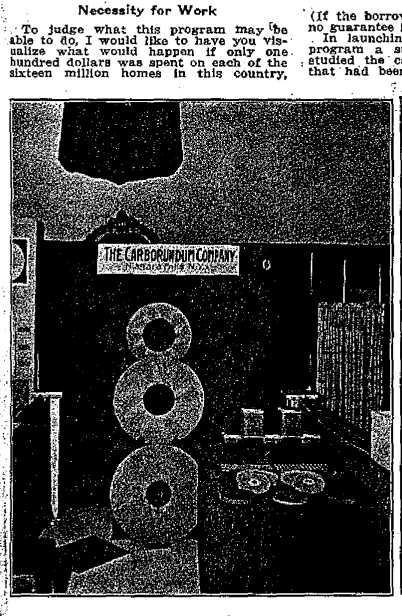
Work with the local campaign committee. There are thirty-one hundred cities that have started these campaigns. They are all be conducted through the voluntary support of the leaders of the community, and it is necessary that everyone interested in the program should tie into those campaigns and make them a success.

Start at Home

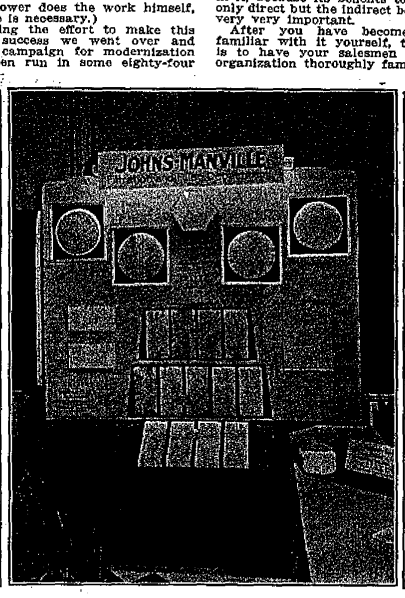
Then you should make information about this plan, this program, available to your own employees, in your factories, and in your offices. Many of them are home-owners; they are on your payroll; they are getting recognition; they are the ideal type that we feel should go ahead with the repair and modernization of their homes at the present time.

You can make it easy for them to get the information, and one suggestion that has worked out very successfully, that the manufacturer, or some one in the office, appoint some one individual and instruct or advise the employees to turn to that individual for full information about the program, and how they can tie in and profit by it.

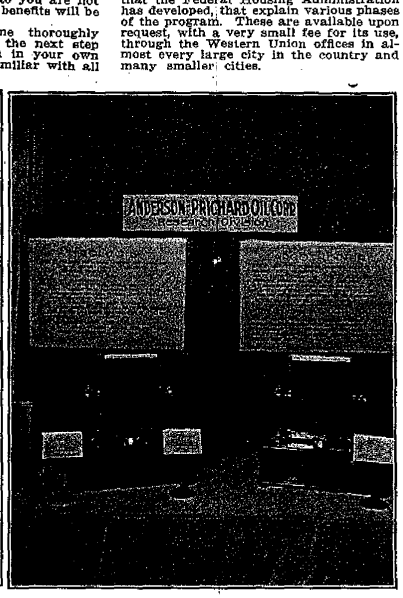
Then you can use the sound pictures that the Federal Housing Administration has developed, that explain various phases of the program. These are available upon request, with a very small fee for its use, through the Western Union offices in almost every large city in the country and many smaller cities.



Carborundum Company
At the 1934 Paint Industries Show



Johns-Manville Corporation
At the 1934 Paint Industries Show



Anderson-Prichard Oil Corporation
At the 1934 Paint Industries Show

We have found that they are very successful in telling the story to groups of salesmen, to groups of employees, and to the citizenry in the various communities—the property owners and whatnot.

Then you can talk to other manufacturers and your friends. Keep talking "The better housing program." We want to get the country conscious of it. And the more it is discussed, the more it is explained, the further it will go.

Take an active part in your local campaign, in your community.

It is said that "Every institution is the shadow of a man". By your leadership in your own community, in tying into this program you can inspire hundreds of others to do their part in it.

That is very important. Now if you will do all of these things, and every other person in the United States who can benefit, will do likewise, can there be any doubt of the ultimate success of this program that has been launched?

There is a tide in the affairs of men which, taken at the flood, leads to fortune. Who knows but that this better housing program will be the tide that will turn back the dark years of adversity. I believe it was Disraeli who said "There is nothing in the world so powerful as an idea whose hour has struck."

May I ask that you take that thought as your guide. It will return thousands of men to self-respecting jobs. It will hurry the end of government spending, and curb the high tide of mounting taxes.

It will bring you success and profits. I recommend this program to you because it is sound business. Thank you.

Chairman Peck:—Every place you go, and every one with whom you contact, who has had an opportunity of visiting Washington and the headquarters of the Federal Housing Administration, comes back with a story that Mr. Deane and his associates are working day and night. I have been told, by one individual, repeatedly, that you can expect to have an appointment made with Mr. Deane at any time from nine in the morning to probably three the following morning, and the only reason I am mentioning that is because of the fact that if we, as members of this industry and as members of the complete building industry, will do 10 percent as much in the way of spending time in fostering this, talking it, building it, implanting this idea in other people, this is going to be the thing that will put this industry and all industries back on their feet.

We deeply appreciate, Mr. Deane, your comments today, and your leadership in this entire matter.

The next feature on our program is a play called "Glass Houses." For a play which interprets and dramatizes certain activities of the industry, this name may sound unusual, but when we started to look around our industry and among our friends for dramatic talent, we found a very real supply of unpublicized and latent talent, who could and would give us the answer, and taking our cue from that, we automatically decided that that same thing might be true of our industry's great problem—increased sales.

And we consequently offer "Glass Houses" to you, on that basis. So if you will be kind enough to turn your chairs, so that you can face the stage, we will present the play.

"Glass Houses"

(The play "Glass Houses" was written by Ivor Kenway, advertising manager for the Devoe & Raynolds Company. It was acted by Miss Anabelle Zeller, of the Certain-teed Products Company; Mrs. T. Brooks Cross; T. Brooks Cross, of the Devoe & Raynolds Company; Deane Coulton, of Valentine & Co.; Daniel Jaeger, of the U. S. Color Company; and Kingsley Kunhardt, of the Guaranty Trust Company. The performance was enthusiastically received, and there was abundant evidence that the point of the commentary on the paint industry was not lost on the audience.)

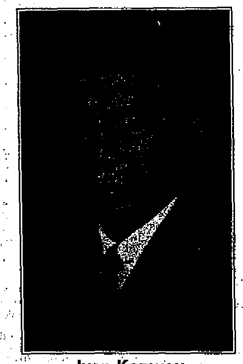
Chairman Peck:—All right, will you please come to order?

President Trigg:—I think that you would be interested in having the cast of the play introduced to you.

(Mr. Trigg introduced the cast of the play.)

President Trigg:—We are indebted to the cast for the wonderful presentation that they have made, and we all thank you very much for the fine play and what you have done for us.

Chairman Peck:—Before proceeding with the next part of our program, I would also, in behalf of our national trade sales committee, and our various club committees, located throughout the United States, like to extend my appreciation, and our appreciation to the author, and director, and each



Ivor Kenway
Author of 'Glass Houses'

member of the cast of "Glass Houses." it is really a splendid support and represents quite an effort and great ability, and I think that it made possible a very entertaining and amusing hour.

But in addition to that, gentlemen, I would also like to announce that this play is to be reproduced in a written form, together with all of the supporting business, and details, and that it is going to be available to every paint club in every city of the United States.

That is with the idea in mind that, during the Fall months, or winter months, and early Spring months, when we have the grand and co-operative club meetings that we hold, in the various sections of the United States, this play may be put on by the various representatives of the industry, in each community of the United States, with the feeling, in the first place, that we are dramatizing an idea that we believe in.

We are making it very easy to understand. It is very simple, after all is said and done, to negotiate a deal of that kind if the dealers organize and the painters organize and the industry is organized to help, and I think that we are.

So that, gentlemen, as part of this meeting, I certainly hope you take home with you a picture of what can be done, and thank you, as executives of your various companies, and as leaders of the paint industry in your respective communities, that you get back of this, and have it done.

You have got to remember that a lot of our good friends, in Kansas City, or Dallas, or San Francisco, or Chicago, or Boston, or Atlanta, haven't had the same opportunity that we have had today, which means that, unless we take home the right kind of a message, with the right kind of a spirit back of it, to see that it is put across, this thing that may be the vehicle for a tremendous industry movement, will fail. Its success, gentlemen, really I think rests completely in your hands.

Mr. Jarden:—I think that we have all been greatly entertained by this play, "Glass Houses," and I would like to move an official vote of thanks to the cast for their work and for this entertainment.

Chairman Peck:—We now come to another part of our program, decidedly different, which involves a distribution method, and distribution outlets, and a part of our program which should be intensely interesting to every member of the trade sales convention.

If this industry is going to progress, it can only do so as a result of maintaining, protecting, and developing our present distribution outlets as well as, at the same time, or coincident with that, securing additional number of logical distribution points.

But remembering always, that we cannot go forward by falling back three feet for every yard gained.

We simply must, gentlemen of the trade sales organizations of this industry, stop our account mortality by finding some way to be far more constructive than we have been in the past.

For these reasons, we have invited one of the outstanding leaders in each distribution stratum and activity to come before this meeting without gloves, if you please, for the purpose of telling us why he considers his particular functions necessary and valuable, and what we can and should do to be increasingly helpful.

It gives me great pleasure, therefore, to introduce as our next speaker Mr. Lynch.

Mr. Lynch is past president of the

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National Wholesale Paint Association, a paint merchant of the sterling class, who will talk to us on the subject of the importance and the functions, broadly speaking, of the wholesalers.

Value of Wholesaler

E. P. Lynch:—Changes in methods of distribution are gradual, and one who has spent many years in one branch of the system runs the risk of inadvertently confusing spurtracks with mainlines. It may be well to occasionally get the objective view of an observer whose judgment has not been influenced by such experience as is gained in actual contact with the problems. To this end I have asked a young student of marketing for a picture of the background and evolution of the wholesaler as it is taught him in our higher educational institutions today. His statement in which he advises that he more or less quotes Prof. Hugh B. Killough, of Brown University, is as follows:

"In the seventeenth and eighteenth centuries, the commerce of this country was to a very large extent waterborne. This continent was doing its best to live up to its then current reputation of being a 'howling wilderness.' Therefore, it was much easier and more economical to ship goods by water than by land. The seacoast towns with good harbors rapidly became important mercantile centers. The important merchants of these towns were usually connected with the shipping industry. As the first lush profits of shipping became less exciting, these men who had made their wealth out of rum, molasses, tea or the building of boats, began to enter another field. The towns were large and still growing at this time, and they were good markets for the imports of the so-called 'merchant princes.'

"Quite naturally the imports were stored and sold out to small dealers in the towns and surrounding country, the merchant not only performing the storing function, but also being the source of credit for his customers. An economy of scarcity prevailed in those days; the vast wealth of the interior of this continent was hardly touched. As a result it was harder to get commodities than to sell them, and the merchants soon found themselves lending credit to small producers, whose output was needed by the tradesman. These producers usually fabricated their commodities by hand in small establishments.

"When the iron and steel industry began to develop, and the railroads began to compete with the canals, the machine method of production began to gain headway, causing a tremendous spurt in the production of goods. The result was that the efficient producer concentrated on cheaper unit costs through the use of machinery and mass production. The market was there—all one had to do was to cut production costs to tap the market favorably. It was discovered that the concentration of production plants into larger and larger units was the most efficient method of cutting costs. These large plants were usually set up as near the source of supply as possible, and great profits were made by these organizations.

"As the frontiers of this nation pushed rapidly westward, new sources of raw materials were opened; rich farming lands were developed; and the population increased rapidly. Large cities sprang up in the Midle West, and a large network of railroads became the nerve center of the largest active free trade area in the world. Along with increasing transportation facilities, there sprang up a banking system, first purely local, then State, then national in its scope.

"As the industrial machine of the nation grew older, it found it somewhat difficult to dispose of its products. Mass production needed mass stimulation of mass markets. Advertising pointed the way out of this difficulty to a large extent, but not much attention was paid to a scientific study of how to market goods more economically until the beginning of this century. Since then manufacturers in many lines have begun to decentralize their plants, placing them nearer to markets and thus decreasing shipping costs.

Effect of Developments

"These vast and rapid changes have had a very important effect on the position of the wholesaler, weakening his economic position in many lines. In the first place, national advertising has established direct communication between the dealer and the manufacturer. Secondly, the size and strength of manufacturing organizations has increased relatively, and in some cases, direct-to-dealer selling has been encouraged by horizontal combinations. Thirdly, the old general store has been split into many specialized stores. Fourthly, the rapid growth of large urban centers and big city stores has increased the average size of orders. Fifthly, competition has cut the manufacturer's profits and sharpened sales competition. This has forced many manufacturers to have more definite sales representation than wholesalers' salesmen can give to one product. Sixthly, the greatly improved transportation and communication facilities, the rapid appearance of public merchandising warehouses, improved credit rating facilities, and a growing tendency for dealers to depend in normal times upon the local banks and less upon long open-book credits, have made it easier for direct selling to the larger dealer.

"All these functions used to be performed by the old-time merchant wholesalers. Increased per capita production, a growing excess in manufacturing capacity, more and more emphasis upon style, the greatly increased number of competing brands of goods designed for the same uses, and a shift of more and more of the risk of storage functions back upon the manufacturer, have caused him to measure his market more closely, and have aided in bringing about hand-to-mouth buying. More recently the rapid growth of chain stores has in some lines weakened to a great extent the position of the wholesaler."

This sketchy outline of what a young student of marketing is taught in our colleges today does not seem to paint the picture of the individual wholesaler as a particularly enticing field of endeavor. Formerly when an economy of scarcity prevailed, the wholesaler selected the merchandise the buyers must perforce sell, and the consumers use. He also financed the operations of both producers and dealers. We now have an economy of abundance in the field of production in which the function of credit is taken over by the banks; and the producers through modern means of communication, invention and trade marks have quite definitely prescribed the function of selection.

This transition has limited the field of activities of the individual wholesaler. His erstwhile control over source of supply and his "take it or go without" prerogative so long maintained in meeting demand, has succumbed to the powers of advertising, accumulated capital, and quick transportation. However, there is need for an agency which will buy merchandise in larger quantities than seems economically sound for a retailer to buy and

E. P. Lynch

sell in certain communities in smaller quantities than is economically sound for a manufacturer to sell.

We are dealing in what is called convenience merchandise or commodity. The per capita consumption is small, two or three dollars per year, not of sufficient moment to charge the mind of the household consumer with necessity for shopping for price; therefore, it is brought in most convenient places, necessitating wide distribution and prompt warehousing service. The need for this service is demonstrated by the 1930 census which indicated that a large percentage of the merchandise we sell in this country was handled by wholesalers.

Need for Wholesaler

To those interested, to carefully study the statistics as to wholesale distribution in the paint industry, we would recommend Professor Beckman's analysis as published by the Department of Commerce. It will encourage the manufacturer who more or less controls his own distribution, and it will hearten the wholesaler who for years has been told that his days are numbered. It will probably convince the disinterested observer that the function of wholesaling will continue to be performed by a variety of organizations.

The census figures as to the wholesale paint business show as follows: Of the paint sales reported by manufacturers in 1930 for the year 1929, eliminating the industrial sales sold direct by the manufacturer, we find the following percentage as to the remainder, what we call trade sales—

To—	Percent
Manufacturer's wholesale branches	26.9
Retailers	31.4
Manufacturer's retail stores	3.2
Household consumers or home-owners	2.6
Wholesalers	38.7

No doubt a considerable portion of merchandise shipped to manufacturer's branches are in turn sold to wholesalers. While the glamour of the former wholesaling entrepreneur is dimmed as the field of his activities is restricted and his functions performed by manufacturers brokers, bankers and chain stores, we find that in our industry he still comprises a very considerable group of those performing the mechanics of wholesale distribution, and, surprising as it may seem, there are indications that the relative demand for his services is increasing.

Five hundred sixty-five wholesalers reported the year in which their business was organized. From these figures we find that 46 percent of the wholesalers had been organized within the previous decade, previous to 1929, and that the greatest rate of growth had been within the last five years prior to 1929, Manufacturers who sold in whole or in part through sales branches reported on this point. Twenty-nine percent had been formed within the previous ten years. So far as can be seen from census reports whatever change there may have been in recent years has been a trend toward a relatively larger increase in wholesale merchants than in manufacturer's branch warehouses.

Approximately 24 percent of the wholesale merchants of the country do a business of less than 50,000 each in net sales, accounting for but 2.9 percent of the total business. Incidentally 35.5 percent of the manufacturers' branch warehouses did a business in 1929 of less than $50,000 each, accounting for but 1.7 percent of their total sales. The cost of doing business for the group doing this volume was 28.2 percent for the wholesaler and 33.2 percent for the manufacturers.

Sales to Large Users

The business of the paint wholesaler differs from that of other types of wholesalers in that the sales to large users of paint as distinct from retailers of paint is a considerable factor in his business. These large users, painting contractors, real estate operators or agents, factory maintenance consumers, not infrequently buy paint in larger quantities than many dealers, and because of the size of their orders enjoy practically wholesale prices.

This condition works to the disadvantage of the dealer, who unlike the large consumer, carries at all time a stock of paints. It happens that the wholesaler or manufacturer's branch warehouse or direct factory representative will sell a dealer in a certain community, and then go out in the same community and endeavor to sell the largest consumers of paint in that community. The argument of the wholesaler under such conditions is that if he does not sell this trade some manufacturer or other wholesaler will, and the result is that we often in this way hinder the growth of the retailer or drive him to seek connections with some manufacturer who, not being represented in the district, will extend wholesale cost prices to the dealer.

It may happen that a manufacturer has an established dealer in a certain community and does not compete for any other part of the local business, but finds that dealer's business restricted because of competition from other manufacturers or wholesalers, and he may be inclined to put that dealer in a position to get the business even though in order to do so he in some way absorbs the cost usually incident to selling a retail store account. This condition may account for the growth in numbers of wholesale establishments.

It must be acknowledged that the function of wholesaling carries with it certain costs, whether performed by the independent wholesaler, the manufacturer's branch warehouse, or the warehouse at the factory where it is performed. However efficient or inefficient the independent wholesaler may be, we feel that he probably knows the cost better than some manufacturers. With the wholesaler every cost must be charged to the function. This is not necessarily the case with all manufacturers; some may and often, must absorb part of the function cost through charges against some other bookkeeping account. It is impossible to conceive of the present variety of trade sales discounts as being an intelligent or scientific approach to the application of function costs.

The census indicates that manufacturer's branch warehouses on the whole perform the function of wholesaling at a cost of something like 3 percent less than the typical cost of the wholesaler. Admitting that greater efficiency may possibly obtain in the manufacturer's warehouse, we believe the fact remains that the wholesaler is called upon for service involving greater detail, a wider variety of merchandise, smaller unit sales, heavier stocks, and possibly greater credit risks. It is quite likely that executive expenses in the wholesale establishments are larger than in the corresponding manufacturer's branch warehouse in which sales and credit functions and matters of general policy are prescribed by executives in central offices and the expenses pro rated among a number of warehouses.

How, Not Who, Is Problem

Since either directly or through branch warehouses, manufacturers are performing the function of wholesaling to a somewhat greater extent than wholesale merchants, their interest must equal that of the wholesaler in doing the job intelligently and with profit. There is no real point in discussing the question as to who is going to do the job, it is going to be done by manufacturers directly or through branches, and by wholesalers.

I am inclined to believe that for some time we in the paint industry have been thinking too much about who is to perform the function of wholesaling and too little about how it should be performed—too much about whose province it is and too little about the way it should be done.

Capital and effort gravitate toward that activity in an industry which tends to show the greatest profit. The reason there are as many if not more manufacturers than there are distributors in the country is because in that way has laid the greater advantage to capital and effort, enough greater to enable the manufacturer to assume a large portion of the field of distribution along with his productive activities.

This trend has driven the wholesaler to seek sources of supply from manufacturers who are not competing in distribution, and accounts for the considerable number of small specialty manufacturers. Many of these smaller manufacturers developed from wholesalers, who having a market sufficiently large to warrant the installation of small manufacturing equipment, and in turn, more or less successfully seeking outlets for their excess capacity, have gradually added to their equipment.

This evolution is paralleled in the wholesale field by the retailer who, as stated before, is placed in a position to buy at wholesale prices by manufacturers unable or unwise to get distribution in a given territory.

The situation so far as manufacturing is concerned is aided by raw material manufacturers seeking new markets and assisting the new manufacturer with formula and instructions as to how to fabricate his raw materials. Under normal conditions the efficient merchandiser does not find these methods or systems of growth a bar to reasonable success. The difficulty is that in times of poor business the system is accelerated and the stream of distribution becomes cluttered.

So long as there is regular demand, normally growing with population, little will be required in the way of restrictive measures in trade. Upset this condition either through abnormally increased or decreased production or demand, throwing either greatly out of balance and unrestricted trade practices tend toward demoralization.

Our industry is now engaged in an experiment which is designed to correct some of the evils incident to a greatly unbalanced economy.

History records previous attempts to force men in industry to make their individual practices conform to rules that corrected abuses; the ultimate failure of such attempts has been the result of greed of industry able to affect monopolistic conditions on the one hand, and increased opportunity for chiselers willing to break laws to gain illicit advantage on the other.

The success of this attempt will depend upon whether or not we can sympathetically envision, and with fairness meet, the demands of the consumers of our merchandise on the one hand, and the reasonable welfare of all those who are engaged in supplying this demand on the other.

To this end may we all contribute our best intelligence and endeavors. I have spent forty years in this industry, and have great faith in the motives and intelligence of its leaders.

Chairman Peck:—That is a great talk, Mr. Lynch.

Our next speaker, ladies and gentlemen, will discuss "Developing Dealer Business from the Wholesaler's Standpoint." He is past president of the National Wholesale Paint Association, president of the Standard Glass & Paint Company, Des Moines, Iowa, and merchandiser of unusual ability and national reputation.

It is simply great to have Ross J. Clemens, of Des Moines, Iowa, with us.

Developing Dealer Business

Ross J. Clemens:—For a Midwestern wholesaler to discuss the matter of developing dealer business through the wholesaler, before a group made up largely of manufacturers, might be classified under several headings; it might be called presumptuous, and again it might be termed plain weak-mindedness. In approaching the subject, I couldn't help thinking of the case of the small boy in school who, for some reason which his teachers could not fathom, was not making progress. Finally after a conference on the subject they decided he must be subnormal and arranged to have him examined by the school psychiatrist. The boy was judged competent and sent back to his classes. Next day, one of his classmates, telling of the occasion said, "Sammy was examined for an idiot and didn't pass." Be that as it may.

It is pleasing indeed to many of us engaged in the wholesale branch of this industry to note that this association has become interested in the problems and practices of the wholesaler. Many of us believe that the wholesaler is, and will continue to be, a very important factor in this industry.

Of course, when I use the term, "wholesaler," I have in mind the real wholesaler who performs all of the functions necessary to the classification and not to the more or less glorified retailer that some factory has designated as a wholesaler because of his ability as a buyer, or because of his location which permits him to compete locally with some legitimate wholesaler.

Various manufacturers have said many times that wholesalers or jobbers do not render good service to the factories because they do not carry on a systematic plan of developing dealers, or for that matter, do not so conduct their business as to maintain dealer accounts after the factory has developed them. It is our opinion that most of this criticism originates with the appointment as wholesalers, of concerns that cannot possibly quality for the title. It is our further opinion that this type of glorified retailer, or semijobber as some choose to call him, is the source of the industry's greatest sales problems. Certainly the type is the greatest menace to the legitimate wholesaler in his efforts to successfully serve his factories as well as the merchants in his natural trade territory.

In studying the various functions of a real wholesaler in this problem of developing dealer business, it will be very apparent why there is a vast difference in the value to the industry of the so-called "wholesaler" and the real wholesaler. We are and have been for sometime in an era of careful cautious buying on the part of the dealer. This means small and frequent purchases by the dealer and he must have instant service if he meets the needs of his customers. In order to do his buying in small quantities economically, he must be able to buy many items from the same source of supply; otherwise, the cost of buying and minimum transportation costs consume his profits.

This is one of the very important reasons for developing dealer business through the legitimate wholesaler who is in position to render service on many sundries and allied items, which cannot be supplied by individual factories and certainly not by a semi-jobber.

Just as an example to prove the point, may I say that in serving the dealers in the more or less limited territory that is covered by our company, we find it necessary to buy from more than 300 separate and distinct sources of supply.

Advantages for Dealer

It is my contention that because of this service on the part of the wholesaler, the profit position of the dealer is improved. Therefore, the manufacturer should be definitely interested in this type of distribution for his products. I do not believe it necessary to emphasize the fact that profits are important for the dealer as well as for the other branches of the industry, and that without profit there will result serious dealer turnover which we all recognize as a source of lost profits to both distributor and manufacturer. In other words, I believe it is possible, except perhaps in territory immediately adjacent to a factory, to build a more permanent, and consequently a more continuously profitable dealer business, through competent wholesalers than can be built direct from the factory.

The wholesaler who qualifies for the title today realizes that his ability to render the best service available in his trade territory is the one thing, and the only one, that will keep him in business.

Just as surely as he lets his service slip

back to where it is only on a par with the other fellow, or with a factory at greater distance, then as surely is he on the way out. By service I don't mean buying business with unusual and unethical practices. I mean, for one thing, having the merchandise that the dealer wants and getting it to the dealer right now when his orders come in.

As an evidence of how important I believe that one thing to be, permit me to say that it is a requirement of our company that our warehouse ship at least 92 percent of all orders on the day they are received. Any manager who cannot meet that requirement by keeping a stock adequate to do it, and still get a satisfactory turnover, has no place in our set-up, because we are sure if we let down even slightly, someone will call strikes on us so fast we will be out before we can get the bat off our shoulder.

The first thing a wholesaler should do before he starts out to develop dealer business is to make sure that he is in a position to meet the rigid requirements of serving the dealers in a sufficient trade area to make his business profitable. The requirements are many, and they must be met; otherwise the result will be another failure. One of the first and most important requirements is quality merchandise. To attempt to build dealer business on anything but high quality merchandise is on the face of it a waste of time, and will simply result either in ultimate failure, or the necessity of doing the job all over again. Price merchandise will not endure longer than it takes the public to find out that quality is not present. It may take longer to develop a satisfactory volume on higher cost quality merchandise, but once it is developed, the job is done for all time. It is always much easier to displace a price line than a quality line.

Second, a wholesaler must be sure that his stock is complete. It is not sufficient to have just the best sellers—he must have the occasional sellers and he must have a satisfactory stock control system to make sure that his stock is complete at all times and that proper quantities of fast sellers and slow sellers are carried. Otherwise, he will not be able to render the kind of service it takes to hold the dealer's business after he gets it and also he may find without proper stock control that he has accumulated a lot of shelf warmers that cut his turnover down to a point where profit is impossible.

Stock Must Be Movable

Right here, let me say that I think overstock is just as serious a menace to dealer business as is understock. Nothing builds dissatisfaction and sales resistance faster than old stock with soiled labels and settled pigments.

Just to make the rest of my comments more direct and perhaps more personal, I am going to pretend that you are all wholesalers and refer to you and your business rather than some mythical wholesaler. The fact of the matter is that even though you are a manufacturer, you are either selling to wholesaler or performing the service of a wholesaler yourself, and so you must have some personal interest in the problem.

As a wholesaler, your office and warehouse organization must be equal to the task of handling and filling orders promptly, and by promptly, I mean the same day they are received. Be sure you keep those departments in pace with your sales. Don't try to build a new organization each rush season.

Be sure you are lined up with the right manufacturers who produce the quality merchandise we have referred to and who will back up your sales and service efforts with the right kind of co-operation, not occasionally when they have an idea they want to try out, but month in and month out, year in and year out, because this thing of building dealer business is a long job and it must be assumed that one is building for a long period, otherwise it is useless to start.

And then, with that type or co-operation from your factories, be sure you give them the same type of co-operation you expect from them, because without complete confidence between factory and wholesaler, the work of developing dealer business will be useless and will be time wasted.

If you represent more than one factory, make up your mind right from the start that there will be no substituting on dealer accounts, and do not permit representatives of one factory to call on, or interfere, with the dealers of another. Failure to enforce these two things will lose dealer business faster than a good force of salesmen can bring it in, and will also probably cause changes in your lines which will mean further loss of dealer accounts.

I have referred to natural trade territory, and before you go far from home after dealer business, you should determine by careful analysis just what territory you can serve profitably. You will waste the money you spend on dealer promotion outside of the area in which you can render at least equal service with any other source of supply.

True, you can get some business outside of that area and any business is tempting, but if you are smart, you will develop the territory that can be maintained on a profitable basis and let the rest of it go. Your net profits will be far more satisfactory even with a smaller volume of sales.

Your position with your factories will be far better if you do a good job in a limited territory than it will if you do a mediocre job in territory spread all over the map, and your dealer organization will be far more dependable if it be made up of dealers who can get at least equal service from you as from any other source, and, after all, continuous net profits are what you are after in all your effort to develop dealer business.

With quality merchandise in proper assortment, a satisfactory office and warehouse organization, a plan of co-operation with dependable factories, and a territory in which you are sure you can render proper service, your next requirement is salesmen. It takes high-grade intelligent men, well trained, to develop the kind of dealer organizations that will remain profitable over a period of years.

Your salesmen should not only be thoroughly familiar with all of the merchandise they are to sell, but should be kept informed of latest developments by occasional meetings with factory salesmen and officials. Keep in mind a mediocre salesman produces expense accounts and alibis—a good intelligent, well-trained salesman produces not only sales, but profits, and as you have only a limited territory in which to operate, you cannot afford to waste any of it on anything but producers of profit.

Care in Selecting Accounts

Many wholesalers in their haste to make sales permit their salesmen to sell any one who calls himself a dealer and who will allow himself to be sold. Remember, that you are operating in a restricted territory and that future business is a factor to be considered. Survey each community in your territory and pick the best possible place for your line. If, after reasonable effort, you cannot close that prospect, take up the effort with the next best and so on down to the point of a reasonably satisfactory outlet. You cannot expect 100 percent connections at all point, but you should aim as high as possible and wait for later developments rather than put your lines in with

Ross J. Clemens

what you know to be only temporary connections that may do more harm than good.

Don't overlook the fact that there are a great many potential paint merchants not now engaged in the paint business. If a satisfactory dealer connection is not available from existing dealers, your salesmen should try to develop one from the outside. The sources from which this is possible are too numerous to outline, but a salesman worthy of the job will find them.

Extreme care should be taken to make certain that proper financial and selling ability exist. The percent of casualties among paint dealers is all too high for the good of the industry and the fault lies largely with the distributor or factory. We should charge ourselves with the responsibility for improving this condition.

We are all anxious to build our sales volume as rapidly as possible, but it is my opinion that one of the worst mistakes is to sell the dealer more stock than he can turn over satisfactorily with reasonable effort.

Certainly, I believe in selling him enough to make him feel the necessity of exerting reasonable effort, and it is without question, advisable to sell him a well-assorted stock. The less vacancies you leave on the shelves for competitors' labels, the more permanent is your connection. Most worthwhile merchants are today conscious of the effect of slow turnover, and the wise manufacturer or wholesaler will not overlook its importance. Incidentally, that is the local wholesaler's greatest argument to both manufacturer and dealer, because if the wholesaler carries the kind of stock he should, he can, without question, increase the dealer's turnover and materially reduce his investment.

After you have a dealer signed up and your goods on his shelves, your real work starts. Unless those goods move off the dealer's shelves rapidly enough to give him a satisfactory turnover, you have made no progress and no profit.

Through your salesmen, the factory salesmen, and your office, you must help the dealer to become a real paint merchant. Putting a stock on his shelves and hanging out a sign won't bring in the sales and that's what both of you must have for profits.

Teach the dealer to make the best possible use of all factory sales helps and advertising matter. Teach him to do intelligent local advertising, to hold paint days, demonstration days. Sell him on the idea of keeping paint in the front of his store. Train the dealer and his clerks to talk your products intelligently. Convince them that the average paint sale and the profit resulting is as a rule at least equal to most items they have for sale. Be sure you don't overlook the clerks—they are most important to your success—and be sure, also, that your salesmen educate the dealer to solicit business in his community.

Complete house jobs are worth outside soliciting and no dealer can expect to make a huge success sitting behind the counter waiting for trade.

The best way for your salesmen to educate your dealers to do outside soliciting is for the salesman to get out with the dealer or his clerks and make a few consumer, painter, and maintenance calls. Show them how to do it and give them a taste of the benefits that accrue. Don't let your salesmen feel that they have done their duty by doing this once for each dealer. See to it that they make it a regular practice three, or four, or more, times a year. Your benefits will be as great as the dealers'.

This sort of dealer help is one of the reasons for the existence of the wholesaler. The attitude of your salesmen toward your dealers, the help that they give the dealer and the extent to which they contribute to the enthusiasm and interest of the dealer in the paint business, is a large part of the answer to whether or not the wholesaler is an important part of this industry.

The smartest job of selling I ever saw done in a small town was by a hardware dealer in a town of less than 600. All Winter he carried a small notebook in his pocket and to every customer that came into his store, he asked one question, "Are you thinking of doing any painting in the Spring"?

Just that, and nothing more, except that he made a note of the reply. Early in the Spring, he started to call on the ones that didn't say "No." Net result was the sale of several hundred gallons of paint, he shipped in at one time and piled up in front of his store with a big sign on it. Further result was several additional sales and a net profit greater than he made out of hardware sales for the full year.

The idea was furnished by a wholesaler's salesman and the same salesman went out with the merchant on his first day of farm to farm calls. What do you think? Could one of your salesmen go out and take that account away from that wholesaler and his salesman?

Satisfy the Dealer

Many wholesalers and factories make the mistake of promising unethical and impossible things to get a dealer started. This can have but one ending. Far better make your connections through honest sales efforts and produce better results than you promise.

A dealer who turns his investment and makes money out of his paint department is generally satisfied and not much of a target for competition.

Show me a dealer, in our territory, with a competitive line, who has been promised, even guaranteed, a volume twice what he has been able to secure, or who has been promised a lot of sales help that he did not get, and I'll show you a darn good prospect for one of our lines.

Make the dealer feel that he is part of your organization and also part of the factory organization. Encourage him to suggest changes for improvement in the line, in the sales help. If he does some outstanding thing, have the head of your company write him a letter and commend him; also, ask his permission to pass it along to your other dealers. The feeling that he means something to you will add to his permanence, and out of permanence comes profit.

Building dealer connections is a sort of pyramiding proposition. Once you have a few money making dealers established, you can use them to help sell others and the best proof of the profit possibilities of any line is the definite evidence of dealers already making a profit and satisfied with the line and the source of supply.

I submit that a wholesaler who builds his dealer business along the lines I have suggested, and who never lets up on his efforts to help his dealers improve their business and profit, has a place in this industry and that many manufacturers will always be interested in securing his business and working with him. I contend also that the manufacturer who is represented by that type of wholesaler will enjoy a greater volume of dealer business in that territory than he could secure direct.

In conclusion, will you permit me to urge this association to use its best efforts to eliminate from the industry one of its most destructive practices?

I refer to the thing that is perhaps the most discouraging to a wholesaler in his efforts to maintain dealer business.

Competition by Manufacturers

A wholesaler will establish a dealer, nurse him along with all of the attentions that I have suggested, and probably many more, and in the course of a few years the dealer is developed into a real paint merchant doing $3,000, $5,000, $10,000, or more, in annual sales, depending on the size of his community.

Along comes a factory salesman, makes Mister Dealer a jobber, or a semijobber, and promises him everything up to a half interest in the factory. We have them out in our State in towns of 2,000 to 5,000. Some of them started on original orders of less than $600 and most of them have gone backward in sales in place of forward.

I have no argument with any factory's effort to take any account away from anybody else, be it another factory or a wholesaler. The part which I think is basically wrong, and which I believe the industry should try to eliminate, is the unethical propositions that are offered to the dealer to get him to change lines. I know that your code is aimed at several of these things, but some of your chiselers are still making jobbers and semijobbers out of dealers in relatively small towns because they haven't learned to sell their products through any other methods.

So long as you permit these concerns to hold membership in your association, and treat them as equals, and pass off tightly their nefarious practices, just so long will yours and the wholesaler's selling cost remain too high and yours and your wholesaler's dealer turnover be out of proportion.

Whenever this industry is ready to face facts and let the service performed be the measure of the proposition made the buyer, it will find that its cost of doing business will improve and it will be able to give the public more value for its money without sacrificing the profit of the industry.

I ask all of you to consider this seriously, because I believe that both the dealer and the wholesaler are important to the future of this industry and as such, they must have fair and equitable treatment.

Chairman Peck: It may be that a prophet is generally without glory in his ownt own, but that is certainly not true of our next speaker, Thomas A. Flynn, of the Butler Flynn Company, Washington.

Mr. Flynn is also past president of the National Wholesale Paint Association, and is a business builder of great talent, who has had an unusual degree of success in the painter and in the maintenance field.

It therefore gives me great pleasure to introduce Mr. Flynn, who will now discuss, "Developing Painter and Maintenance Business from the Wholesaler's Standpoint."

Servicing Maintenance Work

T. A. Flynn:—When I was asked to appear before you gentlemen and present a paper setting forth the desirability to you of having wholesalers service maintenance work rather than through direct selling, I realized that I needed not only my individual experience, but the experience of those wholesalers whose business was nearly 100 percent of this character. Consequently, I wrote to several such large paint wholesalers. In setting forth these ideas I am not putting forth my own personal opinion, but the collective opinion and experience of those men, together with the viewpoint of the members of the National Wholesale Paint Association.

In speaking of maintenance work in this paper, I refer to the repainting of office buildings, apartment houses, institutions, hospitals, factories, and other buildings of this nature.

In studying this subject, we should take into consideration the method of purchasing used by the buyer and his re-

T. A. Flynn

quirements. Because of the very nature of the work it is impossible, in many instances, to plan the work very much in advance. Individual apartments are renovated and so are individual offices at the time one tenant moves out and another tenant moves in. In many institutions of this character only one painter is employed, and the kind of work that he does varies greatly during any given period. Sometimes he is varnishing a floor, another time painting the walls or the woodwork, etc. It is in the minority of cases where the work is done on a large scale at one time and carried through from cellar to roof. For this reason, the institutional buyer is averse to carrying a large stock of any particular items. He wants to buy in small quantities as his needs require and of necessity these small quantities are of a varied character. Because of the smallness of his orders and their wide variety, he naturally prefers to buy the major portion of his requirements from one house.

Since the material is needed quickly and in small units, it is necessary that his source of supply be in a convenient place and quickly accessible. Naturally this handicaps the manufacturer who is attempting to sell this class of business direct from his factory. He meets with obstacles in selling because the buyer does not want to purchase in large quantities and the distance from the factory to customer prohibits the speed of service that is required, even with modern transportation.

Because of the size of these orders, the consumer requires more constant sales contact than he would if he would buy in larger quantities. We can therefore see from the nature of the purchase that your jobber located in a large city is more ideally situated to handle this kind of business than is the manufacturer who is at a distant point. A wholesaler who is doing the right kind of merchandising has a complete stock of not only the primary items of paints, oils, and varnish, but all of the sundries needed by this class of buyer. For we must remember that in order to hold this consumer trade we must not only carry paints and varnishes, but in many instances kindred lines of janitor supplies.

It is thoroughly possible for the wholesaler to deliver his order within one to two hours after the receipt of the order. This gives the maintenance buyer the exact service that he requires and demands. He receives from the wholesaler numerous sales contacts, a wide variety of stock located in a convenient place and quick delivery.

All of this work, of course, is not individually bought by the institution or property owner, but in many cases is handled through a real estate management firm, or by a painter who specializes in this class of work.

Real estate managers because of the nature of their business are usually active in all civic organizations. Consequently they prefer to buy their requirements from local organizations employing local capital, rather than to deal with someone who is located at a far distant point. So that we find that civic pride also enters into the mind of the real estate buyer and again is a favorable reason why this class of sales should be handled by the wholesaler.

Question of Credit

When we speak of the painter who specializes in this work, we naturally think of credit. The other night I sat down with a painter who is specializing in this kind of work and he showed me that during the course of the month he took over 125 small jobs ranging in price from $9 to $75 from a single management concern. It is just as hard for this type of painter to anticipate his requirements on this class of work as it is for the institutional manager who is buying the material direct.

When the painter buys from the factory he has the tendency and urge to buy in quantities larger than he normally consumes in a given month, and consequently he is unable to meet his discount when the bills become due, and even in more instances, even to pay them in the net paying period. When he buys from a local wholesaler, who is able and willing to deliver his daily requirements as needed for his individual jobs, he, naturally, avoids surplus stocks. Consequently at the end of the month he has only bought the paint which he is able to use. So that when he receives his payment from the institutional owner, or the real estate management concern he has sufficient money not only to pay his labor costs, but to pay his material bill when due, provided, of course, he has figured the work correctly.

Incidently, the local wholesaler, living in the same community with the painter and in almost daily contact with him, is better able to judge of his capacity and character than is the credit man of the factory located in a distant city. Therefore, the wholesaler often sells your merchandise to painters because of this knowledge, whom you, yourself, would not care to credit.

Because of the extra amount of service required for handling this class of business, frequency of sales contact, the availability of stock, and the quickness of delivery, as well as the credit risk, it is essential that the margin of profit for this class of sale be higher than the margin of profit ordinarily allowed on dealer sales.

A good starting point to arrive at what his margin of profit should be would be to take the Department of Commerce survey on the cost of conducting a wholesaler paint business. It is true that times and conditions have changed since this survey was made; but, if anything is wrong with the figures, they are too low because the shrinking value of the sales even with reduced overheads has added to the percentage of costs.

I might also say that it always appears to be a sign of weakness when a manufacturer goes into a city and competes with the wholesaler at a price considerably lower than a wholesaler. Quality being anywhere near equal, it would certainly seem to us that the manufacturer's salesmen should be able to get the same price for his product that the wholesaler gets; although we all know of innumerable instances where this class of trade at the present time is not only sold at a price lower than the uniform dealer price, but at even prices equal to and lower than the lowest distributing costs. I know of one instance in particular where a painter is buying a nationally advertised brand of flat wall paint in 24-gallon lots at 10 percent less than the local distributor is getting for carrying the full line. Naturally the painter's goods are being shipped direct.

We are frank to admit that there has not been the complete harmony between the manufacturer and wholesaler as might exist, and we are equally frank in saying that we believe that the wholesaler has been just as guilty as the manufacturer in causing this condition. Each side believes firmly that the other side is wrong, but as Mr. Trigg ably stated the other day at luncheon, the old saying is that there are two sides to every argument, but he believes that there are three sides—your side, my side, and the right side.

It seems to me that the code authority for the manufacturers and the code authority for the wholesalers could well sit down and in a calm, sensible manner discuss the differences of opinion between the two branches of this great industry and arrive, not at the answer you want, nor at the answer we want, but at what perhaps would be a middle course and what would be the right answer.

I firmly believe that these manufacturers who make a real effort to sell their products to this class of trade through the wholesaler were in a far better position to cash in on their efforts than the manufacturer who adopts the policy of selling direct. Do not forget this class of buyer must have frequent sales, contact, availability of stock and quick service, and in these three things the wholesaler should and does excel.

Chairman Peck:—This has been a comparatively long afternoon, and we do not want to hold you unnecessarily. But to be sure that we are getting the most out of this meeting, and many have traveled far to be here, we would like now to throw this meeting open to a floor session, for the purpose of having floor discussion, and for the further purpose of giving you gentlemen a full opportunity to ask any of the last three speakers any questions which you may have in mind.

They have contributed much time to thinking about their respective subjects, and have done so, as we all know, purely for the purpose of being helpful, and they want to be even more helpful.

So with your permission, as I have said, we will throw this open to a floor session for a short period of time. With three stipulations only, if you please.

One speaker at a time, and on his feet, announcing his name. Three minutes only to any one subject, so that, as I say, if you have anything that you want to ask, any point that you wish further discussion on, we will be exceedingly glad to develop it to its fullest extent in that period of time. Does anybody have any questions? Please don't leave this meeting tonight and say to yourself an hour from now, "I wish I had asked a question."

Have you anything that you want to ask any of these three gentlemen about their angle in our present distribution scheme?

All right, gentlemen, if that is your pleasure, we will call this meeting closed within a very few minutes. We have, however, with us today a gentleman by the name of G. M. Goldberg of San Francisco, who would appreciate an opportunity of presenting a message from the West Coast. Is Mr. Goldberg here?

Mr. Goldberg:—I don't know what kind of a message I have to bring from the West, although there is a little discussion as to what is really the West.

My friend, Wallace Bennett, said that he came from the "far and wooly" West, but if he did, I would like to know where I come from.

I came a long way here, with my good friend, J. B. Kiester, and we had a very enjoyable trip of three thousand miles. I listened to some of Mr. Kiester's stories for three or four days, and some I heard two or three times, but still they were pretty good. The trip was worth the while, even just to be present here this afternoon and listen to Mr. Peck's wonderful talk, and see this play that we saw, and I am going to take back to the Pacific coast the message of this meeting this afternoon, and I am sure that the boys out there will be more than glad to hear what I have to say of this convention.

The only message that I have to bring to you from California is this:—If any of you gentlemen present this afternoon are in any way dissatisfied with the paint business, I welcome you to California, under two plans:—

One is the Townsend plan, of two hundred dollars per month pension after sixty years of age, and the other one is the EPIC plan of Mr. Sinclair, of fifty dollars a month after fifty years of age.

All of the "ayes," "ears," and everything else are on California elections Tuesday, and I am not going to make a political oration this afternoon on behalf of Governor Merriam, but I certainly hope that he is elected governor of California, and if he isn't and Mr. Sinclair should get elected by any means, I am afraid we will all be out of the paint business. I thank you.

Chairman Peck:—Our next speaker, gentlemen, is Edgar S. McKaig, the chairman of the legislative committee.

Legislative Report

Mr. McKaig:—I shan't detain you very long. The legislative committee has a very brief report to make.

Your committee is pleased to report that conditions in the legislative field affecting our industry have been quiet. There have been quite a number of extraordinary sessions of the legislatures of numerous States, but because of the depression they have dealt with questions relating to unemployment relief and general taxation.

The aid of your committee was requested by the local associations in Ohio towards preventing the enactment of the liquid fuel tax law which imposes a tax of one percent per gallon upon kindred raw materials. Your committee has thus far been successful in disuading the administration from proposing re-enactment to the legislature. Another special session is scheduled for November 19, but we predict that no unfavorable action will be taken. It is reliably estimated that this tax law yields a revenue of about ten million dollars per annum and that the paint and varnish industry pays approximately one-half million dollars of this amount. Your committee now has the matter in hand in co-operation with the local associations, and it is our hope to be able to exempt the raw materials of the industry from such taxation.

Another subject of widespread importance to the industry has been the attempt on the part of certain interests to incorporate in the area agreements required to be set up by the construction code, division of painting, paperhanging, and decorating, which would forbid or unreasonably restrict the use of cost-saving machinery, including spray-painting equipment. The proposal appeared in the draft submitted in several isolated localities, but in no large community. This indirect method of legislation on a subject which Congress and State legislatures have declined to legislate upon was disapproved by the National Recovery Administration and the provision was deleted from such area agreements. However, only a small number, comparatively, of the total of such agreements to be acted upon have, up to this time, been made public and it is the desire of your committee that the members bring to our attention any instances of such proposals which may come to their notice. From information we have been able to develop, the proposition does not emanate from, or have the approval of, the contracting painting industry or their associations who have always co-operated towards preventing the enactment of unwise restrictive legislation of this nature.

Edgar S. McKaig
Chairman On Legislation

In the coming year forty-odd legislatures are scheduled for regular session. It is the hope of your legislative committee that members of our local associations will vigilantly watch the introduction of bills in their respective States, communicate the same to our committee, and continue to extend the same effective co-operation which has, in past years, prevented unreasonable burdens upon the industry.

Our committee extends its sincere thanks to the officers and staff at national headquarters and to the membership of our local associations for the splendid co-operation they have given us during the past year.

Chairman Peck:—Before we close I would like to express the hope that you will be here tomorrow morning at nine-thirty sharp.

We have a relatively heavy program. We must get finished with it in the morning and we do not want to hurry any speaker. In the meantime let's have a grand time tonight.

The meeting is adjourned, let's go.

(The session was adjourned at 5:30 p.m.)

Banquet Session—Thursday Evening

Henry I. Harriman, president of the Chamber of Commerce of the United States, was the principal speaker at the annual banquet of the association, held in the Mayflower ballroom, Thursday evening, November 1. Ernest T. Trigg was toastmaster. Mr. Trigg announced the establishment of a competitive membership award to be known as the President's Cup, which will remain in competition for three years. The name of the leading club each year will be engraved on the cup. First honors went to the Philadelphia Paint, Varnish and Lacquer Association for its aggressive membership campaign in the past year.

Another honor award to be given annually for outstanding service to the association or the industry was presented for the first time to William H. Jarden jr., Philadelphia, chairman of the national membership committee, who spent much time in traveling in behalf of his committee last year.

The St. Louis, New York, and Louisville associations received honorable mention in the membership race, and special tribute was paid by Mr. Trigg to H. J. Kuhn, of Texas, for his individual membership activities.

Housing for Relief

The topic of Mr. Harriman's address was "Unemployment Relief and Housing," and he dwelt at length on the nature of the housing act program and how the great paint, varnish and lacquer industry fitted naturally into the set-up. His address in full follows:—

I feel a certain measure of satisfaction in being permitted to address your association, not because I have a portentious message to deliver or because I can add anything to your deliberations, but because I believe that gatherings such as this have a very important place in our national economy. Although some people may regard them casually, they represent a development of the highest significance and one which must continue, if our traditional policies are to be maintained and our basic institutions are to be preserved.

After the experience through which we have gone in the past five years, I do not think that any of us need be reminded that we are not sufficient unto ourselves. We have realized—somewhat belatedly, perhaps—that we are sheltered by the same economic roof and that when it leaks we are all in danger of getting more or less wet.

In your case a catastrophe was not needed to bring home this now obvious truth. You were among the pioneers in the establishment of what might be called industrial solidarity and responsibility, and your example might be followed with profit by other industries in these days when we hear so much about "regimentation from above."

Even the best paint maker in the world might fail for a variety of reasons which have nothing whatever to do with the making of paint—the stagnation of investment, the paralysis of construction, the decline of agriculture, the widespread halting of industry which we call depression. His fortune has been tied in with the fortunes of others and goes up or down with the general tide. Manufacture has become a detail, although a very necessary detail, in industry and management, which looks to constantly widening horizons.

It follows, as a matter of course, that the individual paint maker, as well as every other manufacturer, is concerned not only with his own situation, but the situation of his industry in the general economic picture, and the conditions prevailing in the broad segment of business activity in which he operates. If he takes the ground that his responsibility ends at his factory doorstep, he cannot justly complain when he is jolted by the impact of events originating beyond that limited outlook. And I think he can rely upon the certainty that the less he does himself to regulate and control such events, the more will be done for him. Indifference of that kind is fertile soil for sowing the seed of political bureaucracy.

The alternative is a strong, aggressive trade association which will shoulder the responsibilities that properly belong to an industry, and will co-operate with other industries in meeting difficulties common to all.

Must Be Co-operation

That is not merely a theoretical word picture, like so many that are being drawn for our delectation, and possibly our discomfiture, nowadays. The necessity and the opportunity for this kind of co-operation were never more evident than at present. Our experience has revealed rather definitely that the deciding battle between recovery and depression will be fought in that sector held by what, for lack of a better name, have been called the "durable" goods industries, especially the construction industries. They are the first to fall back before the advance of depression and the last to respond to the stimulus of recovery. They reflect most accurately the difference between prosperity, on the one hand, and stagnation and unemployment on the other. When they regain the offensive and begin to push forward, we may, I think, assume that the long struggle to rehabilitate ourselves is nearing its end.

The manufacture of paint and varnish falls with this category. It is the handmaiden of the "durable" goods industries and next of kin to the construction industries, because it aims at the protection of what we are building and the preservation of what we have already built. The story of depression cannot be told more vividly than by the unpainted house or barn whipped by the winds of adversity and silently yielding to the creeping march of decay.

Into this pivotal sector where the storm of economic battle now centers, the Federal government has thrown the weight of its influence by setting up, among other measures, the housing act. It is a practical device which avoids direct government debt. By it the government does not undertake to displace private business initiative, but endeavors to supplement it. It does not assume command nor direct the strategy. The act goes to the root of unemployment by supplying jobs where they are most needed and stimulating a lagging industry, or group of industries, not by artificial restoratives but by natural means.

We are learning, I think, that government spending, although it may be a temporary antidote for unemployment, is not a cure. To be permanently effective, spending must be an investment in the facilities which tend to prevent the recurrence of unemployment or, at least, to soften its asperities when it does come. Grand pianos might be very desirable acquisitions but the purchase of them when the roof needs mending is not to be encouraged as a wise practice. I am afraid that, as a nation, we have been extravagant when we might better have spent our money for necessities.

It goes without saying that if the "big push" in the important sector held by the durable goods industries is to reach its objective, the industries themselves must get behind it. Government may lay down a barrage and blast away some of the more formidable obstacles, but the industries themselves must make the advance. The organization of that advance is the job of the trade associations. That is the kind of self-regimentation to which every one can wholeheartedly subscribe.

The "push" is already under way. The modernization program has been launched. Equipment and building supply concerns report increases in the purchase of "modernization" notes of as much as 500 percent during the first part of October. Insured modernization loans have soared from 117 in the first week the housing act was put into operation to more than 4,000 in the ninth week, and they are still going up. Fortunately, also, the impetus has been extended to purely private modernizing operations. Non-insured loans made by banks and building and loan associations have been stimulated and it is estimated that cash expenditures for improvements are three or four times the volume of loans made for that purpose. In New Jersey the ratio has been six to one.

Forward for Paint Industry

The paint manufacturer, I have no doubt, is going forward with this advance. He, too, has felt the quickening impulse. It is to his interest and to the interest of the country as a whole to see to it that the momentum is not lost, but, rather, that it is accelerated and extended to the great housing program now about to be launched. That, too, is a job for the trade association.

Now all of this is not merely a task to be done by the paint and varnish industry or the construction industries or

the durable goods industries. It is one aspect of the general problem.

This brings me to the important problem of relief. According to the 1930 Census, there were about forty-eight million potential workers in the country, and, at that time, between forty-five and forty-six million were actually employed; about two or three million being out of work. This latter figure is not far from the usual estimate for the unemployed who are moving from one task to another; who are physically or mentally unfitted for employment; or who, as young men or women, have not secured their permanent jobs. In March, 1933, the Industrial Conference Board estimated that the number of those employed had dropped to thirty-three and a half millions, and they now estimate that about forty-two and a half millions have jobs or part time employment. But this includes at least five hundred thousand who are at work directly or indirectly under the PWA. While there are no accurate figures of unemployment, it is probable that thirteen millions were unemployed in March, 1933, and that between seven and eight millions are now out of work.

I have quoted these figures, not only to show how many are still unemployed, but also to demonstrate how far we have gone on the road to recovery. Yet despite an undoubted increase in employment, the relief rolls have continued to grow. This is largely due to the exhaustion of financial reserves of the unemployed and to the inability of relatives or friends to support those who are out of work. Aubrey Williams, Deputy Administrator of the Federal Emergency Relief Administration, has recently pointed out that more than 12 percent of the people of the United States are now receiving aid. That means over three millions, six hundred thousand families plus five hundred thousand additional individuals, or a total of between fifteen and sixteen millions of people. Indeed, it is estimated that this Winter the total of those receiving aid may reach twenty million people.

The cost of relief is huge. It includes the cost of direct relief, the cost of the CWA, the cost of the PWA, and the cost of the three hundred and fifty thousand men who are working in the forests in the CCC. The total sum expended for relief and public works since March, 1933, by Federal, State, and local authorities, amounts to between three and a half and four billion dollars, and for the fiscal year 34-35 it will possible exceed three billions of dollars.

I have quoted these figures to indicate the magnitude of the problem, both from a financial and social standpoint, and to make clear that there will be little hope of balancing the budget until relief expenditures are materially lessened.

Basic Factors in Relief

Recognizing, as I do, that those who are actually in want of food, clothing, and shelter, must be assisted, I suggest for your consideration certain basic factors in the furnishing of relief.

A. The relief itself should not be entirely furnished by the federal government. Relief is largely a function of private charity and local government, and the function of the federal government should be to assist only when absolutely necessary.

B. The relief itself should be administered by local authorities who are most familiar with the needs of the applicant.

C. Relief should always be granted in connection with properly organized employment exchanges, which will first make every endeavor to supply work in private industry for the men and women who are seeking relief. The English experience, and the experience of the City of Rochester, N. Y., point to the success of this method. No man or woman should receive relief if there is an available job, or if the family of the applicant can furnish relief.

D. It is of the utmost importance that all forms of relief, whether direct relief, or work relief, or relief through the operations of employment exchanges, be under the centralized control of one body. Thus, and thus only, will the job and the man out of work be brought together. Personally, I believe it would be wise to have relief administered by a board of three or five, with various divisions headed by administrative officers. The task of relief is so broad and its facets are so numerous, and its policies so intricate and varied, that I feel a board rather than a single administrator would give the best guidance to the centralized program of relief.

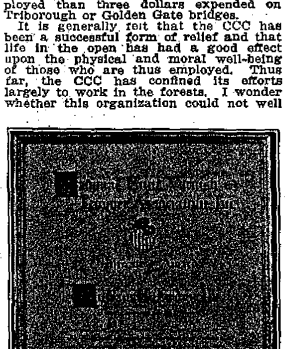
E. If the unemployed cannot be furnished jobs in private industry, then it must be determined to what extent direct relief should be given in the form of cash, food, fuel, or clothing; to what extent local public works, such as those that were carried on by the CWA, shall be undertaken; to what extent large public projects, such as those of the PWA, shall be carried out, and to what extent, if any, the unemployed shall be given work in raising the food or making the articles or rendering the services which the unemployed themselves require.

Direct relief in the form of cash, food, fuel, or clothing is undoubtedly the most economical and the least burdensome to the taxpayer. It is the final form of relief which, after a long experience, England has found to be most satisfactory. It is undoubtedly the most desirable form of relief for short emergencies. But, if relief must be given over long periods of time, it may be well objected to as tending to create a nation of mendicants, and as building up a class who come to feel that the government owes them a living without work. It is a form of relief which I feel is most dangerous from a social standpoint. Relief through a program of large public works has been advocated by many economists. We adopted that form of relief when we made an appropriation of three billion, three hundred million dollars as a part of the recovery act and, later, when we made an appropriation of about four hundred million dollars for the CWA.

Shift of Burden

It cannot be denied that public works expenditures have increased business activity and enlarged the payroll of the nation but there is no evidence that the relief burden has been markedly lessened by these expenditures, except in the case of expenditures for roads, and for other lines of work employing a large amount of common labor. The evidence of this truth is found in the mounting relief costs accompanying mounting expenditures for public works. There does not seem to be any direct connection between the dollars expended on the Triborough bridge and the dollars required for an unemployed worker. In fact, many experts estimate that a dollar expended in direct relief will give more aid to the unemployed than three dollars expended on Triborough or Golden Gate bridges.

It is generally felt that the CCC has been a successful form of relief and that life in the open has had a good effect upon the physical and moral well-being of those who are thus employed. Thus far, the CCC has confined its efforts largely to work in the forests. I wonder whether this organization could not well



Membership Award

be used in building small irrigation reservoirs in the far western states. I am not referring to the huge irrigation reservoirs like that at the grand Coulee, but to the small reservoirs costing from one-half million to two million dollars, and irrigating land at a cost of less than fifty dollars an acre. There are many reservoir sites of that type scattered throughout the western states; but for every acre thus irrigated I would make it as a condition that at least twenty acres of submarginal land be returned to the national domain. The Montana or Idaho farmer can make a good living on twenty-five acres of well-irrigated and well-located land. Better, indeed, than he could make on twenty-five hundred acres of submarginal lands in the hills. The CCC might also extend its program to grade crossings and to public highways.

There are some who believe that unemployment relief at public expense should begin by putting unemployed persons who are on relief rolls at work making the things which they themselves and others on relief require as necessities or comforts of life. There is no denying the benefit to the individuals through their having something to do, a useful kind rather than existing in idleness. There has been much success in affording unemployed men and women a chance to have gardens in which they can work. There is much other work in every community that can be carried out to the advantage of everyone, and, most of all, to those who would otherwise be unemployed. Local co-operatives have also served a useful purpose in a limited way.

But, to attempt to place four or five million persons at work turning out industrial products under a co-operative socialized program would have a disastrous effect upon existing employment in the industries of the country, and seriously affect the position of the industries themselves at a time when efforts in the public interest should be directed toward adding strength. I do not believe in attempting to build up a socialized sector within a state operating under a private ownership economy. Let us rather bend every effort to bring about the re-employment of these unemployed persons in the regular channels of business activity.

Program Suggested

May I now suggest a program for relief which has, as its objectives, the stimulating of the construction industry, largely through the use of private capital, and in a way which, in my opinion, will result in curing the basic cause of unemployment. We should never for one instant turn back the wheels of progress, or check the development and use of labor-saving devices. Thus, and thus only, can be produced the added goods required by a higher standard of living. But, thanks to the automobile, to good roads, and to various forms of rapid transit, it is now possible to unite the security which comes from the ownership of a home and a two-acre garden to our modern industrial life.

Prior to the industrial revolution, men lived largely on the land, owned their own homes, and produced most of their own food and clothing. Times in state might be good or bad, but the great mass of the population of the world lived on, a very meager life, it is true, but with reasonable stability and security. The advent of the industrial revolution changed this form of reasonably secure life. Factories were located in the cities, near the water powers or the coal mines or on rivers, and the workers lived near them in city tenements. This brought with it many hazards to the individual. Employment varied with the condition of business, with technological development, or with the locus of industries. The young and the strong were wanted; the old and the weak found it difficult to earn a living.

The industrial revolution made possible the age of plenty, and mass production made it possible for one man to produce more goods than could a hundred a decade before. I would not in any way check the industrial revolution, or the potential age of plenty which it ushered in. I would ask whether it is not possible to so unite agriculture and industry that we may have the security which the former offers with the wide-wealth producing capacity of the other. I believe the long time remedy for unemployment is to develop a form of life in which the worker is, in part, independent of wages and can raise a substantial portion of his own food in the garden surrounding his own home, in a suburban area on the outskirts of a city. To this I would add such security in investment that he can be assured that his savings will be reasonably secure. I therefore suggest that after completing the large projects now under way, we bend our energies to the construction of suburban and country homes for the workers, to the construction of good roads, and, as an adjunct to that, the elimination of railroad grade crossings. To this program I would add some slum clearings in the larger cities, but only where it is possible by such reconstruction to largely reduce the number of people living in a given area. I do not believe in the construction of crowded apartments to replace crowded slums.

The basis of this program—a program that would look to private industry for its fulfilment and not to increase of government indebtedness—should be the construction of workers' homes, largely on the outskirts of our industrial centers. People are naturally social and I would suggest that, in many instances, these homes should be built in settlements, or, say one thousand homes located where land is good, health is assured, and transportation by road or rail available. To a degree such workers' homes should also be built in existing towns, and many existing houses can be modernized.

Many types of workers' homes should be built. The average home should probably be one of approximately five rooms, located on a plot of not less than two acres. These homes must be well built, must be thoroughly insulated against heat loss, must have water, electricity, and a —bathroom and must be located on a hard-surfaced road. Such homes can be built in mass production, but not uniform in appearance, for $2,000 or less, and can be sold to the worker on part time payments which will enable him to own his own home within, at the most, fifteen to twenty years, and for a payment of less than fifteen dollars a month—a sum much less than the rent he is now paying.

Needed:—Planning and Work

Broad planning will be necessary and that devotion to matters of detail and complete understanding of the real problem that is essential to success. All planning should contemplate at least two acres around the home in order that each family may have some means of subsistence when other means fail. All planning should contemplate the ultimate ownership of the home by the individual. All planning must be carried forward with direct consideration of the people and their background and their experience. There must be no creation of areas of new homes standing vacant or idle. The job to be done is great and the government's part is in aiding planning, and possibly in rendering credit available. The experience and ability of our citizens who have engaged in construction and planning cannot be matched by newly created government bureaus and must be fully utilized if waste is to be avoided.

The government itself should go no further than to be responsible for the general plan, and for that assistance which will permit our builders, our material dealers, and our manufacturers, to go forward in the performing of their own functions and thus increase the employment they can give to the people who are now out of work. The government should point the way and set the conditions of its material aid, but it should not itself take over the huge task either of planning or of execution. The housing act would seem to afford an existing means for the execution of such a program as I have outlined.

Such a plan for the decentralization of labor must, of course, come as a gradual evolution. There are thirty million families in the United States, of which twelve and a half million are classified by the census as a "rural," and seventeen and a half million as "urban." For census purposes "rural" includes the families in villages and towns up to twenty-five hundred population, accounting for nearly half the "rural" families. In 1930 there were in the country as a whole twenty-five million "dwellings," of which nearly twenty-three million were one-family "dwellings." But a "dwelling" in census terminology may be a boat, a tent, or a sleeping room in a factory or office building.

In the period after the World War, when a housing shortage had accumulated, we built in a single year, I am informed, as many as six hundred thousand houses. A figure of three hundred thousand houses a year has been estimated as a normal annual need to take care of our ordinary requirements of new houses in this country. In Great Britain, with its population of forty-five million people, for the period 1919-1933 there were built nearly two million and a half houses—at an average rate well over one hundred sixty thousand a year, and in the twelve months ending last March, Great Britain had built two hundred eighty-four thousand houses.

With an accumulated shortage of housing in this country now, and with the undoubted impetus there now is to slum clearance and to more adequate housing, I believe a housing program that would contemplate the construction of even as many as seven hundred fifty thousand houses a year for the next ten years is not impossible of attainment. The figure is consciously put high, but if attained would not place us beyond the housing standards to which we may properly aspire.

It can be demonstrated that the manufacture of the material, its transportation, and its construction in the form of homes, can be done with approximately five hundred hours of labor per home. That is the work of two men for one year.

I have dwelt upon this matter of economic security, which will come through the marriage of agriculture and industry, because it is my firm conviction that political liberty, individual initiative, and democratic self-government are all dependent upon the economic security of the individual. When times are good and jobs are plentiful, when men have property, they are conservative, but when famine stalks in the land, and when millions are out of work, people turn to any nostrum that seems to offer salvation.

After all, what are we striving for in America, and what are the essentials of a happy and useful life?

A job for everybody who is able to work, at fair pay with reasonable working hours, and with adequate time off to enjoy life.

Security against the hardships of unemployment, sickness, accident, and old age.

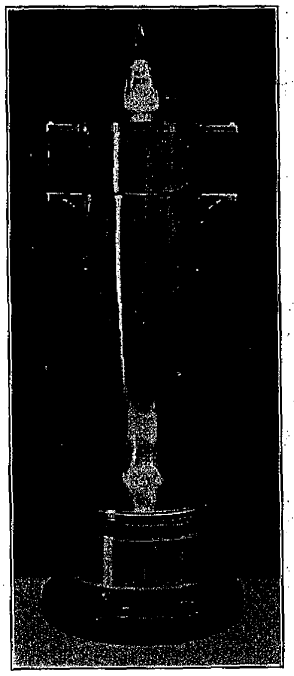
A political and economic liberty, which permits the exercise of individual initiative, and

Security of our investments, and a fair return on the same.

These are not the conceptions of a new deal or an old deal. They have their origin in the instincts of the race.

In this paper I have attempted to discuss with you a very few of the important problems of recovery. These problems cannot be ignored, neither can they be disposed of by the expedient of temporary legislation. They must be answered in the light of enduring principles, in the spirit of our institutions, in the trend of our national genius, and in the needs of generations yet unborn.

I believe with the British Chancellor of the Exchequer, who is a devoted follower of Dickens, that "too long we have been reading 'Bleak House' and that now we should scan the first chapters of 'Great Expectations.'"



President's Cup

Friday, November 2

Fifth Session—Friday Forenoon

Trade Sales Conference

[The second session of the trade sales conference was convened at 10:00 a.m., November 2, E. D. Peck, presiding.]

Chairman Peck:—All right, gentlemen, we will come to order.

It is great to see you all here this morning, on the job and really ready to consider and tackle our next major problem—cheap paint.

As this subject is one of terrific importance to this industry, it involves far more than a can of paint at so much per gallon, as its sales success can only occur as the result of misrepresentation, and at a sacrifice of

the industry's reputation for integrity, as well as the individual's satisfaction in the use of the material.

We, of course could, and have no quarrel, with the manufacturers of cheap paint, if they frankly said, "This paint is made of sand and chalk," and, "the sand and chalk is then mixed with benzin and fish oil and water. It will take two or three times as much of this material to do a job as with good paint and it will only last 20 percent as long."

We would have no quarrel with that kind of a presentation. If anybody wanted to buy material of that kind it would be all right, but when manufacturers of that type go out and publicize the statement that such material is first quality, supreme quality, any adjective you want to use, and compare it with other products of very different physical makeup—then we are on a different ground, and we have a fight on our hands that we simply must win, because it is the most vicious kind of competition that we have, competition based on false statement and misrepresentation of every type and character.

Therefore, with great pleasure, I am privileged to introduce to you this morning, Hugh Smith.

Mr. Smith is general manager of the Better Business Bureau of Philadelphia, and has spent the last fifteen years in one capacity or another in fighting for and protecting the policy of "Truth in Trade." It used to be called "Truth in Advertising," and it still may be, but I called it "Truth in Trade," and I am sure that you will find Mr. Smith can give us many ideas which will contribute much to our thoughts and future actions in connection with this matter, Mr. Smith.

Cheap Paint

Hugh Smith:—When a great industry moves forward, as this remarkable conference shows that yours is doing, it does not tread a primrose pathway, but encounters many stubborn problems. One of these is the practice followed by some manufacturers, probably not represented here, of selling cheap paints to the public through misrepresentation. The destructive effect of this practice is too well known for me to discuss and my remarks will be confined to the methods which are being used by the better business bureaus in assisting your association to combat the evil.

We are here for the purpose of getting better acquainted so that we may learn to co-operate more effectively in the handling of this unsolved problem and others of a similar nature which may arise in the future.

Better business bureaus, of which there are now fifty in the larger cities throughout the country, were created by business men to combat misrepresentation in the sale of merchandise, securities and services. They are non-profit and non-political, deriving their support on a voluntary membership basis from business concerns in many lines of trade. The officers and directors are selected by these members and constitute representative leaders in their respective branches of business. For more than twenty years the bureaus have been rendering tangible and practical protection to American business and the American consumer.

I might hesitate there and say that each better business bureau in its own city is a separate corporation, operated by the business men in that particular locality.

We have no national headquarters that dictate the policy, there is no national financing campaign or anything of the kind.

These bureaus are all welded together in an association known as the National Association of Better Business Bureaus, but each one operates as the particular needs are required for that community.

In practice, the bureaus function on a case work basis, making investigations to develop facts and following through in every possible instance to a definite conclusion to get the desired correction.

They are not reform organizations but represent a concentration of practical business idealism. Results are obtained through common sense methods and hard work. In appearing before this group of manufacturers of the paint industry I, therefore, do not come with any ready-made solutions. The best that may be done is to study the steps which have been taken and to attempt to interpret their significance for further application.

Harmful Practices Many

One thing which experience has shown is that there are a multiplicity of harmful trade practices in existence and that despite the most favorable combination of circumstances, such practices, even with the aid of government backing and substantial budgets for code authorities, are extremely difficult to curb or eradicate.

As business men continue to seek the most effective, economical and practical means of combating the perennial crop of unfair trade practices, they are turning more and more to the better business bureaus as the logical agency for such work.

The bureaus, by virtue of their long experience in handling trade practice matters in many fields, have the facilities, which may be expanded indefinitely, and the experience of the past as a guide for the future.

In the opinion of many sound thinkers in the business world the better business bureaus are on the threshold of their greatest development due to the awakening of business men to the greater responsibility which is theirs in the proper conduct of their own affairs and the trade which they represent.

In approaching the cheap paint problem the better business bureaus are not concerned with the question of price. If any member of your industry anticipates that the better business bureaus will wage a warfare to eliminate competitors who merely sell paint at a price lower than his own, he is doomed to disappointment.

The factor in which the bureaus are interested is the representations under which paint is sold. It will use every possible effort to correct inaccurate, misleading or false claims about such merchandise and will furnish the public with facts concerning questionable paint products.

Example of Cheap Paint

A panorama of action in a specific situation is briefly given in the following bulletins issued by the Columbus Better Business Bureau during July, 1932.

"Owner Factory Paint Store Arrested

"Sells $1 a Gallon Watered Paint

"An excellent example of how the Columbus Better Business Bureau is helping every day in the business recovery by agressively combating unfair competition in the various fields of business and at the same time protecting the public, can be found in the following:—

"In 1932 thousands of gallons of $1 paint were sold by some of the new smaller stores in the city. Much of this was advertised and sold in such a way to lead the public to believe it was 100 percent linseed oil paint. It was found that most of this paint was manufactured by a company in Detroit, the principal of which is H. A. Lessen who told a bureau representative that he operated under about fifteen names, some of which are known to be the following: Henry A. Lessen & Co.; Detroit Paint Manufacturing Company; Cadillac Paint Manufacturing Company; Detroit Paint & Color Company; Wolverine White Lead Works; Detroit Color Works; Reliance Paint & Varnish Company; Kilmatic Paint Company; United Manufacturers Products Company, Detroit; and Red Arrow Paint & Varnish Company. Lessen sells his paint through various individuals who have set up so-called 'Factory Paint Stores' in various cities in the Middle West and East, and through other retailers."

In the early Spring of this year, the better business bureau started upon a program to combat this form of unfair competition and resulting injustice upon the buying public. In this work the Department of Foods and Dairies for the State of Ohio, under the direction of William D. Leech, which department is empowered under the law to enforce the paint laws of the State, has co-operated on all occasions.

Investigators for the better business bureau purchased house paint made by the Cadillac Paint Manufacturing Company of Detroit, advertised by the Terminal Bargain House, a Columbus store of which Wert Heaton is the principal, as pure linseed oil paint—99 cents a gallon, with the statement that the former price was $2.95 per gallon. The paint, when tested by chemists at Ohio State University, was found to contain 56.73 percent water in the vehicle, or 25 percent or one-quarter of the entire gallon of paint was water.

Shortly after the above information was published in a bulletin and given wide publicity in repeated radio broadcasts and newspaper stories, William Selman, Detroit, came to Columbus and opened the "Factory Paint Store" at 106 East Long street and prepared to aggressively advertise and sell $1 house paint. He featured what was called "Guaranteed House Paint" at $1 a gallon. This was purchased by investigators for the bureau and tested and it was found that 47.90 percent of the vehicle of the paint was water, or in other words, at least one-quarter of every gallon purchased by the public was water. Facts were presented to the *Columbus Citizen*, *the Columbus Dispatch*, and the *Ohio State Journal*. Each newspaper refused to accept the advertising copy. Some advertising was carried by the *Columbus Star* and when the facts were called to their attention, they refused additional copy. Community papers took similar action.

Selman then put a sign on his store, telling the public that the newspapers had refused his advertising copy, and invited them to listen to his radio program over local station WAIU. The results of these tests made by the State authorities of the paint Selman sold were presented to the radio station and they cancelled the radio contract. Selman then resorted to house-to-house advertising dodgers. One advertisement was inadvertently accepted late at night by the *Ohio State Journal*. In this advertisement Selman caused to be published the formula of a so-called "Durable House Paint." This paint was purchased by bureau investigators, tested by State authorities and as a result, Selman was arrested May 4, 1932, after an affidavit had been signed by the manager of the bureau, charging him with violation of the Ohio advertising statute. Selman has pleaded not guilty and the case was set for trial July 6.

The Columbus bureau has made complaints to the Federal Trade Commission and the Federal authorities have been active in collecting facts about the operations of Lessen and his associates under his various company names.

Unfairness Harms Public

The consuming public and the legitimate manufacturers and retailers in the paint business have suffered for years from unfair competition in the form of the sale of adulterated paint at very low prices which are attractive to the public particularly during the business depression.

City and State officials elsewhere have struggled with this problem for years. The better business bureau is determined to use its best efforts to stop this form of unfair competition in Columbus.—

"To Those Interested in Paint:—We are enclosing an article which appeared in the Columbus Dispatch today (July 6), giving the results of our prosecution of William Selman who came to Columbus about two months ago and opened the Factory Paint Store, and has attempted to advertise and sell the products of H. A. Lessen and his associates in Detroit, operating under various trade names:

"As the prosecuting witness against Selman, I recommended that his sentence be suspended for two principal reasons:—

"One was that Selman was not the principal in this unfair practice of selling watered paint, but merely was used by Lessen and his associates as an outlet here in Columbus. We were hopeful that Lessen would come to Columbus in defense of the case. In that event, he would have been tried. However, according to Selman, Lessen not only refused to come to Columbus but refused to assist him in his defense.

"Our second reason for recommending suspension was that Selman has agreed to discontinue the sale of Lessen's paints and to go out of business by the end of the month. Due to the fact that the newspapers, radio stations, and other advertising media have refused his advertising, after facts were presented by our bureau, we believe Selman tells the truth when he states that his sales have been very small and that he has lost money each day that he has been in business in this city.

"Selman reported to the probation officer this morning. We will continue to check Selman's activities carefully and, if any irregularities are discovered, they will be reported to the judge promptly.

"We are happy to state that as a result of our campaign, Columbus has been rather well cleaned up in this particuluar field of merchandising. As far as we know, at the present time no water adulterated paint is being advertised and none sold, to any extent, in the city. We plan to continue our vigilance and to take action, if necessary, against other retailers who may attempt to 'gyp' the public by misrepresenting paint either through advertising or selling."

Another quotation taken from the July, 1934, "Fact-Finder" which is the bulletin of the Better Business Bureau of Detroit, Michigan, reveals additional interesting points:—"Deception in Sale of Paints Exposed When Bureau Investigates Complaints."

Complaints, alleging fraud and deception in the sale of various bargain-priced paints, led to a recent bureau investigation.

Purchases made by the bureau disclosed paint with liquid content 50 percent water, and "white lead" which actually contained as little as 2.5 percent white lead. Warnings were issued and the following appeared over the bureau's *signature in some* twenty publications, the latter part of March:—

"Poor Paint.

"Most paints look alike in the container and even shortly after application. Their difference doesn't become apparent until they have been put into service, and it is then too late to rectify mistakes. Poor paint flakes, peels and cracks, not only requiring an early repaint job, but necessitating scraping or burning off in many instances, before good paint can be properly applied.

"Poor paint is high in water and volatile solvents, and contains little or no linseed oil. It lacks film forming qualities, and quickly evaporates upon exposure to air. Poor paint is cheap because its ingredients are cheap, and recent analyses of so-called 'bargain paint' disclosed 25 percent water. Other analyses have shown in excess of 50 percent. Needless to say, the purchase of such paint is not economy, but extravagance.

"You can avoid unnecessary loss of this kind. Insist upon a definite analysis, either on the label or in writing and confine your purchases to dealers of known responsibility."

"Deception continues:—Flagrant deception continued, and on May 12, 1934, a warrant was issued for Louis Chad, proprietor of Davison Unclaimed Freight and Division Cut Rate Hardware & Furniture Company, 2733 East Davison, charging false advertising. Bureau investigation had disclosed the sale of red or black barn paint, and, in another instance, roof coating, when shoppers responded to the concern's advertised offering of 'House Paint' at 46 cents per gallon.

"Advertising privileges were promptly suspended by the newspapers and radio stations, and May 21 Chad appeared before Recorder's Court Judge John A. Boyne and pleaded guilty to the charge. It was agreed that Chad's advertising would be placed under supervision of an experienced agency, with assurances of unqualified co-operation, and sentence was suspended."

These items of course do not represent a compilation of all of the work done in the paint field by those bureaus or by the other forty-eight bureaus. In the time allotted, I can only select these illuminating examples.

Value of Better Business Bureau

Analyzing these two reports, we find that first of all, the bureaus were in an advantageous position to undertake the work because of available facilities; secondly, they had established themselves on a position of complete impartiality in their communities and had won the confidence and esteem of the public as well as officials by their seasoned operations and integrity over a period of time; third, this removed any competitive aspect from their work; fourth, they went into the field and developed their own facts; fifth, these facts were applied to obtain the best result in the most effective manner; sixth, the findings of fact were furnished to advertising media carrying the copy and to radio stations; seventh, the aid of proper local or state law enforcing authorities was enlisted; eighth, information was also transmitted to the Federal Trade Commission to scotch the mislabeling at the source; ninth, the bureaus obtained the desired results; tenth, the story formed the basis for publicity of a protective character for the public and also served as a warning to other offenders in the same area.

The deterrent effect on other dealers who might consider similar practices is obvious.

Further, the bureaus follow the constructive procedure of first communicating with the offender and endeavoring through moral suasion to have him correct the objectionable practices. This is *successful in the great majority of* cases.

Prosecution is a last resort and only used when other steps have failed. This method builds confidence because some advertisers may make an honest error or may have relied upon representations made to them by the manufacturers or wholesalers who sold them the goods.

The bureaus' policy regarding the paint evil is summarized as follows:—

"The better business bureau does not condemn all cheap paint. Experts advise that there are practical purposes wherein cheap paint may be wisely used, such as for temporary buildings, etc. The bureau is interested in seeing that all cheap paint is accurately advertised and fairly sold to the public without deception.

"The bureau will not recommend to the public any particular brand, or brands, or kinds of paint.

"The bureau will give such facts as it develops in its paint investigation to members of the public, so that they may use their own best judgment in making their purchases."

The education of consumers is a necessary primary step. The publicity sent out by your own association has been helpful and has been reprinted in whole or in part in the bulletins of many of the bureaus. *They have also publicized facts* about the cheap paint evil through newspaper advertisements, by speeches and playlets over the radio, through addresses before consumers' organizations, and in the news columns of publications.

Like an artillery barrage, however, it cannot alone win battles. The infantry must come through to take care of individual cases. There is no substitute for specialized case work in clearing up bad business practices.

This briefly interprets the reported results. We claim no monopoly on them. Your own association has done much in the national field and it has been our pleasure to co-operate with you in many instances. It is obvious that a united front will have greater effect than isolated efforts.

In closing let me say that the better business bureaus should be judged by your industry as actualities first, but more largely as potentialities.

The extent to which they may accomplish even the most comprehensive program is limited only by the essential financial support. What has already been done is only indicative of what can be done. It was accomplished with practically no financial support from your group. If it is to be continued effectively, it must have your financial as well as your moral support.

There is a definite method of combating the cheap paint evil.

It is available to your industry if you desire to utilize it.

Cheap Paint Discussed

Chairman Peck:—Before we proceed with our next subject, have any of you question that you would like to ask Mr. Smith? Let us make this meeting today a real, open meeting. Have any of you anythings on your minds?

J. P. Kiarfess:—Would it be possible for the headquarters office here, they have sent out a lot of valuable information pertaining to this cheap paint proposition, perhaps it would be possible for the association to get up a booklet, to send out. I really believe there are a sufficient number of legitimate manufacturers in this industry, to give that question great publicity, and I believe it would have more weight coming from the association headquarters, with the privilege of imprinting on it if we wish.

Then the manufacturers should send that out by the tens of thousands, anything that they can collect from this splendid report, and I believe that would find a ready co-operation along that line among a sufficient number of manufacturers to combat this. I think it is one of the greatest evils to our industry today, and I would be very glad if that could be done. I don't know that it could. But I believe if it could be done that it would go over.

Mr. Monypenny:—I have been wondering for years past, and I am still wondering why business people refer to low-price goods as "cheap," because to my mind the only goods that are cheap are good paints, and I think it is a misnomer to refer to this low-price trashy stuff as cheap.

I was just wondering if we couldn't get some other word to convey to the public a better meaning, because certainly junk paint is not cheap.

Department Store Paint

Mr. Jarden:—It seems to me that the gentleman who just spoke covered the case of one very insignificant dealer.

I think the important thing to combat is the cheap paint that is being advertised by the larger department stores. I think that is the problem that we have to face more than any other one.

I have been scrutinizing some of the advertisements, and it seems to me that they just keep within the law. There is nothing that you can act on, but it seems to me that it resolves itself down to the point that the manufacturers themselves are at fault for selling trash like that.

We had an advertisement in the Philadelphia papers about a week ago. The house paint was sold at 89 cents a gallon. I don't know who sold it to them, but it is one of our prominent department stores, and it seems to me that that is the important thing that we should consider. That is, to try to educate the buyers of these large department stores to buy good paint. I think we should have other comments on that subject. It is most important, in fact, the most important thing we have to contend with today.

Chairman Peck:—Thank you, Mr. Jarden. Are there any more comments?

Well, gentlemen, in our various local trade sales committee meetings, the subject of cheap paint is certainly one that should receive first place on every program, and is undoubtedly something that we can do more effective work on locally than we can in any other way.

Certainly, we want to depend upon and use all the machinery which is available for the purpose of helping us to stamp

this out as fast as we can, and without question the unusually fine work which has been done and will be done by the Better Business Bureau, will be most helpful. Therefore, let us tie into this move, and into this Bureau movement, and work together to correct this condition.

President Trigg: — Mr. Kurfees' suggestion appeals to me as a very excellent one, and I want to say that it will be given every consideration.

Credit Matters

Chairman Peck:—These remarks and this picture might be termed a salesman's dream, but once upon a time—it sounds like a fairy story—once upon a time a hard-boiled, tight-fisted, disagreeable looking person sat in a dark and dismal corner of our respective organizations, gathering numerous documents and multitudinous reports, made nonunderstandable decisions, wrote terrible letters, and but seldom left his hole, and had the words, "Credit Manager," boldly stamped on the door of his den. But that time is past. The nightmare is over, and we have awakened, I am sure, to a full realization of the fact that in the modern credit manager we have one of industry's best and soundest producers.

It therefore gives me great pleasure to introduce as our next speaker, T. J. Kenny, chairman, of the credits and collections committee of the National Paint Varnish and Lacquer Association, who will discuss the subject, and it is a vital one, of "Credit Extension to Painter and Maintenance Accounts."

Discussion by Mr. Kenny

T. J. Kenny:—For the past four years it has been my privilege to present to this convention the report of the credit and collections committee. As you know, their efforts in the past have been largely devoted to the formation of local paint credit groups, and to the development of methods and facilities that would improve credit granting in the industry, in so far as the manufacturer is concerned.

Gentlemen, today it was very gratifying for me to learn from Mr. Gray, who was in charge of the trade group Department of the National Association of Credit Men, that the paint industry today has the largest number of subscribers to the national interchange bureau of any industry in the country.

That in itself, in my opinion, indicates that the manufacturers in our industry believe in the frank and free interchange of credit information.

Furthermore, information that we have gathered this year that would also indicate an improvement in our credit conditions is the data that was compiled in our recent bad debt law survey.

As you men may recall, from the year 1929, to 1932, bad debt losses in our industry steadily climbed, so much so that for 1932 they reached two and six-tenths percent of our sales volume.

For 1933, they were one and eight-tenths percent of our sales volume. That would seem to indicate that an upward trend has finally been curbed, and we have every reason to expect that over the next several years we should be able to get back to five or six-tenths percent of sales volume.

As I mentioned in the past, the committee's efforts have been devoted largely to improving the credit structure of the manufacturer. We cannot help but feel now that it is our duty to do what we can to improve the credit structure of the other units involved, and for the coming year our work will be in fortifying the existing paint credit groups with information that has been compiled for the purpose of improving the credit structure of not only the manufacturer, but also all other units involved in the distribution of paint.

As we see our picture, in a broad view, the problem of the industry starts with the collecting of raw material by the manufacturer, it proceeds as a finished product, sale applied to the surface for which it is intended, and it ends first when the paint contractor, when one has been employed, receives paint for his contract; second, when the jobber and dealer receives payment for the material; and third, when the manufacturers receive payment for the material that has been delivered to the jobber and dealer.

This being the case, it would seem that the logical function for a credit and collection committee of an association such as ours, should be to develop means that would make it possible for the industry to book a maximum volume of sales at a minimum bad debt loss, and a reasonable investment in receivables to sales volume or all units involved in distribution.

Benefits Must Be General

Now, it is apparent that in the application of any remedy, that is of particular benefit to the manufacturer alone, and that does not help or assist the dealer or jobber, we are simply improving one unit of distribution and we cannot possibly expect by that means to book the full share of the consumers' buying power that the products of our industry deserve.

While it is true that the manufacturers are largely responsible for placing the products of the industry on the jobbers and dealers shelves, the important task of moving the products from the manufacturers to the ultimate consumer must be and is performed by the organizations of the jobbers and dealers, and certified and directed by the manufacturers representatives.

And if the jobber and dealer in performing that function cannot earn a reasonable net profit for his efforts, it seems reasonable to assume that the flow of trade sale products from the manufacturer to the ultimate consumer will be retarded, and that retardation will be further emphasized when because of unprofitable operations a jobber on a dealer has to cease doing business.

As we all know, during the past five years, the mortality rate of jobbers and dealers in our industry has been unusually high, and one of the principal contributions to that high mortality rate has been excessive bad debt losses.

Now, we know that the larger volume of our trade sales products sold, moved through the hands of the painter trade, and because of that, it is only reasonable that the larger portion of the bad debts suffered by the jobbers and dealers would be represented in painter accounts.

That is not surprising so much as the fact that the liberal way in which credit has been extended in our industry by almost all paint manufacturers during the past years, that has made a condition

T. J. Kenny
Chairman on Credits and Collections

possible that has existed, particularly when it is considered that no attention seems to have been paid to fundamentals that must apply in our business.

While no national compilation has been prepared in certain markets where data of that kind has been developed, the information disclosed has been very startling. As an illustration I have in mind, data that was compiled by the paint and wall paper dealers association of a comparatively large market, they had one hundred and forty members.

They decided to make a record of the bad accounts carried by their membership.

The total for that one market alone for the one hundred and forty members, exceeded six hundred and seventy-five thousand dollars.

Where similar data have been compiled in other markets, the results developed have been comparative, losses have been unusually high.

In fact, from my own observation it has been very common to see dealers' bad debt losses exceed five percent of their sales volume, and we all know that the gross profits that are available in the retailing of paint, will not justify any such excessive bad debt losses.

Recently you gentlemen may have read the survey that was prepared by Professor Converse of the University of Illinois. He made a survey of a number of occupations, and his data were rearranged by the National Association of Finance Companies, so that the figure 100 would represent a maximum rating.

There were thirty-four occupations involved. The painters and decorators received the lowest rating with a percentage of 38.

Liberality Not Beneficial

Now, the fact that the painter and decorator received the lowest rating, does not mean that a greater degree of honesty was involved in the other occupations. It emphasizes rather, the liberal and unbusiness-like way in which the credit had been extended in our industry.

We have all seen illustrations that have arisen during the depression, where credit has been abused and we have seen instances where credit has been abused by men with much wider business training, greater experience than the average painter.

Now during the past several years, credit to the painter trade throughout the country has been extended with greater caution.

I don't believe there has been a time, in at least the last fifteen years, where as large a proportion of the painters have been sold on a cash basis. However, as conditions improve, as more house jobs arise as a result of the activity of the national housing act, an ultra-cautious credit policy will unquestionably restrict sales. But on the other hand, if we would revert to the policies that prevailed prior to the depression, it would be far more unprofitable.

There is a middle course that we can follow that should very greatly enable us to book a maximum volume of trade sales products through the painter trade, that if adopted and advocated by the industry should result in greater profits to the dealer, the jobber and the manufacturer.

And that middle course is this.

I am sure we all realize from much data that we have read on credits, that there are several elements that must be considered in the extension of credit regardless of the services or products involved, and those elements are the character, the business ability, the financial responsibility of the firm or individual seeking credit.

I am sure every one of us here has had the experience of applying to a department store for a charge account, and you will recall that you are invited to fill out an application for charge account form.

From the information you disclose in that form, plus the information that is subsequently developed from the references you furnished, plus the information they secure from their local credit bureau, the department store credit manager is enabled to appraise your credit worthiness and establish a line of credit for your account, and that line of credit is altered upwards or downwards, based upon your subsequent payment experiences.

Now gentlemen, if department stores who certainly have as nice a gross profit to work on as the average paint retailer, if they feel that that is essential in order to make better profits, why shouldn't the same thing apply to the paint retailer?

Painters can be classified in four different divisions. And while I might mention now that the paint trade as a rule does not frequently furnish very much financial responsibility, we all do know that over the period of the last five years there has been an excellent opportunity to build up a volume of historical data regarding the individual performance and painter habits of the painter trade that should permit all of us to exercise more intelligent discrimination in the extension of credit in the future.

Four Credit Groups

Painters can be placed into four credit divisions:—

1. There is the successful painter or contractor, who has operated profitably and has built up financial equities represented in cash, accounts receivables, real estate and other assets. His payment performance has been highly satisfactory. He is a very desirable risk. Unfortunately, too few of this type exists in a paint market.

2. There is the painter who has resided in a community for a period of years, perhaps owns his own home, though it may be encumbered by a mortgage, meets his household obligations promptly and has established reasonable lines of credit with one or more paint suppliers. He either pays for his material promptly, or on completion of a job. While he may not have succeeded in accumulating any visible wealth, he has demonstrated by past performance that he is honest, has a knowledge of his trade that enables him to pay his labor and material bills, and secure a sufficient return to take care of his living expenses. This class of painter trade is very desirable, and is sold on moderate lines of credit.

3. There is the painter who has resided in a community for at least several years, and while he owns no home or other visible equities, has established a reputation for his honesty and moral reliability. He is frequently sold on a job-to-job basis, care being taken to carefully record the material delivered to each job. This type of painter disposed of a nice volume of trade sales products over a period of a year's time, but care should be taken to insure prompt payment of each job as completed.

4. There is the painter who has acquired no financial responsibility, and has developed a bad payment performance. He is in debt to one or more local paint suppliers. His past record indicates that either through inability to properly estimate his jobs, or lack of sales ability to secure sufficient jobs, he has been unable to earn a living income from his work, and pay for his material bills. Because of the risk involved in selling this class of painter, the experienced and competent credit granters in the industry sell this type only on a secured basis. The usual method of securing the account, is to have the owner of the property either guarantee the material bill, or authorize the paint supplier to bill the owner direct.

We all know, gentlemen, from a practical angle that is a very difficult thing to do and still it is one of the jobs that we must possibly overcome if we want to maintain as large a sale volume as possible through the painter trade. Very fortunately for us, there have been two government units that in my belief have been doing splendid educational work in this direction.

I have in mind first, the Home Owners Loan Corporation. I know you men have witnessed instances where units of the home loan organization have made it a practice that at the time of paying over the contractor they invite the material men to sit in so that his account is simultaneously paid at the time that the contractor receives his money.

Likewise some of the banks making loans on national housing act are following a procedure such as this: At the time the loan is approved to the home-owner, in place of advancing the money to the home-owner they place the money in escrow with an officer of the bank, and as the work proceeds and as material is furnished and labor performed, the bills for the material and labor is forwarded to this bank officer and he pays them off after the approval of the home-owner, charging the payments or disbursements to the home-owners loan.

Now the more that that is done, gentlemen, the more it will impress upon the mind of the painter that his prestige does not suffer when he brings the material man into the picture with the home-owner, and anything that we, as individuals, can do through our dealers to further that movement is certainly a step in the right direction.

Credit Control Work

One of the finest sales jobs that I have ever seen has been performed by Mr. Sandhous on the Pacific coast, with his board of directors.

They have seventy-one firms represented in their local control bureau. They have the large paint manufacturers, the small paint manufacturers, the jobbers, the paint dealers, and the wall paper dealers, and they are co-operating very effectively under a credit control plan in San Francisco that has been so successful that Portland is now adopting it.

The "Convention Daily" of the *American Paint Journal* fully describes the accomplishments of the San Francisco credit control bureau for the period of the last six months.

Gentlemen, there is no method that will prevent pyramiding of credit in a community, or will influence the painter to strive to work off his delinquent obligations better than a control plan.

In closing, gentlemen, I would like to emphasize that by more intelligent discrimination in the extension of credit by the paint suppliers of our industry to the painter trade plus a well organized local credit control plan in each local community where a volume of paint is sold much can be done that will profitably improve the showing of not only the dealer, the jobber, but the manufacturer. Thank you very much.

HOLC Opportunities

Chairman Peck:—When our government started its great humanitarian drive to prevent starvation in the midst of plenty, it likewise and simultaneously said, "and homes and home-life must be preserved."

Our people can ill afford to sacrifice and unnecessarily lose their greatest asset. It therefore gives me great pleasure to introduce as our speaker, John H. Fahey, chairman of the board of directors of the Home Owners Loan Corporation and associated organizations.

He will, I am sure, contribute much to the knowledge of the great work being done, and the opportunity it offers its natural copartner, the paint and varnish industry. Mr. Fahey.

Address by Mr. Fahey

John H. Fahey:—I am very glad, indeed, of meeting here this morning with you gentlemen, and to have the privilege of telling you something about the work of the Home Owners Loan Corporation, which may be of some interest to you because of your close association with home building and home maintenance and of your appreciation of its importance to the people of this country.

As you doubtless know, the Home Owners Loan Corporation came into existence by an act of Congress in June of 1932. Under the provisions of that act, the corporation was authorized to issue two billion dollars of bonds, the interest of which was guaranteed by the United States government, and it was also provided by the treasury with two hundred million dollars of working capital.

The task assigned to it was to take over mortgages on homes, where the home owners were threatened to lose their homes as a result of foreclosure; homes which could not be re-financed in other directions in order to avoid the unfortunate development of foreclosure.

When the home owners loan act was projected and this legislation was enacted, the fact of the matter was that apparently few of the bankers and business men of the United States or mortgage lending executives had any real appreciation of the danger of the situation that was then developing in its menace to real estate values in the country, and also the threat to our local financial structure.

The foreclosure on your own homes averaging seventy-eight to seventy-nine thousand a year, but as a result of the developments with which you are all familiar; by 1932, the foreclosures on your homes alone had risen to two hundred and seventy-three thousand, the highest record ever reached, not only in this country but any country on the face of the globe in any corresponding period.

In the month in which this act was passed, June, 1933, the foreclosures reached a figure of above twenty-six thousand, which was the all-time peak for any cycle month in the history of the United States.

In 1933, for the full year, the figure was but slightly lower than for 1932 and was above two hundred and seventy-one thousand.

Now anyone who starts to think about this for a moment will realize that facing, as we were, at the same time, the results of the commercial banking debacle, and almost unprecedented unemployment in this country, that if this on-rush of foreclosures had been allowed to continue, the country would have been faced with social and political developments of the most serious character.

Not only that, but as you know, the government and the government alone, made it possible by the mobilization of the power of all of the people represented through its government, to reopen the commercial banks of the United States after the holiday of March, 1933, and to place them on such a basis of strength that it was possible to insure them, and restore the confidence of the country in our banks.

The net result of those constructive measures, as you know, was that in less than four months, something more than two million of hoarded cash returned to our commercial banks, and since then the figure has risen to an increased amount of four and a half billion of deposits in the first part of this year, and you will find the commercial banks of the country today in an unprecedented position, to serve industries and all of the people of the United States.

The excess reserve is above two billions of dollars. That is a greater reserve than this or any other country ever before commanded, and not only that but the unused commercial credit available figures between twenty-eight and thirty billions of dollars.

No country in any time, no banking system anywhere ever attained such financial strength as this.

Relief Under Mortgages

But, gentlemen, if the government had not at the same time moved to deal with the enormous burden of debt represented by the mortgages on our urban homes, which aggregates over twenty-one billions of dollars, a large part of the constructive work done to restore the commercial banking structure would have proven futile.

The movement of depression, as it effects real estate, and homes, and apartments, and commercial buildings, is lower and less spectacular than that effecting marketable securities which may be thrown on the market from day to day and where the decline in prices at once is apparent.

But all of you gentlemen who are familiar with real estate values, and home construction, know perfectly well that even in spite of the constructive steps taken by our government as a result of the developments before the Home Owners Loan Corporation became effective, the effect on real estate values was such that it has been only within recent months able to find a market for valuable real estate anywhere in the United States.

As I have tried to say, when this legislation was proposed, there were few, even among the best informed students of the mortgage lending problem, who had any conception of the necessity for some relief institution of this sort, of the type represented by the organization of this particular corporation.

It took about ten or twelve weeks to set up this organization in forty-eight States of the Union, and it was done hurriedly, and a good many readjustments have had to be made, but since November, last, the corporation has been functioning with steady increasing efficiency, and with the result that up to yesterday the corporation disbursed about one billion eight hundred and twenty-five million of dollars, and it has taken over the mortgages of something more than six hundred thousand homes.

If it had not so functioned, you will readily understand that by this time something like two and a half billions of people would either have been deprived of their homes or would have to be carried by the relief organizations or otherwise in order to preserve roofs over their heads.

A large proportion of them undoubtedly as a result of foreclosure would have been evicted at a most unfortunate time to precipitate a crisis of that kind when we were struggling with the other difficulties to which I have referred.

More than 90 percent of this vast sum of money, and I say, "vast sum," because as a matter of fact, gentlemen, we have become so accustomed to talking in terms of tens and hundreds of millions of dollars, and billions of dollars, that we really have no adequate comprehension of what billion dollars means, and what the distribution of already two billion of dollars in every one of the forty-eight States of the Union, really means in quickening the currents of business and strengthening the financial structure.

More than 90 percent of all of this money has gone to institutions, to commercial banks, to the insurance companies, to building and loan associations and cooperative banks, to the private mortgages co-operations.

The effect has been to put them in a very much different position from that which they occupied a year and a year and a half ago. A large proportion of them now are approaching the point where they ought to be able to take over their normal functions of financing the needs of the home owners of this country.

The corporation has something like a billion dollars left, but it has a total accumulation, as against that, of about three and a half billion demand.

Purpose Misunderstood

We know that a substantial part of this accumulation can never be translated into acceptable loans. A great many of the people have misunderstood the purposes of the corporation, tens of thousands have filed applications with us who are in no real difficulty so far as their mortgages are concerned, who are able to pay the interest on their obligations and also meeting the principal payments, but they have an impression that this institution is ready to take any kind of a loan, and lots of them would like to get a 5 percent interest rate and have fifteen years to pay off the obligation, and as you understand these are amortized loans.

I think that you gentlemen will find in the years to come that the experience of the Home Owners Loan Corporation in refinancing these mortgages is going to demonstrate to this country as similar operations have demonstrated to practically all of the countries of Europe that the only safe and sound kind of a loan against a home is a long time amortized loan.

We used to believe that the short term loan commonly taken by the savings banks for three or five years for not more than 50 or 60 percent of the value of the property, a loan which the bank never expected would be paid but just renewed when it came due, was just about the soundest kind of a security there was in the world, but it remained for this depression to demonstrate that in many respects it was one of the weakest kind of loans that a banking institution could have.

On the other hand, the long term amortized loan which did not put too great burden on the home owner, and as a result of which amortization, he was steadily reducing his obligation month by month, or quarter by quarter, placed him in a position where he could be taken care of to very much greater advantage, and safety to the institution, than if he were obliged to face an obligation which it was absolutely impossible for him to meet, and where he must either find some way of having it refinanced, or else face the difficulty of foreclosure.

I repeat that I think, out of this experience, we are going to find that all classes of mortgage lending institutions will consider much more seriously this situation than they have in the past, the advantage of long time amortized loans, on which the indebtedness is reduced regularly.

Already some of the large insurance companies, and a considerable number of savings banks which have never considered loans of this character before are now offering them to those who care to refinance, or to negotiate new loans.

Future Moves Problematic

What we may do after our present remaining resources of something more than a billion dollars have been used remains to be seen.

That is a problem for the President and Congress. The funds still at our disposal will probably carry the corporation well into next Spring, with the present rate of disbursement of something more than two hundred million dollars a month. Now, of course, it is highly desirable that this government instrumentality should be relieved of the necessity of carrying on this vast refinancing of home mortgages and as quickly as possible, and that the tens of thousands of private lending institutions of the country should themselves take up the work. Of course, on the other hand, it is unwise to build a bridge that is three feet short, and unquestionably the President and the Congress will be ready to make such propositions as may be necessary in the files of the constitutions which exist, when we get around to the first of next February.

We, all of us feel, however, that in this as in other similar relief enterprises, evolved by the government as emergency measures, that the normal and natural processes of dealing with these business enterprises should be resumed by the private business interests of the country as quickly and as thoroughly as possible. With this aid that has already been given to these thousands of financial institutions by the Home Owners Loan Corporation, we are already finding a large proportion of them ready and willing to make new loans, and to refinance loans which a year ago they felt they were unable to carry any longer.

As I have suggested, the Home Owners Loan Corporation is an emergency institution and was designed to be temporary, but as you doubtless are aware, and in any event it is possibly worthwhile for me to explain to you, the permanent steps which the government has taken for the encouragement of proper financing of homes, and building homes, are extremely comprehensive. Combined they represent a program such as no government in the world has ever undertaken within any corresponding period.

Loan Bank System

First of all, as you know, in the Fall of the year 1932, the Federal Home Loan Bank System came into existence as a result of legislation passed by the Congress a few months before. The Federal Home Loan Bank System is a system of twelve regional banks, all built along lines somewhat parallel to our Federal Reserve System and intended to serve the mortgage lending field by offering an opportunity for the rediscounting of mortgages and the borrowing by lending institutions from this regional bank system for the purpose of lending again, or for the purpose of meeting any demands upon them which may arise on the part of their shareholders and depositors.

These twelve banks came into existence in October, and it was a time when it was a serious handicap to their development, and the initial movement of membership was rather slow.

Up to the first of January, 1933, there were only one hundred and sixteen members in the bank system. You will recall that in the early months of 1933, that they were full of difficulties in the financial field, and quite naturally the growth of the bank system was not particularly significant during that period.

Indeed, the real development of membership did not come until after the commercial banking holiday, but in the period since the bank system has seen a very remarkable growth. It now includes something like twenty-eight hundred institutions in its membership. They have total assets of more than three and a half billions of dollars. Every bank of the twelve is now operating at a profit, and these twelve banks have already passed upon and allowed credits amounting to nearly two hundred and fifty millions of dollars available to their institutions' members.

Unfortunately up to date, at the most, only one hundred and twenty-five million of that was used, and the bank system has outstanding at present a little less than ninety millions of dollars. We are, however, extremely hopeful that these banker members will take fuller advantage of these large resources of the bank system in the months to come, and, indeed, we are gratified to find a very definite trend in that direction now.

The Federal government to encourage the establishment of this system itself subscribed one hundred and twenty-five million dollars of capital to make possible its establishment. The balance of the capital is subscribed by the banking institutions which compose its membership. Each bank has eleven directors. Nine of them are elected as members of the board of directors in each case by the member institutions. Two of these directors are named by the home loan bank board as public interest directors, representing solely the public interests.

It has always been a matter of great satisfaction to us that one of your most conspicuous and useful members and your president, Mr. Trigg here, has been a great tower of strength to us in one of the most important of the Federal home loan banks, that at Pittsburgh, and I want to tell you that he has rendered a service in helping to promote and develop this institution of the highest order, for which we of the board are deeply grateful, and for which every citizen who has at heart the welfare of his community and the promotion of sound home ownership in this country, also owes him a real obligation. I am delighted to have this opportunity of saying at least that much in recognition of the obligations that we, all of us, owe to Mr. Trigg.

Aside from this bank system, which in my humble judgment is just in its infancy, corresponding systems have been characteristic of European countries for more than a century. I go so far as to say if we had had the advantage of an institution of this sort twenty-five years ago, and it had time to mature, you never would have had anything like the difficulties which arose following the panic of 1929.

You will find the home loan bank system, in my judgment, growing in the years to come to one of the greatest and soundest financial institutions that the world has ever seen. It has unlimited opportunities to secure funds for the vast benefit of its membership, because offering debenture bonds as it may, with the combined strength of all of its membership, and the security of their total assets, the bonds which this institution can issue to provide for more funds for relending are without—there is no comparison with them in the field of private finance, and nothing except government obligations to be found in the field of investment that can compare with them. I might remark parenthetically, that similar organizations of the same character in Europe over the last thirty to fifty years invariably sold on a level with government obligations and sometimes on an even better basis than that of the governments themselves in the European countries.

Local Thrift Institutions

In addition to this prominent institution which the government has backed, and helped to develop for the benefit of home-ownership in the United States, the act which created the Home Owners Loan Corporation also provided for the establishment of Federal savings and loan associations in those sections of the country where they were no facilities to encourage thrift and home-ownership. A survey of the country had disclosed the fact that more than half of our twenty-two hundred counties in the United States had no local thrift institutions, no building and loan associations or co-operative banks, no savings banks, no institutions of any character whatever interested in the development of thrift or saving, or in the utilization of the money accumulated in the construction of homes and the encouragement of home ownership. The Federal government, in order to promote that movement along constructive lines, provided one hundred millions of dollars which it made available through our board to take stock in community associations, designed to fill this need.

In other words, the government stepped into the picture, prepared to put up dollar for dollar with those in local communities where there were no such facilities, to make possible the accumulation of funds for the protection and construction of homes, and for their sound financing. Already something like six hundred Federal organizations have been set going. When the housing act was up last year, the legislation was amended so that we were permitted in some instances, if it were desirable to do so, where the reorganization of State associations was in contemplation, or whether the capitalization of a new institution on a large scale desirable, that our board might even go so far as putting up three to one against the shares subscribed by local shareholders.

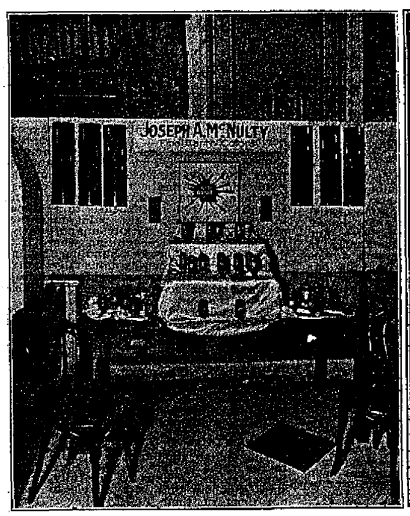
As I said, about six hundred of such Federals have now been organized. Some of them are State chartered institutions which have been converted into Federals, as a result of the conviction on the part of their managers and shareholders that there was a great opportunity to take advantage of the Federal charters offered here, and that particularly under present circumstances the rederalization would have the effect of inviting new funds more rapidly than under existing circumstances in many sections of the country.

Confidence a Factor

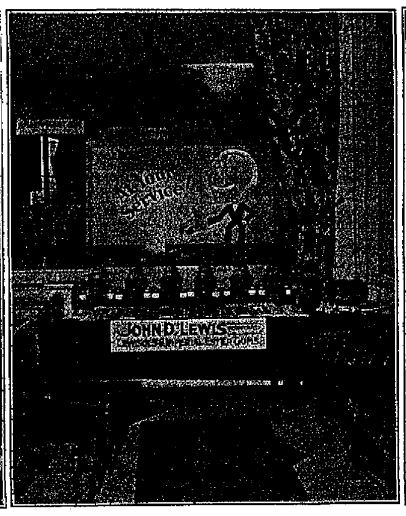
That has proved true in a great many instances. Undoubtedly a controlling influence in the community has been a confidence and belief in Federal institutions which has been strengthened greatly by the events of the last year, and to a certain extent, at least, a lack of confidence in State examination and State supervision, and that is a result of the unhappy developments in a certain number of the States.

Please don't misunderstand me in recounting these experiences in this way. The great majority of the States of the Union, in my judgment, have done a reasonably good job, so far as supervision is concerned, but it can hardly be said that the legislation of the States as a whole has been consistent or standardized. In dealing with the problem of supervision, on these savings institutions, into which the small savings of some ten or fifteen millions of our wage earners and workers have gone, we might just as frankly face the fact that we have not until now provided the protection for these small savers which should have been given long since.

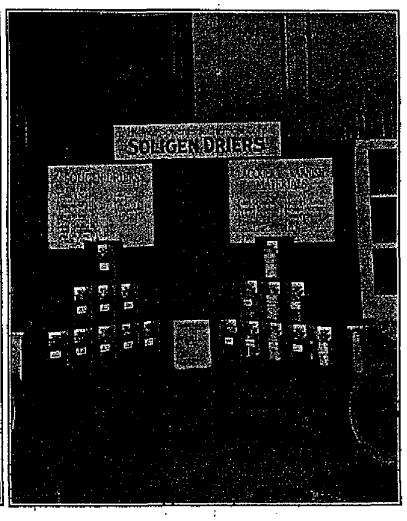
Another influence which is attracting attention to the advantage of these Federally chartered associations wherever there is reasonable opportunity for them, is the fact that under the housing act, also, they are automatically made eligible for insurance, and they must be insured. The amendment of that act provided for the creation of the Federal Savings and Loan Insurance Corporation, with one hundred million dollars of capital also provided by the Federal government. It is intended to serve a field, so far as the mortgage lending institutions are concerned, similar to that covered by the Federal Deposit Insurance Corporation,



Joseph A. McNulty
At the 1934 Paint Industries Show



John D. Lewis, Inc.
At the 1934 Paint Industries Show



Advance Solvents & Chemical Corporation
At the 1934 Paint Industries Show

serving the commercial banks of the country.

Under the terms of that act, as I have said, the government has provided the capital to the extent of one hundred millions of dollars, and these institutions may apply for insurance and the savings and investments of their members may be insured up to five thousand dollars against any possible loss in the event of failure or insolvency. They pay a rate of a quarter of 1 percent, annually. The board has a right to assess another quarter if it becomes necessary, but we are satisfied that it is extremely doubtful if the occasion will ever arise to increase that assessment beyond a quarter of 1 percent.

Insurance Idea Popular

The regulations of the insurance corporation have lately been formulated, and applications for insurance are beginning to come in upon the corporation from all sections of the country. As a part of it, we are developing one system of annual examination for these institutions, representing the bank system, the Federal associations, and the insurance corporation, and we are trying to simplify the practice and make it as practical and effective as possible. I am glad to say in this effort we are having the co-operation of the State commissions and State regulating authorities, and we hope out of it to evolve a standardized system of examination which will greatly reduce costs and avoid a very considerable duplication of effort.

I have taken up lots more time than I intended to, or indeed that I should, in describing these operations, and in going into a little detail as to their significance.

You are already aware that as a part of the work of the Home Owners Loan Corporation, we are called upon to advance very considerable sums of money for repair and rehabilitation, in the case of homes where we refinance the mortgages.

I ought to say this further explanation, that we had the act amended early last Spring when the legislation was before Congress, so that we had authority to use as much as three hundred million dollars of our resources for that type of rehabilitation and modernization work on the homes that we took over. Up to date we have received 289,230 applications for modernization and repair loans in connection with our refinancing. Our expenditures so far in that particular direction amount to about seventy millions of dollars.

It seems quite apparent from the trend and character of these applications, that on the remaining four or five hundred thousand mortgages that we will take over between now and next spring, the expenditure will probably run up to around $300,000,000, or $250,000,000. I rather doubt if it will run as high as the total of $300,000,000.

However, this effort is being supplemented on a very large scale now, by the private lending institutions themselves, without any assistance on the part of the Home Owners Loan Corporation, with more funds in hand, and very much greater liquidation than they were as a result of the reset of this large cash volume of cash payments on the part of the corporation. They are much more ready to advance money in their own fields.

Neglect of Homes

As you know, the homes of the country, as a result of the developments of the last five years, have been neglected to such an extent that there is no qustion whatever that their set value has been very seriously impaired. All of the facts and figures which we have been able to gather checked by your work, and that of other similar associations, shows plainly enough that a large portion, probably as many as ten million of the homes of this country are today in need of repair, painting and rehabilitation, and their value is steadily declining from week to week and month to month as their owners have been unable to, or to date have been unwilling to undertake the expense necessary to put them in proper shape.

Mortgag lending institutions are finding collateral steadily depreciated in value. As far as the Home Owners Loan Corporation is concerned, in self-defense if for no other reason, we have been obliged to rehabilitate and repaint and refurnish and modernize the homes that we take over in order to make our collateral of the character that it should be.

Other lending institutions have been faced with exactly the same problem. The sooner that they appreciate that and are aroused to the necessity of carrying forward this fundamental work of repair and rehabilitation, the greater it is going to be for the institutions themselves as well as for the country as a whole.

As you are well aware, the Federal Housing Administration is in an exceptional position to encourage work of this sort. I imagine a representative of the Administration will talk to you, or has already addressed you during this session, and made clear the character of their work. Certainly no government anywhere at any time ever offered more liberal terms for the encouragement of the kind of work which the time demands.

Here are the commercial banks, and other lending institutions of the country, offering to lend money for this necessary work, on very liberal terms, with a guarantee against loss on the part of the government up to twenty per cent when all previous experience in this field shows that under the most discouraging conditions the loss at its worst has never risen above 3.5 percent.

Happily, the full advantage is now being taken of this opportunity by a very large number of the banking institutions. Outside of the loans that they are making, as I have said, many of the institutions without resorting to the guarantee at all are making loans on their own account. Aside from this, gentlemen, I am convinced that no thoughtful student of the subject can study the trends of the last five or six years without realizing that we have in the making in this country now one of the largest housing shortages that the United States has ever seen.

Lag in Construction

You know the extent to which the construction industry has declined during the last five or six years, much further than any other industry in the entire list. It is true, as the figures for the last decade or two have shown, that our population is not increasing at a rate equal to that of previous years. However, that experience is the same as the older experience of the older countries of the world, and likewise we are having the same experience that they have had.

The number of families increasing proportionately, the result is certainly going to be as it has been in Europe, a demand for more homes. They may be, on the average, smaller homes, but the next decade is almost certain to see a great increase in the demand for smaller apartments and for smaller individual homes.

Now, of course, we all realize that there is a very real element and danger in encouraging speculative building in this country on a basis which would not be warranted. If we overdid the thing, we would have a bad headache thereafter as a result. There is no occasion for doing that. There are sections of the country where there is at the present time a very real need for new housing. There are other sections where we are already overbuilt and new construction should not be encouraged. In every section of the country, however, there is a very real need for modernization, extension, and reconstruction of homes.

In that direction, alone, there are enormous opportunities which should be of vital interest to you as well as to everybody else who has any relation whatever to building and construction in this country.

I know that you have already felt, in many directions, as others have, the quickening revitalizing effects of some of this work which has already been done. I venture to suggest that you will feel the importance between now and next Spring. We recognize that you, gentlemen, all of you, have co-operated wholeheartedly with us, and with other Federal instrumentalities with an effort to bring the business of this country back to the level which it ought to have.

There is much yet to be done. It will be done, in my judgment, only as we tackle the problem with courage and determination. After all, there is only one really dependable way to get business, and that is by going after it. We seldom accomplish anything by drawing the blinds and locking the door and waiting for somebody to pull the doorbell out by the roots.

Business Must Be Sought

There is only one way to get business in this country and there never was any other and that is to go out after it.

Certainly there is plenty to be had in this country of ours, and if we really let our imaginations take a look around the road into the future, we can, I think, hardly fail to realize as great as have been the achievements of the United States of America in the past, we are really but at the beginning of what it is possible for us to accomplish. You gentlemen come here from all sections of the United States and I know that those of you who travel across the country from East to West, or North to South, and just look out the car windows, cannot fail to be impressed with the fact that in truth we have hardly scratched the surface in developing the resources and the possibilities of this country of ours.

After all, we have here the greatest single piece of real estate there is on the surface of the globe, containing within its own borders more of the natural resources of the world than any other country possesses. It is a virile, ambitious, industries people, who talk the same language, form eight States free of tariff laws, and an industry comparably greater so far as its equipment is concerned, and man hour is concerned, than any other country in the entire world. It has a railroad system greater than any other land possesses, and financial resources under our control to be used to full advantage such as no nation has ever had.

Under these circumstances, why should we have any doubt about the future of the United States of America? It is in our hands, in the hands of the business men of the United States. They have received and are receiving help and encouragement from their government. But there is a limit to how far the government should go, or should be expected to go. There can in the last analysis be no substitute for the activity of government in keeping the wheels going and employment sustained, except the energy and the industry, and the ambition, and the determination of the business men of the United States themselves.

So far as your industry is concerned, there is a great demand, and a very real demand for the products of your factories. There is nothing more valuable in preserving the building and making it more attractive than the right kind of paint. If we do nothing else, in the year to come, but go out and paint every structure we had in the United States, we would so brighten up this country, and encourage our people that you wouldn't find any room anywhere for the gloom birds that we still have among us in some directions.

Gentlemen, thank you very much for the privilege of talking to you.

Response by Mr. Trigg

President Trigg: Mr. Peck has asked me to say a word to Mr. Fahey in appreciation of his coming here and talking to us. Nothing could possibly give me more pleasure than to be able to adequately convey to you, Mr. Fahey, the very genuine appreciation which we feel for this wonderful talk of yours.

It is informative, educational, inspirational, and I don't know whether you men know, or not, that Mr. Fahey, who has referred to my association with the home loan bank system which gives me an opportunity of saying to you that through my contacts with the Federal board, I have had an opportunity to see a little something of the working of that board.

The Federal board, consisting of five men appointed by the President of the United States, of which board Mr. Fahey is the chairman, is handling and is responsible for the home loan banking system to which he referred, involving the millions of dollars he had you for disposing of and arranging for and lending the three hundred million dollars to be used for improvements on the homes on which the mortgages have been taken over by the Home Owners Loan Corporation.

Almost two billion dollars so far advanced on those mortgages to property owners, thereby relieving the individual property owner and bringing the additional relief to the communities affected. The arranging for and investment of the funds in the Federal Savings and Loan Association is another one of the responsibilities, the creation and handling of the corporation to insure shares in building and loan associations to protect the investors there—constituting, men, in reality a greater financial institution, and set up, in terms of money involved and the number of transactions carried on than has ever existed before in the history of the world.

No other financial institution in money value, in the far-reaching effect of what they are doing, and in the number of transactions, there is nothing that has ever approached the job that is being carried on by these five men headed by Mr. Fahey and I have never known five men who worked more honestly, faithfully, without prejudice, and without favor, and without influence, one way or the other, to carry out their obligations to the people of this country. And so, Mr. Fahey, we appreciate your being here. We are under great obligation to you for the message you have brought, the information you have given, and especially for your concluding remarks in which you challenged us again to renew our courage and our confidence and to go forth and do business ourselves instead of depending too much on the time on the government to do it for us.

I speak that to you on behalf of my associates, and I know they are going to second by responding to you all. If so please say "Aye."

(Cries of "Aye.")

The Dealer's Place

Chairman Peck: I don't know how you gentlemen feel about it, but seriously speaking, my main object in attending this convention was to find out new and better ways to sell merchandise. But instead of that, after listening to Mr. Fahey's talk, I find, as I am sure you do, I am going to buy a very much bigger block of this thing called the United States than we have ever dreamed of in the past.

We now return to a further consideration of our distribution outlets and distribution methods, and are particularly fortunate to be able to present as our next speaker, Frank Pekoc.

As Mr. Pekoc is unusually successful as operator of two very modern hardware and paint stores in the city of Cleveland, he is past president of the Ohio Hardware Association, and a very important factor in the national hardware organization who have, as you know, done so much in a co-operative way, and as a result of splendid leadership in setting an example for the purpose of helping to improve the average operators condition and merchandising practices, and they have done it.

Mr. Pekoc will speak to us on the subject of "The Dealer's Place in the Distribution System." Mr. Pekoc.

Address by Mr. Pekoc

I am very appreciative of the honor and am delighted to have the opportunity of speaking to you this morning on a subject that has always been of great interest to me, namely, "The Dealer's Place in the Distribution System." I am happy to welcome the manufacturers' and dealers' standpoint.

The dealer, as I see it, is the keyman in the distribution of commodities, and as far back as history goes, there have been dealers to carry on the exchange and distribution of goods. This is a necessary function, because with our complex civilization of today, it is no longer practical to conduct our business affairs on a simple exchange, as was the case with primitive man in precivilization days.

Even the introduction of money does not solve the problem, nor is it neither practical nor economical for the manufacturer of paint in Cleveland to reach the housewife in Louisiana who wants to redecorate her breakfast set and attempt to supply her with a small can of enamel for that purpose. That is the function of the dealer, who carries a stock almost at her door and can render paint service. This is a common illustration which could be multiplied thousands of times.

The paint business is peculiarly a dealer's business. Paint is not a simple line, consisting of a few items. The multiplicity of colors and sizes of packages, to say nothing of the large number of special lines of finishing materials, make the dealer essential in the scheme of distribution. The average consumer is not well posted on the various finishes, and their application, and is constantly in need of definite information and advice in order to get the results that he has in mind. Frequently, too, the consumer needs suggestions or advice when he runs into difficulty in the middle of the job or he may run short of material before he finishes, let us say, the kitchen ceiling, and he is in no position, or mood either, to write to Cleveland and wait for his information or material to reach him a week later.

The paint dealer must be alert to his responsibility. He exists only to serve, and when he ceases to serve then there is no longer any justification for his existence. He is the buyer for his trading area. In many lines, to be sure, the public to a large degree determines the buying for him by what we can call demand. This is particularly true in various lines on which a broad public demand has been built up by advertising and sales promotion.

In many lines, however, this still does not apply and on such items it is up to the dealer to decide what is best suited for his particular conditions. Even in for the case of the advertised lines it is not possible for the dealer to carry the many duplications; therefore, of necessity, he must use his judgment as to which of the advertised lines would best fit into his program and then put his sales effort behind that particular line.

Paint is an important line for the dealer, even for those who are not exclusive paint dealers such as hardware and wall paper men. Even for such dealers, paint and varnish should not be simply a side-line but the main line, warranting the best display possible and the maximum sales effort. Wherever possible this department should be in the charge of a competent paint man and where this is not practical as in the case of the smaller store, then everything possible should be done to insure the intelligent handling of the trade by clerks who are properly schooled in the sale of paints, and varnishes and their application.

Adequate Stock Essential

The manufacturer has the right to expect that the dealer carry a sufficient stock to properly serve the trade; that this stock be attractively displayed and that the dealer be in a position to render intelligent and courteous service to the public. Such a stock requires a considerable investment because the time has gone by when a large volume of business can be done on a small investment.

It pays the dealer to carry a complete stock and to be in a position to render real service. He can afford to concentrate on the paint line and to a large degree be a paint specialist, because, handled properly, it is the most profitable line in his store.

In return for this investment and this large portion of his time the dealer expects all possible co-operation from the manufacturer and also reasonable sales and territorial protection. Paint is an agency line, not simply a specialty line and should be treated as an agency line. If the dealer is to concentrate his activities largely on one line of paints and varnishes, and it is good business for him to do so, then he in turn expects a reasonable territory in which to operate, one which will provide a return for the time and effort that he is putting into it.

He also expects to be relieved of illegitimate competition. There has been a tendency on the part of some manufacturers and jobbers to reach down and take business that really belongs to the dealer. This is, of course, not only true in the paint business but also in some other lines. The dealer rightfully resents this and is preparing to resist it. In various parts of the country steps have been taken by organizations to get the co-operation of the manufacturer in eliminating this unfair practice and some headway has been made, but much still remains to be done.

The dealer recognizes that there is certain business that he cannot handle to advantage, such for example, as large industrial users, but he does expect full protection on such business as should properly be handled by him.

A great deal has been done by the paint and varnish manufacturers in the way of simplification of lines. The dealer realizes this and appreciates the very excellent results already accomplished along this line, to the mutual advantage of both the manufacturer and dealer. He believes that there is still room for further progress, recognizing at the same time the need for a sufficient range of finishes, colors and sizes to properly serve the trade.

Some mention should be made here too of the paint and varnish code which, I believe, is a good one and very fair to the dealer. The dealer particularly appreciates the code requirements in connection with the dropping of colors which is a great help to him.

The "Penny" Sale

Elimination by the paint code of penny sales, I think, is also a step in the right direction. The penny sale, broadly speaking, is not a bona fide sale, because, if a gallon of paint, for example, is really worth $3 at retail, then two gallons of that same paint cannot be sold at $3.01. The penny sale as well as various other practices of that kind are usually simply a means of merchandising cheaper products by making extravagant claims as to their worth. The so-called $3 paint, therefore, which was offered on the basis of two gallons for $3.01 was not $3 paint at all, but a special material of low cost, made so as to provide a profit on the basis of two gallons for $3.01.

In sales helps, too, probably no industry has done more for the dealers than the paint and varnish industry. The dealer has paid for some of these helps but most of them have been without charge. They have been a vital influence in greatly expanding the use of finishing materials in this country. From my experience not only as a dealer but also because I was at one time in the employ of a large paint and varnish manufacturer and have represented them on the road and also had active charge of one of their stores, I know the time and thought as well as expense that is put into sales helps by the paint manufacturer and would be totally unappreciative if I did not give recognition where it is due. We are at present handling the line of a company which is unusually active in promotion in the sales of their dealers, and their co-operation is invaluable to us.

These advertising and sales helps not only sell more of the particular brand that is being advertised, but also actually create more paint business in the aggregate. People are influenced through advertising to do painting and varnishing jobs that might not otherwise have been done at all, or would at least have been greatly delayed. Customers brought into the store through this advertising to buy paint are also customers for other lines.

Use of Sales Helps

The dealer should therefore be urged to use these selling helps to the utmost. Some dealers perhaps do not fully appreciate the help that is available to them, but most of them do, I believe. Some would like more elaborate features, even if they had to participate in the expense.

I am in favor of suggested resale prices. The company whose line we handle issues

a very fine resale schedule and, while here and there are dealers who make some deviation from the card prices, the fact remains that the putting out of a suggested retail price has gone a long way toward establishing a universal fair retail price. Before we have retail price cards every dealer more or less established his own resale prices, which varies considerably, with the result that Mrs. Jones would find the price of a certain brand of enamel to be, say 85 cents at one store and $1 at another store. This was not good business for either the dealer or the manufacturer and caused the customer to lose faith.

In putting out suggested resale prices it is not intended, of course, that all paint lines should sell at a standard or similar price. It is recognized that there are various qualities of finishing materials and that a gallon of a certain brand may be worth more or less than a gallon of another brand. The idea is simply to maintain a reasonable and fair price basis on the identical brand of paint. It is also recognized that occasionally there is a need for a genuine special.

In other words, a moderate cut for some special sale, or event. In such special cases the manufacturer can help the dealer by making him as favorable a price as possible, in case-lot quantities. Some price atmosphere is needed in a paint department. Merchants should not form a habit of cutting on standard merchandise but an occasional cut on seasonable items like screen enamel and roof coatings is desirable and profitable.

It is important that the dealer to exist must have a reasonable margin, and of necessity will select a line which will provide such a margin. I have in mind now a certain brand of coffee which is very highly advertised and on which the manufacturer is trying to create an extensive demand. This brand is unpopular with the dealer because it is sold on an exceedingly small margin, which is insufficient to cover his cost of doing business. The result is that the average dealer carries only a small stock of this particular brand and sells it only when the consumer absolutely demands it. This is certainly not a happy spot for this particular manufacturer.

Another manufacturer of a nationally known and advertised line of canned goods who formerly followed a similar policy has found it to his interest to change his retail set-up so the dealer has an opportunity to make a profit on his line, and is benefiting very much by this change in his policy. This particular manufacturer, by the way, is now issuing a printed suggested price list for the dealer, who has long felt this was necessary to satisfy dealers.

Inefficient Clerks

In general, I would say that the paint manufacturer is extending real co-operation to the paint dealer and it is up to the dealer to make just as much as possible out of the selling helps that are provided. I would say that in most cases the weakest link in the chain is the paint clerk, whose lack of knowledge and experience in handling paint prospects and painting problems frequently causes him to lose a sale that should have been made, or to sell the wrong material or give the wrong information as to its use, all of which leads to lost sales and lost customers. I am satisfied that there is tremendous room for improvement among the thousands and thousands of clerks who handle paint customers and that much education is needed to overcome this difficulty.

I do not think that I can overstress this point. I had long felt that this was the weakest spot, but in order to fully satisfy myself I made a test case last week in Cleveland, in which I engaged a competent shopper to interview a number of paint dealers, and check up on their handling of prospective customers who walk into their stores. Much as I would like to do so time will not permit me to read this report in detail. It is an interesting cross-section of our dealer situation.

This man was provided with money and would have bought had the clerk waiting on him given him any real reason for making the purchase. He called on sixteen representative stores among which were exclusive paint stores, department stores and hardware stores. Would you be surprised to learn that in only one store out of 16 was he given any real reason why he should buy their particular brand of paint; that in most stores no attempt whatsoever was made to sell him when he asked for a brand that they did not have in stock; that with one exception the proprietor or clerk displayed any appreciable knowledge of even as staple an item as outside house paint.

You have all heard of, and some of you have made consumer surveys, but how many of you have made dealer surveys to learn how well your dealers and their clerks are prepared to sell your merchandise and represent you in their community as you would like to be represented? You may spend a lot of time and money providing window trims, color cards, panel racks and other sales helps to the dealer, but all that is ineffective when in the hands of a poorly-posted dealer and his even more poorly-posted clerks.

Along this line you might be interested in knowing that just last week too, a large manufacturer of electric bulbs had a man in our store for several days to make a survey of our store, the way we handle our trade, and the buying habits of the consumer along his particular line.

Knowledge of the merchandise being sold is extremely vital to the success of the store, because it means more sales, quicker sales and better sales. By better sales, I mean sales that result in a highly satisfied customer. Customers like to buy goods where the salesperson behind the counter knows his business, and soon place full confidence in such a store.

Necessary Qualifications

The paint dealer and his clerks should not only be qualified to answer all ordinary questions and make recommendations as to the use of the products, but also be qualified to suggest new and additional uses for paint and various ways of using them. The American people are taking more and more pride in their homes and their furnishings and are more interested in the use of paints and varnishes than ever before.

I am reminded of an experience that one of my friends had just a very short time ago. This man is district manager for a large stove manufacturing company and he was sent into a Southern territory to determine what the tobacco growers were doing with their money when they sold their tobacco crops. He mingled among the growers at the sale and questioned them as to just what they were going to do with their receipts. Their ideas differed, of course, as to what they were going to do with their money but at the very head of the list was a desire to buy paint to paint their homes. It seemed as if everybody had neglected painting and that was one of the things that they had in mind to do when financially able. Next on the list were certain household wants such as stoves, furniture, etc.

There is no question in my mind but that we have before us the biggest potential paint market of all time. Because many people were reduced down to a bare subsistence level, a tremendous amount of painting has been put off. This will afford a wonderful market for some years to come. In addition we have the added impetus of the HOLC, the Federal housing act, and various other Federal activities, most of which involve the use of tremendous quantities of painting materials.

The dealer should prepare himself to take care of this market, and with the manufacturer's cooperation develop it to the maximum. This means complete stocks, highly trained sales personnel and a readiness and willingness to work with the manufacturer, he in return with dealers, in every way with the view of doing as closely as possible a 100 percent paint merchandising job.

Manufacturers' Views on the Industry's Future

Chairman Peck: I would like to thank you for the highly constructive analysis of our problems and your excellent presentation of it.

Gentlemen, as it is, I know your desire to consider the best illustrations of each condition and problem which is now facing our industry, for the purpose of reaching the right conclusion, and as New York is generally considered to be one of the industry's toughest markets, I feel sure that you will be intensely interested in a picture to be drawn of the future of the paint industry from the standpoint of a metropolitan manufacturer as presented by Mr. M. J. Merkin, New York, chairman of the trade sales committee of the New York club, and a manufacturer of outstanding success.

Address by Mr. Merkin

Having been asked to address this convention, I have picked a subject which to my mind is one of the most vital in our industry — "The Problems Facing Trade Sales in the Metropolitan Territory." The problems in trade sales are identical the nation over. The solution of some of these problems may be applied universally. There are but few trade sales cases from San Francisco to New York that are so dissimilar that we could not find some generalized principles of good business practice for their solution. At least in theory, it is very problematical that the dealer in Kansas and the dealer in Hoboken are conducting their respective businesses along opposite lines and thus have separate problems. This is not an assumption on my part; on the contrary, I have investigated and learned of the difficulties confronting the far Western dealers, the dealers in the Middle West, and the dealers doing business here in the East. We must concede this point—the fundamental problems in trade sales from the dealers' standpoint are national in scope and identical; and they must so be considered.

Every city today has become a metropolitan area, and there are but few manufacturers who do not concentrate their activities in these metropolitan centers. The manufacturers' concentration in metropolitan areas is one of the results of depressed conditions. We have all witnessed declining prices and almost all of us have attempted to meet this deficiency by increasing our volume. It was only natural for us to turn to the larger paint markets in the hope of increasing turnovers. The consequences must now be faced. Some of us have tried to get business directly from the contractor in the hope of creating a consumer demand whereby the dealers would, of necessity, stock our merchandise, many of us did not even consider the dealer and sold this type of business direct. In some cases, where the demand was created we could not get paint dealers to carry our stocks and so we created new outlets ranging from lumber yards to drug stores. When we found that it was practical for us to send our salesmen for the purpose of selling home owners, real estate agencies and other property maintenance accounts, we did so.

Some of us succeeded in grasping that elusive thing called "volume," but I believe we will all agree that the price has been much too high. With respect to trade sales accounts, we gave ridiculous concessions, free dealn uneconomic terms, etc. We did not create many new demands for paint products. What we did create was a highly competitive condition within our own industry. Discounts, jobber protection, dealer protection, territorial rights, and other fundamentals of good business were absolutely ignored. We created our own condition of "A Buyer's Market" and, frankly, none of us, including the buyers, are getting a break. The condition of a buyer's market is prevalent in every metropolitan area. There is nothing urban or rural about it. Neither is there anything rural about the manufacturers assembled here today.

We have corrected some of our own mistakes in our code of fair competition. Free deals, long term credits, unearned and excessive cash discounts are now virtually eliminated. We have touched upon trade sales policies but we have accomplished little with respect to trade sales protection.

Things That Are Needed

In categorical sequence, without respect to their importance, I direct your attention to the following:—

1. There is in every metropolitan center a normal market for products of our industry and therefore, it is my judgment that care should be exercised in the establishing of new retail outlets for the specific purpose that the new does not destroy both himself and his competitor at the expense of the manufacturer.

2. Close imitation of established brand names and packages.

3. No definite guide to distinguish discounts that may be allowed to dealer and jobber accounts.

4. No interpretation of what constitutes a trade sales account for distinction in

M. J. Merkin

set-up between a painter operating a makeshift store and a legitimate dealer handling a full line of merchandise.

5. Direct Selling: The lowering of the entire industry resulting from the unwarranted, uneconomic and unplanned competition that exists between the manufacturer selling direct to the consumer and the dealer's insistent demand for cheaper and still cheaper products of good quality to meet this competition.

The crux of many of our difficulties may be found in the solution of this final point—direct selling. The jobber and dealer ought to be protected in some form, and there ought to be an established trade practice in our industry whereby, if the manufacturer does business direct with the consumer, he should neverless charge a sufficient amount over his cost so that the resultant selling price to the consumer would be practically the same as though the consumer bought goods of equal quantity through the jobber or dealer.

While there are other problems such as price-fixing, co-operative merchandising, and advertising campaigns, etc., it is my opinion that the essential difficulties are those I have mentioned. We cannot expect this convention or ten conventions to find adequate solution to all the problems which, for the common good of the entire industry must be solved. Our job is not to spend time in endless debate but rather to capitalize on this opportunity, consider only the principal difficulties and attempt to find means of corrections.

Composite Views

It would be extremely presumptuous and impolite for me to come before you armed only with my personal beliefs for the correction of the evils as outlined. I am not sure that I could not offer my own suggestions and that these suggestions would be without merit. But I have purposely made it a point to contact other manufacturers in my own and other territories. I have talked with painters and consumers. At no small personal expense and at a great giving up of time, I have contacted dealer organizations to get their views.

To cite an example—in the Greater New York and Metropolitan area there are some six or seven paint dealer organizations. All have been contacted by personal visit. In New York city we have a large, well-established and intelligently managed group known as the Paint Dealers' Protective Association. In contacting their board of governors, I received first-hand information that is partly embodied in the recommendations I will offer. It is with this background and my own personal knowledge of the problems, that I respectfully submit the following proposals:—

1. New stores and outlets.—(a) A set-up should be created to ascertain in advance the definite financial responsibility and the ability to properly merchandise products of our industry of any one desiring to open a new store. (b) New stores shall be required to purchase a full line of merchandise including all sundries on penalty of not being given full trade sales discounts.

2. Manufacturers should classify their accounts and arrange selling schedules at varying discounts.

(a) Maintenance accounts—real estate, etc., where paints and allied products are used for the repair and general maintenance of property.

(b) Painters' and contractors' accounts.

(c) Dealer and jobber.

(d) Consumer and retail accounts.

In no instance shall any type of buyer falling in any of the above classifications receive a discount from the full retail list greater than the discount given to trade sales accounts. With particular reference to painting contractors and maintenance accounts, it should be an established custom that in no instance shall they be sold at a price less than 25 percent above the net price to the smallest dealer account. The 25 percent as suggested is to be applied only to the fastest moving merchandise and should be increased in percentage on other items in accordance with the percentage of turnover on these items.

Fairness to All

We all like to take large orders and I hope that the order I have given you is not too large. The suggestions are entirely free from bias. We know, for example, that when I suggest a minimum of 25 percent on fast moving merchandise, it is the lowest possible percentage for which a legitimate dealer could afford to sell. The percentage is hardly enough for a manufacturer to profitably handle direct accounts. Statistics will show that it costs the manufacturer less money to sell his goods in a wholesale way to the jobber and dealer than in small quantities to the consumer.

We must keep before us the consideration, not so much as to what the dealer and jobber has done to us, but what we can do for them. We cannot afford to ignore these problems nor can we afford to delay in finding suitable solutions. Action must be taken before we drive the dealer and jobber from the paint field as distributing factors. If we act promptly and judiciously, we will be doing something to encourage the dealer and jobber to put sustained selling effort back of their paint business and we will be putting thousands of additional salesmen to work thus furthering the sales of the products of our industry.

Chairman Peck:—Now, gentlemen, if you have referred to your program, you will now find that we have by this time considered every type of distribution with the exception of the so-called "national" manufacturer, whose problems are diverse and many in his composite operations.

It is therefore a great privilege to present as our next speaker one of the industry's most outstanding executives, H. A. Melum, vice-president of the Benjamin Moore Company and vice-president of the National Paint, Varnish and Lacquer Association, who will outline the future of the paint industry from the standpoint of the national manufacturer.

Address by Mr. Melum

A consideration of the future of the paint industry from the standpoint of a national manufacturer suggests many items of interest: Products, distribution, markets, business conduct. Indeed, it is so comprehensive that it includes a review of these and other factors during the development of the industry over a period of many years as a background for what the future may have in store. The achievements during this development need to be considered in an attempt to gain a perspective of what the future holds. These factors are even so varied that it undoubtedly would be difficult to reach a common agreement in different opinions that exist in the matter of their appreisement. This is readily appreciated because of the many interests and types of minds that exist in our industry, and the consequent differences of opinions regarding the fixing of values.

We have all been concerned from individual standpoints with the development of our own business interests over a period of years, and we probably have even greater concern in this regard with the future, because of the events and experiences of the past few years and the present-day condition of business in general. All of these individual interests have contributed to the welfare of the industry as a whole and have established in this way the factors which are responsible for the progress of the industry.

On the one hand, there are those who measure the progress which an industry makes solely on the dollars and cents valuation of investment and volume of business. On the other hand, there are those who are inclined to measure progress on the basis of the operating performance and purpose of an industry in meeting what the requirement of the industry should be from the standpoint of the service which it renders. This latter point of view, it would seem, is the one that most appropriately can be applied in taking an inventory of the progress which our industry has made over a period of years, because surely, if it is applied to the future operations of our industry, there need not be much concern as to the results in dollars and cents investment and volume of business.

To some, this may seem to be highly idealistic. With them, I would have to agree if we were considering only what might be achieved in a short space of time, but I would have to disagree with them in a consideration of what the accomplishments would be over the period of years which are ahead.

Essential Factors

Therefore, it will not be my purpose to review what has transpired over the years of years in our industry from the standpoint of dollars and cents investment and volume of business in establishing a basis whereby we may determine what may be expected in this regard. There may be some who could compile certain statistics from this point of view and present a most alluring and optimistic picture, but I am inclined rather, in considering what the future holds in store for our industry, to recognize those factors which have contributed to the growth and development of our industry, with a full belief that they will play a most decisive part in the course which lies ahead. Consequently, I wish those factors which I believe not only have been outstanding in the past operating activities of the manufacturers of our industry, but also will be of such vital

importance to the future operations of each and every manufacturer that they will determine definitely both the future course which the individual manufacturer will take and the future course of the industry as a whole.

Two outstanding and important factors are products and distribution. To some they are the hub around which all other factors revolve. To others they are two factors, of course, but only two in a group of many. We can talk about these factors in a most inclusive way, even to the point of involving many others, and, as well, the matter of performance and purpose to which I have referred.

The period of the last two or three decades has definitely been marked with the greatest industrial development that the world has ever known from the standpoint of new and improved types and kinds of commodities. This has all brought about a change in the living conditions and the habits of people, and business world has been forced to meet the changed situation. Whether or not we are entering into another such *era is impossible to foretell*, although when we stop to consider what has been afforded to us in the past comparatively short period of years in items that have contributed to the necessities and comfort and luxuries of life, it seems that so many changes cannot come about again or so much cannot happen again in such a short space of years in the future.

The manufacturers in our industry have played no small part in this program through the development of new and improved types of products of the industry and in meeting the changed situation. This I do not need to emphasize to you in any detail. In view of these facts, *it does seem desirable*, however, to pause to consider what changes have meant to the industry, and whether or not the standards of the industry have been influenced in any serious way because of it all.

Development in Products

There are those products that have been improved and developed, which have not only added much to the constructive development of the individual manufacturer, but also have contributed in a conspicuous way to the constructive growth of our industry. And there are those products which have been manufactured and offered for sale as new and improved materials, which have possibly rendered some kind of profit to certain manufacturers, but which have brought about a lowering of standards of quality, and which have contributed in detrimental way to the growth and development of the industry as a whole.

We have witnessed an increasing amount of technical work being done amongst the manufacturers in our industry, which undoubtedly accounts for the many changes that have taken place, as we are conversant with the many new raw materials which occupy such an important part in the formation of the products of our industry, and which have been manipulated in various ways, according to the purpose of the individual technician and manufacturer.

There has been the opportunity to raise standards to a higher level in producing materials designed to render greater service, and there has been the opportunity to produce materials that have the appearance of quality merchandise, but which have been lower in quality and constructed primarily to sell at a price.

It is interesting to observe how, over the period of years, the demand for certain products of our industry in certain sections has changed from those of the higher standards of quality to those of the lower standards, and how much emphasis has been put on the matter of only price. Much of this has no doubt come as the result of individual manufacturers having introduced at some time or other new brands of merchandise at prices and qualities lower than the prevailing standards. Such actions may give temporary advantages to an individual manufacturer who is introducing a new brand of merchandise, but I know of no such instances where competing manufacturers have not in a very short time met the situation, and the final result has been that the general demand in these sections has been changed to the lower standards of quality and the lower price material.

Advantages Are Fictitious

This kind of practice has a very definite influence on the growth and development of the industry because the manufacturers who introduce such new brands of merchandise are surely in no permanently changed position in regard to their competition. They have created no permanently greater sales outlet through total increased consumption, and no more units are disposed of by the industry to the trade.

They have simply reduced the dollars and cents sales volume for themselves *and all their competitors, as well as the* dollars and cents sales volume for the industry on certain particular types of material in those particular sections where this practice has been allowed, and the public has finally been the victim of such a practice by not having procured the best products obtainable for its needs. I place emphasis on this kind of development because it has been a factor in the growth of the industry over a period of years that has resulted to the detriment of the manufacturer, jobber, dealer, painter, and consumer.

As I look into the future of this industry, I wonder how much has been learned from the actual experiences of the past in this respect. The discontinuance of these kinds of practices would mean a constructive development which would not only in benefits to all members of the industry, but also in the service rendered to the ultimate consumer.

The technical developments and the adoption of the many new raw materials which have come into general usage over a period of years have also brought about tremendous changes in the products of the industry, which have influenced painting practices in a very conspicuous way.

The increased hiding qualities of paint products have reduced the number of coats of paint which are applied on jobs, and the emphasis which has been put on hastening the drying and hardening qualities of products of the industry has reduced the time element considerably. That the improvements made in hiding and drying qualities have contributed to the constructive development of the industry, there certainly can be no doubt, but I wish to point out most emphatically that certain abuses have crept in with this kind of growth that do not redect credit to the industry.

It is a rare occasion to hear of a three or four-coat outside job being done in these days, and even more rare to hear of a multiple-coat interior job being done. Because of the improvement which has been made in the products of the industry, so many coats may not be required today as there were years ago, but I am sure we will all be free to admit that there are too many one-coat jobs done that should properly be two-coat jobs, and too many two-coat jobs done that properly should be three-coat jobs if the jobs are done in a way to render the greatest value to the consumer through the *satisfactory performance of* paint firms and all the stress that is put on covering and drying rather than service and durability.

Manufacturers' Responsibilities

Thus, I could continue this discussion in making observations regarding the changes that have taken place in the products of the industry. All of these, to my mind, show very definitely the course which our industry in the development of products is taking, and outline the responsibilities of the manufacturers of this industry in its growth and development in the future. These responsibilities point definitely to the need of greater emphasis, first, on the feature of producing only those products that will render the greatest possible service to the users of such materials, and second, on the feature of stressing the popularity and correct use of the highest quality products in sales activities. Efforts in this direction, on the part of all manufacturers, will surely fix a course for the future of the industry that will lead to a most gratifying growth and development.

Likewise, while we are all familiar with the problem and experiences in the matter of products of the industry and recognize certain undesirable situations in this regard that we would like to see corrected, we all are familiar with the problems and experiences in the matter of distribution, and recognize certain undesirable situations in that connection which we would also like to see corrected. The word "distribution," is suggestive, meaningful, and significant in its application to our industry. It can be interpreted to include the consuming market and all the phases that enter into the activities of our industry from the time the finished products leave the factories until they finally reach the ultimate consumers.

The market for the products of our industry is an extensive one, and the activities of various agencies which have been attempting to bring about better business conditions in general have indicated, through various surveys and compilations, a potential market for the products of our industry that is continually being brought to our attention on the huge sums that are available for the rehabilitation of property, together with the figures that run into the millions on the number of structures that are in want of repairs and paint. I do not think there is any need on my part to add anything to what you already know in this regard.

I must admit that some of these figures are quite staggering and somewhat difficult to comprehend, and at times I find them even to be responsible for the suggestion of at least a hope that before long general conditions will permit the industry to participate in a large measure of realization and accomplishment of what these figures indicate. Although, quite naturally, this kind of knowledge arouses interest and enthusiasm on the part of all manufacturers in order that regardless of the extent to which these demands will exist each will procure at least his share of the business done, the problem of distribution in establishing sales outlets and in having the products over a period of many years have quite generally looked to the jobber and dealer as the recognized channels of distribution in this regard. These outlets have played a very conspicuous and important part in the scheme of distribution of the products of our industry over a period of years and will no doubt continue to perform.

Each individual manufacturer has a very definite and distinct obligation of putting forth greater efforts toward building up more effective representation, which will result in greater sales volume, and of properly recognizing these outlets on the basis of the function which they perform and the service which they render.

Importance of Conduct

Finally, there is another factor which *is basic to the success of any business*, because it is a dominating influence that shapes all thinking and all activities—business conduct.

Under general business conditions, such as have been experienced for the past several years, when every possible effort has been put forth by the individual manufacturer to maintain sales volume, it is probably to be expected that there would be some deviation in the industry from recognized practices and policies in the conduct of the business. It is difficult, of course, to estimate the extent of such activities in the industry.

I am of the opinion that some time in the future, when more normal conditions will again prevail in the matter of volume of business, many of the unusual activities in the industry during the past several years, which probably at times appeared to be insurmountable problems, will gradually become corrected through the application of straight and clear thinking, backed up by the experiences of the many years of constructive growth and development of our industry.

During the past year we have had the experience of attempting to fix certain rules and regulations in the conduct of the business governmental code, and we have all been reminded again of how difficult, if not impossible, it is to have legislation governing conduct.

Therefore, as we look into the years that are before us, to what seems to hold promise of an industry increasing in importance because of the service which it is called upon to render, and increasing in importance in the industrial world because of the strong indications for its growth and development is there not an individual obligation and responsibility resting upon each member of the industry in regard to the standards of business practices and policies which are to prevail? Surely every one will recognize in the service which the industry is called upon to perform, a requirement for the highest quality products which it is possible to produce, and, furthermore, if each one will recognize a competitive relationship with one another as manufacturers, that calls for only the highest standard of business conduct and ethics—there need not be much concern about the achievement of the industry in the future, nor its constructive growth and development.

I sincerely trust that as years come and go there will be an increasing evidence of a greater contribution toward higher standards and ideals in the competitive *relationship of the members of our in*dustry. If such will be the experiences, I am sure the future holds much in store for our industry.

Chairman Peck: — Before we close this session even though the hour is late, I am quite sure that we would appreciate hearing a few closing remarks and comments from our president, Mr. Trigg.

Comment by Mr. Trigg

President Trigg: I am going to be very brief in what I have to say. Yesterday afternoon and this afternoon have been full of most interesting discussions.

The program was very carefully worked out by your trade sales committee, having in mind the accomplishment of a deliberate result, namely, to lay the foundation work through the presentation of the opportunities for business for all of us. Then, through a consideration of the jobber's side, the dealer's side, and finally the manufacturer's side, in this situation, in order that we might have before us today, yesterday and today. And as we go home and get reports of these addresses, and these meetings, and study them over, considering the facts that have been presented, which come from the most authentic and dependable sources available, then to turn over in our minds, whether the direction in which we have been drifting for the last few years is right, or whether we ought to stop and check up a little bit on where we are going, and maybe correct our course to some extent at least for the future.

I want to say to you men that from the trade sales standpoint, some of the things that have crept into our merchandising methods, such as the question of direct selling, the question of making jobber's prices to dealers who are not entitled to it, the question of making prices to consumers in many cases, maintenance accounts, and so forth, as low or lower than the dealer's price—all of those things we must realize are gradually tearing down the established distributing system, so far as paint and varnish are concerned in this country, and if persisted in can only result in the eventual driving out of the distribution field of those factors, the jobbers and dealers, that are so important to the continuance of our volume of business.

On the other hand, if by reasoning the thing out, if by considering the facts that have been presented, and that we know do exist, if we can so shape our course for the future that we recognize the legitimate distributing sources, that we put them in a position where, based upon the services which they render, they are going to have a renewed enthusiasm and courage and determination to go ahead presenting their paint departments, giving more attention to that side of their business, it is going to result in our putting back to work as salesmen for the products of our industry literally thousands of dealers and jobbers throughout the country, who, today, many of them at least, are somewhat passive in their attitude toward the promotion of their paint departments.

Now we have a wonderful field of opportunity. We have had it portrayed here to us. The business is waiting for us to go out and get it, but the manufacturers of this country cannot hire people enough to go to the final consumer, go down to the property owner in every community. We have got to have the set-ups in the cities and towns throughout this country, through our jobbers and dealers, to go after that business with a fine-tooth comb, to go down to the property owner and solicit the business and cash in on the possibilities that exist and come back to us with a volume of business that will be put into our plants.

And so the appeal that we are making to this industry is to consider this situation, to recognize the importance of the distribution, the distributing factors that we have, and let us so shape our course that we are going to make it possible for all of them to continue in the paint business. And we are going to make it attractive for them to put more of their time and effort and thought into the paint side of their business rather than to continue to consider it as too much of a side line.

Now all of this discussion, and what we have done for the last two sessions, yesterday and today, is to lay the foundation work for that.

You have a wonderful set-up in your trade sales organization, starting with your national trade sales committee and coming down to each one of the communities with local trade sales committees, and let us use the machinery which we have, and discuss these matters among the manufacturers in our particular area. And then, through the chairman of your local committees, let the information and the ideas and the suggestions that you have in each community filter back to, and go into the melting pot of the national committee, and out of it all, as we proceed along proper lines in the development of this work, we will eventually be able to plan what Mr. Peck refers to so well as a better, a more equitable and a proper price pattern for this industry in the future.

Chairman Peck: I have nothing to add to Mr. Trigg's final and splendid closing remarks, with but one exception. And that exception is merely this. That this is a man-built world. It may have been divinely created, and it was, but it certainly is a man-developed world, and if that is true, and if we want to accomplish the opportunity that exists and is within our grasp, we are going to do it only as a result of the brain power that is applied to our problems, and the only way that we can get that brain power and have it applied to our problems is by your action.

If you gentlemen will go back to your respective communities, and act instead of going back to your respective communities and saying "That was a good convention," if you will go back to your respective communities and either call your trade sales meetings together, or see that it is done, I want to tell you that the slogan for your next convention can be not "Helping a great industry move forward," but "Helping a great industry speed forward." And that is what we want.

And so we will now close this meeting with thanks to you, for your attention, and your consideration, and your thoughts, with a further and final comment only, to the effect that Mr. Trigg has certain remarks that he wishes to make regarding this afternoon's session. Thank you, and good luck.

Appreciation for Committee

A. K. Sheldon: I think it would be most unfortunate if we did not express today—and I think in making this statement I am expressing the sentiments of all—our appreciation for the sincere work which you and your committee have done.

Now that the sessions have come to a close, I think they vindicate the judgment and the far-reaching thought of our President in shifting up these activities into the industrial and trade sales activities.

I have just this one suggestion and this one statement to make. I believe it would be easier to follow through and do the things which you ask us to do, if there was provided for us and made possible through the reporting services, or from the reporting services, but through the national association office, a copy of these proceedings that we would follow the plan which is used in some associations whereby members may purchase from association a copy of the reporting services.

It is true that we get some of these speeches through the trade press, but after all that is piecemeal.

If we could get it all in one book or one place, I believe there would be a demand for that, and it would be for us more easily to carry through.

Chairman Peck: Thank you very much, Mr. Sheldon. Your suggestion is splendid, and these speeches can be secured, and will be obtainable in the way you suggest, and as a matter of fact if in the various trade sales meetings that are held in the different localities of the United States, if an organized program is arranged for a series of meetings, so that each one of the subjects can be taken up and discussed separately and fully, or several of them within an evening, I am sure that you gentlemen in this great industry of ours are going to come back with recommendations that will really help us get some place. Thank you very much.

President Trigg: I want to speak about this afternoon. This afternoon will be the last session. It will not be a long session.

We will have Mr. Richberg here, and as you know this afternoon, according to the newspapers, in the last few days, he has become even of greater importance in our national set up, probably being the "Number One Man" now so far as the administration is concerned, next to the President of the United States. He is a busy man. He is working on a very tight schedule. Mr. Richberg will be here at two o'clock, or just as quickly after two as is possible for him to get here. He may be slightly delayed, but I want to register that hour of two o'clock with you so that we will all be here and tell the other people to be here, because we want to give Mr. Richberg the best audience we possibly can.

Mr. Richberg will have a message to give to us that will interest everybody and we want to show him our interest in his coming here by having everyone on the job.

And then, too, we need you because there are certain amendments to the by-laws and constitution which will be presented at this time, that is, at the afternoon session, certain parts of which require a three-quarters vote of the association and we need the attendance here to give that to us, so please, men, be here at two o'clock.

(The session was adjourned at 1:00 p.m.)

Final Session—Friday Afternoon

[The final session of the convention was opened at 2:30 p.m., November 2, President Trigg presiding.]

President Trigg: We will please come to order.

The first subject on this afternoon's program will be the report of the committee of constitution and by-laws by Mr. Howard.

Action on Constitution and By-Laws

H. M. Howard: I hope to be through long before Mr. Richberg gets here, so if you will bear with me, I will try to be

as expeditious and quick as possible on this dry subject.

You remember at the preliminary report I announced that the amendments along with the present forms had been printed, and ask you to take copies of them, and I feel certain that you have all been spending many hours seeing that every "t" was crossed and every "i" dotted, and probably given up social activities to do it, so we come fully prepared.

Seriously speaking, although I don't want to read every section, I know you don't want to have me do it, we have given a great deal of consideration to the changes and in co-operation with the Washington office they have been very seriously considered.

With your permission I will not read any that simply change the language and do not change the import, but if you want me to read it and doubt whether I am giving it to you as it is printed, speak up.

(Mr. Howard read the report of the committee. See page 18.)

President Trigg: We will continue with the reading of the report.

Mr. Howard: Article III, section 5. The old form sets for the election of a general manager. Inasmuch as we now have no general manager on our set-up, the amendment eliminates that section. I move the adoption, Mr. President.

President Trigg: Is there any objection? If not, all those in favor will please say "aye"; it is adopted.

(Mr. Howard continued the reading of the report through section 14, executive committee meetings.)

Elliot S. Phillips: I have a question to raise in conection with that.

May I ask the committee why they felt that it was necessary for the executive committee to meet right after the convention, or within two weeks of the time? Why could that not be at the call of the president, as well?

Mr. Howard: The old form reads that they shall meet immediately after the convention, and we have stretched that out to two weeks. I understand that is for organization purposes.

Now, it is essential that the organization should be put into operation as soon as possible. It was too quick right after the convention, so we thought two weeks made it mandatory to do it within that time, but gave ample time for it to be done.

Mr. Phillips: I know it is to be changed, and I am familiar with it, but we are just wondering about the fact of whether we couldn't be a little more general on that, and leave it to the call of the president. That is all.

I would like to make such a motion.

President Trigg: If there is no objection, that will be changed to read that the executive committee shall meet immediately following the convention, or at the call of the president, for organization purposes.

Mr. Phillips: That is the point I am making.

President Trigg: That is an amendment and if there is no objection, it is approved.

Mr. Howard: Those are all of the changes in the constitution. In order to make this legal, it calls for a vote on it all.

President Trigg: Now you vote on the whole thing.

Mr. Howard: I move its adoption.

(The motion was seconded.)

President Trigg: The motion has been made that we adopt all of these amendments to the constitution. All in favor will please say "aye"; contrary "nay." It is adopted.

We will now have the reading of the report of the by-laws committee.

(Mr. Howard read the changes in the by-laws.)

Mr. Howard: I move the adoption of the report.

President Trigg: Is there a second to that motion?

(The motion was seconded.)

President Trigg: Unless there is some objection, the motion is carried and the report is adopted.

Mr. Phillips has a matter to bring before the meeting.

Membership for Wholesalers

Mr. Phillips: I have a resolution to present to this convention which was drawn up from yesterday morning, to be presented today. This was drawn up very carefully by our corporation counsel, and Mr. Trigg and a lot of the members. It concerns a matter that is of very great importance to this association, and to the industry.

The matter is something that the executive committee hasn't had time enough yet to give a very great consideration to, so in presenting this resolution, we are doing it, and asking you to give us a certain authority to go into the situation involved, and then we expect to come back to this convention next year and we have made up our minds what is to be done, and get your approval first.

So if you will bear that in mind while I am reading this resolution we will do that.

Whereas, the executive committee of the national wholesale Paint Association has proposed that the members of such association be admitted directly into the membership of the National Paint, Varnish and Lacquer Association, Inc., and that a division within this association be created for such members; and

Whereas, definite consideration and action on such proposal of the wholesale association must be given prior to the next annual meeting of the National Wholesale Paint Association in February, 1935; be it

Resolved: That this matter be referred to the executive committee for consideration, and if said committee deems such action advisable, it is hereby authorized and empowerd to accept the proposal of the National Wholesale Paint Association and make such arrangements on behalf of this association as may appear necessary and appropriate.

Now I believe every one of you here realizes just as well as I do that the paint distributor is certainly a very, very vital part of our industry, and this is a definite proposal from the distributors association to come into our association, as a division, operating under our constitution and by-laws, our rules and regulations and be a member of the whole paint industry family, and I offer it to you with that thought in mind.

Mr. Howard: I would like to second that.

President Trigg: Is there any discussion? Are you ready for the question. All in favor please signify by saying "aye," contrary "no." It is carried.

Simplification

R. W. Elton: There are two committee reports containing recommendations. The report of the simplification committee. I shall not read the report as it is printed.

(The printed report was as follows.)

In view of the code for the industry and the program for the committee as determined last year to devote this year to complete adherence to the simplification program as contained in the code, your committee has taken no action toward the development of new recommedations, although they have co-operated with the code authority in the interpretation and smoothing out of certain phases of the simplification program.

One specific problem has been under consideration, namely, the possibility of limiting the number of colors in lacquer and synthetic enamels to be distributed among jobbers and automobile refinishers to fifty shades.

It is, of course, apparent to all manufacturers handling this class of goods that there is a great deal of loss, obsolescence, etc., in trying to supply jobbers and refinishers with all shades they may ask for as is being done by many today, and certainly if this waste of the industry could be eliminated, it would be good for everyone concerned. However, we are confronted with the problem that automobile manufacturers use many hundreds of different shades of color, and that many of them, either through their service departments or their demands upon their supplying manufacturer, insist that these colors be available to their distributors and dealers.

It, therefore, seems to your committee that to try to remedy this situation through simplification would mean in effect that we were trying to dictate to the automobile manufacturer the number of colors available for his use.

After due consideration, your committee finds it impossible to render a conclusive decision on this proposal. We, therefore, have referred the matter to the national trade sales committee for their consideration and recommendations to the incoming committee on simplification.

It also recommends to the new committee that they consider clarifications and revisions of the present simplification program. As an example, item No. 1, A and B, provides for no two and three-pound cans in any line, which means there is nothing to prohibit 2½, 3½ and 4-pound cans, and this same thought could be carried to many other items in various sized containers. It is believed that by a change in wording, discrepancies of this kind could be cleared up.

In addition to this, there should be some provision to take care of paste products, such as lead in oil, on which subject there has been considerable correspondence between your chairman and the Department of Commerce.

Mr. Elton: The committee recommends the approval of the recommendation.

President Trigg: The chairman recognizes a motion to approve. All in favor please say "aye," contrary "no." It is adopted.

Trademarks

Mr. Elton: The report of the trade marks committee comes next.

Mr. Elton read excerpts from the committee's printed report which was as follows:—

The past year has witnessed the continued activity in your trademark bureau as a most useful adjunct of the National Paint, Varnish and Lacquer Association. The constructive service rendered to manufacturers in the industry by the bureau is now recognized as of inestimable value to the industry.

During the past year your trademark committee addressed a letter to all manufacturers in the industry, inviting them to list with the bureau all trademarks or brand-names recently adopted by them; this resulted in an influx of approximately 500 new names of which we did not previously have any record.

In addition, the bureau subscribes to a service of the United States Patent Office, whereby we procure copies of governmental registrations pertaining to our industry. These marks are also made a part of our file records.

Thus, it will be readily seen that we endeavor in every way possible to keep our records right up to the minute so that when any one wishes to know whether a certain mark is in use, we will be able to consult the most authentic and complete information that is possible.

There is no other source through which manufacturers in our industry can obtain this information, other than in the trademark bureau of your association.

Your committee, we are sure, does not need to impress upon members the great importance to them of always availing themselves of the records and services of the bureau, and yet we always try to publicize its facilities in every way possible, so that they will be a constant reminder of the fact that the bureau's records are always available whenever occasion arises for consultation.

We now have a record of about 25,000 trademarks used in the industry and this includes all United States Patent Office registrations. This list represents the most complete record anywhere to be found for trademarks in our industry, so every one should feel free to use them whenever contemplating the adoption of a new name, and, after the name has been selected, by all means see that the bureau is advised of its use.

Time and again the bureau has been instrumental in averting the adoption of infringing names, saving the infringer, in many instances, hundreds of dollars which he would otherwise spend through innocent selection. The likelihood of infringement can be very greatly curtailed if this preliminary precaution is always taken before a mark is chosen.

In addition to this fundamental service, the bureau continues to make known to members all marks which have been

Charles J. Caspar
Chairman on Trademarks

passed for registration in the United States Patent Office through the medium of the association's publication—"The Open Door."

Thus, our members are in position to protest the granting of any registration which they feel is infringing on their marks. Public notice is also given in "The Open Door" to marks which have been registered in the trademark bureau of the association.

Notices of Expirations

Another service of the bureau is to advise members of tradmarks which they have registered in the United States Patent Office, which expire. A notice is sent to such a member in order that the marks may be registered and his rights and ownership of the name duly protected. These supplementary functions of the bureau have proven of great worth to members and they will be continued in the future.

When your trademark committee was appointed this year, an investigation was conducted into the services of the bureau to the industry, and, after surveying them, your committee is of the opinion that they are of inestimable value and as such should be maintained.

We believe, however, that it is possible to simplify at least one phase of the bureau's work, and that is in connection with the report service, whereby all information pertaining to same or similar marks is noted.

In the past, when these reports have been written, an endeavor was made to make it as inclusive as possible.

With the many manifold activities now engaging the attention of the association's staff, it has not been possible at all times to maintain promptness of service to the members asking for the reports, due to the fact that at certain times during the year the applications for the reports are quite heavy. As can be appreciated, promptness of service is essential if the manufacturers are to proceed in the matter of the selection of a proper name.

Often these reports contain two and three pages of typewritten matter, and your committee is of the opinion that the recipients of them do not require such complete detail with respect to some names which might be considered irrelevant. With those in charge of the work at association headquarters having other functions to perform, in addition to that of the trademark bureau, it appeared desirable to simplify the details by briefing the reports to the extent of giving full and complete information with respect to same or similar marks, and merely mentioning that other somewhat similar names are used—and so list them—and about which more detailed information may be secured.

Your trademark committee submitted this recommendation to the executive committee of the association—in accordance with the provisions of the by-laws—with the result that this procedure was approved. Therefore, begining with the new association year, this modified form of report service will be instituted. In this connection, however, it should be pointed out that the new procedure does not contemplate any change in issuing the recording certificate itself, as your committee is of the belief that this is an essential feature of the bureau's services, and as such should be continued.

At this time we should like to record our appreciation of the editorials and news releases published by the trade papers of the industry; their assistance in publicizing the bureau's activities is keenly appreciated and has been largely instrumental in bringing the bureau's services to the attention of manufacturers in the industry.

New Supplement to Book

The latest published trademark directory of the association comprises the 1927 trademark book. We did issue the 1929 and 1932 supplements to the 1927 edition, but the supply of both supplements is now entirely exhausted.

Your committee is of the opinion that it will not be necessary to issue another complete trademark directory (combining the 1927, 1929 and 1932 issues), but we are of the opinion that a new supplement should be issued in order to bring these published lists up to date.

There is a generous demand for these lists, as, in many instances, manufacturers in the industry desire to have copies before them in order to make a preliminary search in the selection of a trademark, and also for reference in order to determine who manufactures a certain product in the industry.

Therefore, your trademark committee recommends that another supplement be issued to the 1927 trademark book, combining therein information contained in the present 1929 and 1932 supplements, together with marks which have come to our attention since the latter edition was published, thus bringing our list up to date.

We believe this will serve its purpose, and it appears to your committee that this is the most expeditious and the least expensive way in which to handle it. There is an ample supply of the 1927 trademarks books on hand to last another year or two, at the least.

Your committee would once again like to place as much emphasis as possible on the urgent necessity of every member of the industry writing to the trademark bureau at association headquarters when the selection of a new name is under consideration, for, in so doing, members are not only protecting their own interests—in choosing a mark which is distinctive from others—but they are taking cognizance of the rights of ownership of others to a trademark which should not be infringed upon.

During the year association headquarters was visited by Messrs. Edgerly and Murray and the chairman, at which time your trademark bureau was inspected, and this report would not be complete and the chairman would be remiss in appreciation, did he not here make reference to the splendid system and records maintained at association headquarters under the management and supervision of Robert K. Shannon, and it is your committee's desire here to pay tribute to Mr. Shannon for the complete and readily accessible records he has maintained, and for the courtesy and promptness with which he has always handled all registrations and correspondence in connection with the bureau. Mr. Shannon has supervised the bureau for a great many years, and has demonstrated, by his research work in the bureau and his reports to our members, that he has a splendid grasp of trademark matters, and we are fortunate indeed to have this department under his able and enthusiastic management.

President Trigg: Is there a motion to approve that recommendation? A motion has been made. All in favor please say "aye," contrary "no." It is carried.

(Other reports presented to the convention in pamphlet form were the following.)

Arbitration

There has been submitted to your committee on arbitration, during the year just closed, only one case for arbitration,

F. P. Cheesman
Chairman on Arbitration

and we hope to be able to decide this case during the time the convention is in session at Washington, but at the present time we have no report to render on it.

Chamber of Commerce

A representative of your committee attended the twenty-second annual meeting of the Chamber of Commerce of the United States in Washington, May 1 to 4, 1934.

The first day of the convention was practically taken up in connection with the nomination and election of the national directors. Our association was only interested indirectly in the election of two directors, they being friends of some member of our industry, and I am glad to say that both gentlemen were elected, namely, Major T. J. Strickler, Kansas City, Mo., and William P. Witherow,

Pittsburgh. Other duties for that day were merely routine.

Our industry had no particular program to offer at this convention. It seems as though an industry as extensive as ours should have some problems of national importance to present at these conventions and feel that consideration should be given this line of thought before the United States chamber's next meeting in 1935.

Your director attended as many of the round table conferences as possible, and most of these had to do with the recovery program. I found in many instances an undercurrent of feeling against some of the government's activities in connection with the industrial recovery program. The subjects discussed having particular bearing on our industry were "Refinancing Home Ownership," "Transportation," etc.

In view of the lack of any definite program for your national councillor, his duties are extremely limited, consisting principally of sitting in at the various meetings and absorbing, as far as possible, the trend of conditions existing in the various lines of industry. It would be useless to make a detailed account of such meetings in this report as each subject was given wide publicity through the daily press at the time.

Membership

Your national membership committee is pleased to report that it has gained the goal for which it planned and worked.

When entrusted, at the beginning of the thirty-fifth association year, with this most important duty, the quota set for us by our leader and president, Mr. Trigg, of 750 members, seemed like an impossible task.

When it is taken into consideration that at no time in the past had the membership of the old association exceeded much more than 200, it must be conceded that your committee had its work cut out for it.

We realized, however, that the thing most needed was a powerful organization in both members and personnel, in order to make it possible for our great industry to carry forward a constructive program and to accomplish the things which the clear vision of our national leader had in mind.

We realized that our organization was fairly strong numerically in certain sections, but woefully weak in others.

Our plan was to enlist new members from all parts of the United States and Canada, and to have a national association in fact as well as name.

Our national membership committee was organized with subcommittees, each headed by a local chairman. These were augmented by other members, who were to take care of various raw material groups.

A great membership drive was then launched. A cup was offered by our president to be known as the President's Cup, to be awarded to the subcommittee making the best showing. Friendly and good-natured rivalry to win the cup was in evidence, and intense interest was maintained throughout the drive.

Ours was a sales job, but we had a splendid product to sell—"membership in the National Paint, Varnish and Lacquer Association"—and in selling that to our prospects we were sure to receive their lasting gratitude.

As your committee now gives an account of their stewardship, it is our pleasure to report a great united industry, numbering 750 members, as covered by the attached list.

New states, new cities and towns are now represented which were never represented before. Most States have fallen in line with their quota of members, and what time and effort your committee has spent is fully compensated for in seeing our great industry moving forward to still greater accomplishments.

In closing our report, we wish to express our sincere appreciation for the wonderful support given our committee by the trade press in both their news articles and editorials.

We appreciate the splendid co-operation of the staff at headquarters; the suggestions and help of other members of our national association; and last, but not least, those in our various offices, our secretaries, who have so loyally and enthusiastically helped in this work.

But our task has not yet begun.

Now that we have reached our goal, our association must retain this membership and press on to a still larger enrollment. We must keep alive enthusiasm, interest, and drive home the value of a membership in our association.

To this end, the incoming membership committee should thoroughly canvass the prospect lists furnished by our national headquarters and be on the alert for newcomers in our industry.

Today it may be truthfully stated that the National Paint, Varnish and Lacquer Association truly represents our industry, but our position can be further strengthened, and to this end we feel that very definite plans should be made by the incoming committee to work toward a goal of 1,000 members.

In addition to the personal efforts of this committee, we recommend that association headquarters continue their direct mail campaign to every eligible concern for membership in the national association.

May your chairman be permitted to add that it has been one of the finest experiences of his life to serve as chairman of a committee composed of men who have given so generously of their time and talents in the interests of our great industry.

Membership Showing, October 15, 1934

	New members	Old members
New England		
Local committee and chairman—		
Boston, Renabaw Smith, Jr.	37	8
Eastern Zone		
Baltimore, Burch C. Athey	5	5
Buffalo, H. Vernon Smith	7	8
New York, Maitland Dwight	134	24
Philadelphia, T. A. Williamson	78	10
Pittsburgh, A. E. Daum	10	5
Rochester, George Anderson	1	..
Syracuse, Howard Williams	4	1
Washington	3	..
Southern Zone		
Atlanta, W. A. Woodmansee	8	..
Birmingham, W. A. Currie	1	..
Louisville, Sevier Bonnie	12	7
Memphis, M. G. Heins	8	..
New Orleans, M. C. Smart	7	3
Richmond, Fred Gunn, Jr.	3	1
Savannah, A. A. Stevens	2	..
South Carolina	2	2
Florida	6	1
West Virginia	3	..
North Carolina	1	..
Mississippi	1	..
Texas territory, H. J. Kuhn	17	2
Central Zone		
Chicago, Dwight Bennett	42	10
Cincinnati, A. F. Winstel	7	5
Cleveland, S. C. Wagenman	39	12
Columbus, H. J. Schmorbus	2	3
Dayton, D. J. Kern	2	2
Detroit, Thurlow J. Campbell	18	8
Indianapolis, H. G. Sargent	14	2
Kansas City, H. V. Higgins	7	8
Milwaukee, G. A. Mohns	11	2
Minneapolis, H. L. Wakefield	7	8
Omaha, G. H. Nelson	4	5
St. Louis, Oliver J. Biddle	31	5
Toledo, J. G. Ludey	4	..
Idaho	1	..
Iowa	2	..
South Dakota	1	..
Western Zone		
Seattle, D. M. Schindler	8	..
Los Angeles, H. C. McClellan	28	1
San Francisco, Robert S. Beall	29	8
Denver, R. J. Foley	3	2
Spokane, W. C. Moore	3	..
Portland, Ralph M. Grady	8	..
Salt Lake City, B. W. Butler	1	3
Montana	1	..
Canada, W. A. Chown	4	..
Totals	622	137
Total	759	

Memorials

It is with a feeling of profound sorrow that the memorial committee records here the names of those who have departed from our midst within the year. They were men whose lives and activities had been closely related to the upbuilding of the paint industry and of our association, some over a long period of years. Each filled an important niche in the general scheme of life and of business, and each gave freely of his talents that all might prosper. They will be missed in their homes, their communities and from our meetings, but they have left behind them a heritage of leadership and fidelity in business principles and practices, which must be an inspiration to all who come after them.

Acker, Fred C.
Athey, C. M.
Ayers, Charles P.
Barber, W. H.
Bautz, Robert A.
Behr, Herman
Binks, Joseph
Bohn, William B.
Bone, Clifford C.
Botts, James M.
Bradlee, John R.
Brodrick, Alfred H.
Brown, Addison
Burnside, Frederick W.
Cassilly, Louis V.
Cooledge, Edwin
Coyne, William
Cudding, Harry A.
Dannebaum, Sylvester R.
Dickens, Earl S.
Dunne, Frank W.
Eakins, John B.
Fortmeyer, Fred R.
Hamilton, Richard E.
Holzapfel, Charles A.
Jagle, George W.
January, James A.
Jordan, Harry F.
Keisker, Edward W.
Lersner, Richard H.
McCarthy, John A.
McClintock, George C.
Mackenzie, George W.
MacNichol, Charles
Manion, Lawrence M.
Marks, Marcus M.
Metz, Herman A.
Munro, Albert E.
Nance, T. Howard
Nice, Eugene E.
Parker, Ira
Parker, John
Parr, William J.
Patton, Ludington
Ramey, Henry S.
Rheinberger, Edward F.
Rice, William J.
Riley, Marion A.
Rockelman, Edward J.
Rosevear, Charles R.
Scheel, William H.
Schumacher, Emil C.
Sheffield, George Vernon
Shirley, Charles M.
Smith, Sinclair
Stack, Thomas Marshall
Steele, Mark
Stewart, Henry C.
Sullivan, Thomas V.
Suydam, M. Bedell
Thompson, Milton S.
Tobey, Elmer Everett
Westerbeck, Fred L.
Wood, Lewis H.

Tariff

The outstanding development during the past year in regard to tariffs was the passage by Congress of a law giving the President the power to negotiate reciprocal tariff agreements with foreign countries, and the machinery has been set up to carry out the aims of the administration. The act transfers the tariff-making power entirely to the executive branch of the government, so that the President, with the aid of the various government departments, may proceed to a tariff making policy. Co-operating with the President in this work is a group known as the Executive Commercial Policy Committee, presided over by Francis B. Sayre, Assistant Secretary of State, and consisting of representatives of the following government organizations: State, Commerce, Agriculture, and Treasury departments; Office of the Special Adviser to the President, George Peek; Agricultural Adjustment Administration; National Recovery Administration; and Tariff Commission. This committee shapes the general policies to be followed in the negotiation of trade agreements and sits as a court of appeal in the settlement of particular issues which may arise. Responsible to this committee, and functioning under its general direction, is another committee known as the Foreign Trade Committee, which performs the actual work of constructing the text of each trade agreement. This committee, presided over by Henry F. Grady, is likewise composed of representatives of the various departments of the government, each one chosen for his qualifications as a technical expert.

Lawrence Phillips
Chairman on Tariff

A third committe, known as the Committee for Reciprocity Information, and presided over by Thomas Walker Page of the Tariff Commission, is also made up of a membership drawn from the various government departments. This committee may be referred to as the hearings committee. It is the group to which business men, whether importers or exporters, may come and present their arguments as to the treatment which shall be given to the various commodities in which they are interested.

In addition to the three standing committees referred to above, there will be other special and temporary committees, known as country committees, each one specializing on a detailed analysis of our economic relationships with its assigned country. For example, one committee may give all of its time to a study of our trade relations with Brazil, in order that accurate and minute information on all pertinent matters may be made quickly available to the hearings committee and to the Foreign Trade Committee. Another committee will be doing the same work for Belgium, another for Sweden, and so on.

Reciprocal Procedure

The procedure to be followed is as follows:—The first step takes the form of what is known as exploratory conversation, carried on through the diplomatic representatives of the State Department, with the co-operation of the foreign service officers of the Department of Commerce, in the particular country under consideration. Based on these conversations, a tentative draft of a proposed agreement is prepared. At this stage, the appropriate country committee makes an intensive study and reports its findings to the Foreign Trade Committee. When it becomes evident that the negotiations are likely to be successful, the President will make a public announcement, formally notifying American business men of the intention to negotiate a treaty. Business enterprises presumably interested in the outcome of the negotiations are then free to appear before the hearings committee and plead their special interests, either in the form of written briefs or by oral presentation. From the hearings committee, these representations are passed on to the Committee on Foreign Trade Agreements, to supplement the information they have already received from the special country committees and such other sources as they have drawn upon.

After the hearings have been completed and the Foreign Trade Committee has embodied in the treaty such provisions as are acceptable to itself and to the foreign nation concerned, the agreement is ready for the final approval of the Executive Commercial Policy Committee, after which it awaits the decision of the President.

It should, however, be pointed out that the hearings referred to above are not public. In order to be represented, it is necessary to follow the notices in the press. When it is stated in the press that negotiations are under way with any individual country, a brief should be sent immediately to the Committee for Reciprocity Information, presenting any arguments for maintenance or increase of the existing tariffs on the products of our industry. Accompanying the brief, a request may be made for permission to attend the hearings. This request must be made at least three days before the hearing is to be held. At the hearing, the written brief may be supplemented by further arguments either in written or oral form.

Unfortunately, the press notices regarding proposed hearings do not specify the products to be considered but only the country with which negotiations are under way. Therefore, it must be merely assumed that some paint product will be discussed, and if any information is available as to why the present duties are inadequate, information to this effect should be prepared in advance. The brief to be presented must follow the form and manner prescribed as follows:—

"Form and Manner of Presentation. Information and views shall be presented to the Chairman, Committee for Reciprocity Information, United States Tariff Commission, Washington, D. C., in the form of written statements. Such statements shall be duly sworn to and shall be either typewritten or printed, in sextuplet, and each of the six copies shall be legible. If the statements relate to duties or other trade restrictions affecting more than one product, each product must be treated separately and statements with respect to each product shall begin on a separate page.

"Supplementary Oral Presentation. Supplementary views may be presented orally only upon application to the Chairman and after written statements have been submitted in proper form. Such application may be made in writing to the Chairman and shall set forth concisely the reasons therefor. Also the application shall state whether it is desired to present supplementary information and views concerning tariffs or other trade restrictions of the foreign country with respect to which the Secretary of State has given public notice of intention to negotiate a foreign trade agreement or concerning tariffs or other trade restrictions of the United States. The Committee will consider the application and inform the applicant whether or not it is approved.

"Oral statements shall be made under oath.

"Any oral presentation of views hereunder shall not be in the nature of a public hearing.

"Time Limitations. The time limits within which information and views in writing and applications for supplemental oral presentation of views shall be submitted, as well as the time for supplemental oral presentation of information and views, will be prescribed by the Committee in connection with each proposed foreign trade agreement, and will be made public in behalf of the Committee by the Secretary of State simultaneously with his notice of the intention to negotiate each proposed agreement."

Treaty With Cuba

The first hearing under the new law was held on July 23, 1934, and was in connection with the reciprocal agreement being negotiated with the Republic of Cuba. Through correspondence by interested members of our industry and by the secretary of the tariff committee, the following points have been accomplished in the way of reducing tariffs on United States manufactures of paints, varnishes, lacquers and enamels entering Cuba:

1. Circular No. 11, issued during the Machado regime, has been cancelled, with the result that paints as we know them are now permitted to enter Cuba under the paint classification and are not being assessed as enamels where it is found that a small amount of resin or varnish is present.

2. Oil enamels and varnish enamels, formerly classified as fine enamels, are now classified as paint enamels and are paying the same rate of duty as ordinary ready mixed paints.

3. The United States has been granted a preferential duty which is 30 percent lower than the general tariff, so that today we are paying at the rate of $7 per 100 kilos for paints and enamels as opposed to $17.50 per 100 kilos formerly assessed.

Representatives in Havana of United States manufacturers of paints, varnishes, lacquers and enamels are now endeavoring to obtain a preferential of 50 percent with good prospects of success.

In preparation for further hearings to be held, the secretary of the tariff committee has obtained from the Tariff Commission and from the Department of Commerce schedules of the present import duties of the United States on paint, varnish and lacquer materials, and of similar duties levied by the principal foreign countries on such products imported into those countries. These schedules are available to members of the industry who may desire to use them as bases for the preparation of briefs.

The committee on artists' canvas has prepared and filed a brief with the Tariff Commission, protesting against any decrease in duties on incoming shipments of prepared artists' canvas. It was clearly shown that the difference in duty between prepared artists' canvas and the raw linen necessary to make it was only 5 percent. Any reduction would mean the elimination of the artists' canvas industry in this country. Unprepared linen which is absolutely essential in the manufacture of artists' canvas is not, and can not, be woven in the United States. This is dutiable at 40 percent; if it were brought in as prepared artists' canvas, the duty would be 45 percent.

The reduction in duty on artists' canvas would not in itself be so objectionable, provided sufficient reduction on unprepared canvas be made to allow for a compensatory working margin.

A committee on artists' colors, representing prominent manufacturers of these colors in America has also prepared and filed a brief intended to protect their interests.

Miscellaneous

Through the efforts of the Tariff Committee and interested members of our industry, the subterfuge of importing linseed oil containing minute amounts of thopone, under the classification of a paint, thus avoiding the payment of the duty imposed on linseed oil, has been corrected. Protests have also been made against the imposition of a duty on imports of tung and perilla oils, as proposed by the dairy interests.

The whole subject of tariffs on oils was covered in a report of the Tariff Commission to the President for such action as he may decide to take under the flexible provisions of the tariff act. The contents of this report will not be made public until the President takes action on it.

In conclusion, the committee feels that it should again stress the importance to the industry of reciprocal tariff agreements with foreign countries both because of the possible great importance to the entire industry of the effect which such agreements may have upon imports into this country and because of the effect such agreements may have upon the business now being done in foreign countries by members of the industry who are engaged in export business. It must be realized that reciprocal agreements may well result in the lowering of tariff barriers against competitive products and thus introduce an element of competition in this country from which the industry has heretofore been relatively free.

In view of current rapid changes in the relative value of foreign currencies, import advantages arising not only from lowered tariff barriers but deteriorated foreign currencies as well, make it essential that the industry do everything possible to protect itself. The committee feels that this is particularly true because of the present relative unimportance of imports of industry products which might make tariff concessions attractive to the Executive Commercial Policy Committee and the Foreign Trade Committee referred to earlier in this report, since from a bargaining standpoint these committees might consider that concessions might well be made in import duties on paint, varnish and lacquer products in return for corresponding concessions by foreign countries with respect to export items of American manufacture which may occupy a more important position in the foreign commerce of this country with the foreign nation. On the other hand, it is obvious that it is of interest to those members of the industry engaged in export business that foreign tariff barriers to our exports be reduced wherever possible.

Consequently, the committee is of the opinion that in the coming year the situation must be watched carefully and to this end has arranged with the headquarters of the association in Washington to maintain constant contact with developments and to be prepared to advance arguments on behalf of the industry on every possible occasion. It is recommended to the association members, therefore, that all those who may desire to express their views in connection with possible reciprocal agreements with any foreign country, communicate them to Dr. Henry A. Gardner as secretary of the tariff committee in order that he may be in a position to submit these views at the proper time and in the most effective manner to both protect and advance the interest of the industry.

Resolutions Adopted

President Trigg: While we are waiting for Mr. Richberg the resolutions committee can report. Mr. Dunning will you report the resolutions of the resolutions committee?

Mr. Dunning: Your resolutions committee have two resolutions to submit. Because of the very unusual and significant nature of the first one, we are asking the president to submit it.

President Trigg: The following is the resolution:

In Memory of Ludington Patton

Whereas, Ludington Patton, a former president of the Paint Manufacturers' Association of the United States and an active leader of this industry for more than three decades, died at his home in Milwaukee on Saturday, October 20, and

Whereas, Mr. Patton's life work was a source of inspiration and value not only to this industry, but to the entire industrial structure of the country, and

Whereas, his loss through death is indeed an irreparable one; therefore, be it

Resolved: That the National Paint, Varnish and Lacquer Association in convention in the city of Washington this second day of November, 1934, hereby express its deep sorrow at Mr. Patton's passing and that suitable resolutions be drafted to convey to Mr. Patton's family our message of deepest sympathy.

This resolution needs no further comment, I am sure. It is signed by all members of the resolutions committee. Mr. Patton—no man was more faithful in his attendance at conventions and all other meetings, always taking an interest in a collective way, and his loss is a great one, not only to this association, but to the paint industry and to industry in general. He was always constructive, also inspirational, and always helpful, and always doing his full part. I take this means of presenting the resolution to you, with the suggestion that it be acted upon now. What is your pleasure, gentlemen?

Mr. Chessman seconded the resolution.

President Trigg: It has been duly moved and seconded that this report will be adopted. It will be submitted in proper form to Mr. Patton's family. All in favor of it will please indicate by rising.

(All arose.)

Mr. Dunning: This resolution is submitted to your committee by the unanimous vote of the Philadelphia Paint, Varnish and Lacquer Association:—

Industrial Disturbances

Whereas, we believe that national recovery has been and is being seriously threatened and hindered by the strikes, lockouts, and other manifestations of industrial warfare, now epidemic, frequently resulting in what amounts to civil war, with attendant loss of life, suffering and culpable waste, and

Whereas, the President of the United States has publicly announced his intention to confer with groups truly representative of large employers and of organized labor, with the purpose of establishing a period of industrial peace; now, therefore, be it.

S. C. Dunning
Chairman on Resolutions

Resolved: That the Philadelphia Paint, Varnish and Lacquer Association hereby heartily commends and endorses this suggestion of the President's, and recommends to the National Paint, Varnish and Lacquer Association that at its forthcoming convention, representing a great industry employing many people, it pledge to the President hearty support of the measures designed to end strife and secure mutual agreements concerning wages, hours and working conditions, or, in case of disagreements, to submit them to mediation or arbitration of State and Federal agencies.

President Trigg: You have heard the motion, gentlemen, is it seconded?

We will postpone this order of business until after the address by Mr. Richberg.

(The resolution was subsequently approved without discussion.)

National Recovery Movement

President Trigg: Well, gentlemen, the real climax and the culmination of our three-day sessions is now at hand. We are favored by having with us this afternoon, the Hon. Donald R. Richberg, who has the title of "Director of the National Emergency Council, Director of the Industrial Emergency Council, and the Executive Secretary of the Executive Council."

We have all watched with the keenest interest, the keenest possible self-interest, Mr. Richberg's activities in connection with recovery measures, especially the national recovery act. I think we are all agreed that his constructive treatment of that subject, his sympathetic feeling with the affairs in an impartial way, has given us confidence, given us assurance that the future under his guidance, under his care, and that of the men who are associated with him, is in the best kind of hands.

Mr. Richberg is an awfully busy man. It is a sacrifice to him to be here this afternoon to give us this time, but he has consented to do so, and we are highly honored, Mr. Richberg, in having you here, and we appreciate your coming, and without further introduction, I will present to you now, the Hon. Donald Richberg.

(The audience arose and applauded).

Address by Donald Richberg

Hon. Donald R. Richberg:—I am not sure of all that I may say today, and when I start that way I have the premonitory feeling that before I get through I may regret some of the things I have said.

I couldn't prepare myself entirely to address you on all of the subjects concerning which I would like to talk, regardless of whether you would like to hear me, and so I have tried to simply confine myself to a few items that I thought might be of particular interest at this time.

This industry, like every other is, of course, deeply interested in the progress of the reorganization of the NRA. You may not be able to learn so much as formerly from the newspapers, but I trust what you do learn will be better calculated to inspire confidence in the wisdom and lasting value of what is being done.

In the developing period of NRA there was exciting news every day in the shouting and wailing of an infant prodigy that climbed mountains and stumbled over thresholds with equal ease; that roared like a sucking dove and cooed like a lion in every crowded hour of crowded nights and days.

Many a man who lived through the dramatic period of the birth and amazing growth of NRA, made his prayers "even as you and I"; first, a prayer that he might serve well in a great cause; and second, a prayer that he might be delivered from any involuntary servitude. For more than a year I worked with throngs of business men who earnestly wanted to find methods of co-operation, and just as earnestly feared they might be subjected to some form of exterior control. Frequently although my co-operative heart yearned to call them brother, my competitive mind yearned to call them something else. But always I sympathized with their perplexities and uncertainties, because I had plenty of the same kind.

Now we have reached a new and more peaceful phase of our adventure in economic self-government. The newspaper cartoonist portrays the goldfish bowl occupied only by clams.

The question mark has replaced the exclamation point, and I face this audience with a feeling that if I paused for breath or indicated the slightest receptivity I should receive a shower of questions that might resemble that long prophesied and eventually delivered shower of dead-cats.

So I shall attempt to anticipate your questions to some extent.

NRA Not Passing Out

First, the NRA is not on its way out—but is on its way up. It is growing stronger every day.

That silence in the room where the doctors have gathered means only that they have prescribed a diet and treatment appropriate for a period of convalescence. The fever has broken. The crisis has been passed. The recovery of recovery is under way.

Second, the various operations which have been prophesied from time to time as necessary to remove certain malignant growths will probably not be necessary, since the patient may be expected to improve considerably under constitutional treatment.

To speak quite specifically, the same problems which NRA sought to solve still present themselves for solution; and the fundamental principles of NRA are still sound. It is necessary today, as it was in the Spring of 1933, to provide the means for preventing many varieties of unfair competition which, so long as they persist, will keep business unhealthy and steadily undermine the security of investments and of the livelihood of the workers.

In modern industrial civilization the well-being of all depends upon the continuous operation of essential enterprises, and upon the maintenance of an increasing purchasing power to meet that increasing volume of production, which means commercial health and social security. We can no longer afford to leave business expansion and contraction, the volume of production and employment, and the national standard of living, to be determined as a mere by-product of an unbridled, ruthless competition for individual gain. We are seeking to preserve a system of private enterprise, responsive to private initiative and moved by the incentive of private profit. But we cannot permit that system to breed the germs of its own destruction.

A human being needs food; but he can overeat. He needs exercise; but he can exhaust himself. Business needs the stimulation of men who love adventure and are ambitious; but business can be destroyed by gamblers and men intoxicated with love of power.

In the beginning some simple objectives were laid down in NRA. We sought to eliminate the worst evils of labor competition, in working men for long hours and at starvation wages and in exploiting the labor of children. But we did not expect to bring about ideal labor conditions. General improvement would be left to the managerial and labor policies developed particularly through collective bargaining. We sought to eliminate dishonest business practices — those universally condemned. We did not expect the transformation of business overnight from a fierce competition into a friendly co-operation.

We sought to prevent destructive price-cutting—not occasional selling below cost or the sacrifice of surplus production—but a cut-throat policy of destroying a market, either in blind disregard of consequences or from a deliberate purpose to ruin competitors and so to gain an ultimate advantage. We sought also to prevent the waste of natural resources.

Theory and Perfection Rampant

These were fairly simple objectives. Perhaps they could not all be attained, but it was worthwhile to try to achieve them. Unfortunately, when the doors were opened to business men to come in and write their codes, all the theorists and perfectionists came in—and I have learned there are just as many of them in the business field as in the colleges. There were men who for years had cherished the delusion that, if they could just regulate prices and production they could all make money. Some of them had heard about the European cartels; but they hadn't heard enough about them to know what mistakes they had made and what failures they had proved.

As a result of the pressures from business organizations which thought they knew what they wanted, a great many provisions were written into codes which are of doubtful value and extremely difficult of enforcement. For example, in the case of one code over which there has been much dissatisfaction and a great deal of litigation, there still stands in the record a report of the legal division, made last August and signed by me personally, in which we refused to recommend the approval of the code unless further evidence of its economic soundness could be produced and of its practical, as well as, legal enforceability.

Necessarily, however, in the effort to bring all industries under codes within a short time it seemed wiser to test the value of many provisions by practical operations, rather than to make a decision solely on the basis of theory. The Administrator was more or less forced to act on this basis.

I have reviewed this phase of code development because I wish now to speak briefly, but cheerfully, on the subject of compliance.

The problem of compliance with code requirements is entirely different from the enforcement of statutory law or administrative orders in an old field of governmental action. It involves the making of a mass of precedents in a comparatively new field of law. It involves not only a multitude of difficult legal issues, but also intricate questions of fact, calling for the careful weighing of evidence.

Problems Novel and Numerous

The problems presented by the national industrial recovery act, to the Federal Trade Commission and to the Department of Justice were novel, difficult, and multitudinous. Any criticisms of delays caused by deliberation in action would be unwarranted. Co-operation between all concerned called for a sympathetic understanding and adjustment of many different points of view. It is only fair to say that so long as grave uncertainties or inconsistencies existed within NRA as to its own policies, the task of other co-operating agencies of government was made exceptionally difficult.

When also NRA itself undertook an impossible administrative burden, as, for example, that of obtaining compliance with certain of the service codes, it did not ease the strain or lighten the burdens on the Department of Justice.

In recent weeks, however, rapid progress has been made in co-ordinating many government activities, and I am particularly glad to say that effective co-operation has been definitely promoted by a series of understandings reached between representatives of NRA and other federal agencies.

The problem of compliance with codes of fair competition has been receiving intensive and continuous consideration. It can now be stated that a good understanding exists between the NRA and the Department of Justice as to methods and policies in the enforcement of code requirements. I mention this particularly because those interested in not complying with legal obligations are likewise often interested in circulating misinformation of alleged disagreements and conflicts between government agencies which are responsible for law enforcement.

It should be recognized that there are provisions in some codes which their industrial sponsors should themselves seek to revise. It is hardly fair for those supposed to be "truly representative" of an industry to seek and to obtain official approval of code provisions which are intolerable to a substantial fraction of their industry.

Sometimes such efforts are only mistakes of judgment. Sometimes they are the product of pressure groups seeking to advance special interests. We should only write into a law those obligations which the great majority of those concerned would voluntarily fulfill if given a fair opportunity.

We cannot soundly write industrial laws to compel substantial minorities to bow to the opinions of majorities concerning what are just or wise business practices. Before customs or ethics are generally approved they are not ripe for embodiment in law.

If we are to write industrial law, we must write it as all other sound law is written—as the translation into a compulsory rule of a custom so well established that it has almost universal support.

Rights of Minorities

And then we must be sure that even such a rule does not invade any equally well-established concept of a minority right to be free from majority compulsion.

Trade laws need more solid foundations than trade agreements. When codes have been written, or when they are revised in conformity with these principles, the problem of compliance will be much simplified and greater assurances of uniform enforcement can be expected from all arms of the government—including the judicial. It is my conviction that many sound principles of NRA have been obscured in popular vision, and even among industrialists, labor representatives, and government officials, because of a well-intentioned, but mistaken effort by businessmen themselves, frequently encouraged by public officials, to move too rapidly in the direction of ideal business and labor conditions, instead of seeking only to move step by step in the establishment of better rules of the game, which will be generally accepted and can be practically enforced.

Now, I don't wish you to feel that because I am addressing this particular audience, that what I have said is related particularly to your individual problems or code. I say that because it is quite impossible for me to make any general statements without giving adequate consideration to all the types of codes and industries which may be affected, and in making statements here I want to avoid any assumption that they are particularly directed to any of the problems of this industry.

Legal Problems of Compliance

I would like to say a word or two more on the general subject of compliance. The legal questions involved are very complicated. The question of the field of Federal authority in the regulation of intrastate commerce is not a static thing, it is a developing process. The concept of the extent and scope of the Federal authority has been continually expanded by the necessities of actual conditions. It has become more and more clear, year by year, that it was harder and harder to draw the line to where transactions which might appear in themselves purely intrastate, nevertheless had such a definite effect upon interstate commerce that they must be subject to the same regulation that it was necessary to protect and promote interstate commerce.

All of the retail outlets of manufacturing processes, although they may seem to be located in particular States, affect very strongly interstate commerce itself.

The old distinctions in the earlier cases, in the supreme court, have been wiped out, many of them by the court itself, and we can fairly say that more and more they are in process of elimination.

Where the line is to be eventually drawn, it is hard to say. With the developments of the last twenty years, the inter-relation and interdependence of every variety of business activity has been so intensified that it is very hard to tell where the line can be properly drawn.

That is one of the problems that the legal division of NRA has been struggling with for the last year. Maybe it seems perfectly clear in one instance, there is no question of the power of the Federal courts, and in the next case it is such a fraction away, such a small distance away, that you say, "Well, if this is true, then this must be true," and you can keep on moving on until as a matter of fact you have covered practically the gamut of all business.

Now, the only way that we can arrive at sound legal determinations, the matters of problems presented by the courts, is by pricking out the lines of advance, day by day, and year by year, in actual changes of economic conditions, as those changes are reflected in judicial opinion, and that judicial opinion must be based upon the adequate collection and presentation of economic facts, of vast complexity.

That is the reason why in the development of the codes we have been forced over and over again, as in the instance I gave, to go back to the economic group, to go back to the business statisticians, and say, "We need more facts. You may be right, but we need more facts. We need a better factual basis for determinations as to the legality and enforceability of this particular provision."

Then there is another type of fact very difficult to arrive at. In a decision of the supreme court many years ago, the exercise of the police power was defined as extending to all of those matters—I am not quoting exactly, but substantially—to all of those matters supported by the preponderant opinion as necessary in the exercise of the police power of the State.

To a large degree, the determination of what is fair business practice, what is unsound practice, must be a matter of preponderant opinion, must be a matter of the gradual determination by business itself. You can't sit down in a study and write the thing out, and say, "This is good, and this is bad." You can't get a conference of the most able business men in their line, and ask them to agree upon what is fair trade practice and then say, because they agree this is it.

The country is too vast, the interests are too complicated. You do your best to ascertain what is a concert of opinion on such a question, and we go forward with a code, and it raises difficulties that no one anticipated; it raises oppositions, it raises issues of fairness and justice that were not discussed and were never raised before—not because they were concealed, but because people didn't realize they would arise.

Legal and Factual Bases Necessary

Now, all of these factors affect the enforceability of the code when it is adopted, because when you come down to the necessity for litigation, you have got to build up your legal authority on the one hand and your factual basis on the other hand, and you have to build a strong structure if you are going to enforce a penalty of either fine or imprisonment against anyone for disobeying the requirements.

That is the reason I want to emphasize to you the importance of drawing a distinction between those matters that could soundly be made the basis of trade agreements, and upon which you could obtain a general agreement as to fair practices, and those matters which could soundly be made the basis of a compulsory rule, and enforced by process of law.

Now I want to say just a word or two on a broader situation.

Emphasizing what I have tried to say recently on two or three occasions, it seems to me that with the experience of the eighteen months through which we have passed, we have arrived at the present time quite definitely at a period ripe for a real economic advance.

I have been saying to a good many of my friends who talked about uncertainty and confusion, and lack of confidence the last months, I have said, "Perhaps you forget that we are going through a national election." There never is a period of a national election in which confusion and uncertainty and lack of confidence doesn't created in large quantities, because that is the business of an alert opposition.

Now, there is nothing partisan in what I am saying here. I am not passing upon the merits or demerits of the conflicting claims—I am only saying that in the period of a national election we know that partisanship runs high, and it is to the great interest of a large and influential fraction of the population to emphasize the factors of uncertainty, to charge mistakes, to criticize, to raise worries and fears and bugaboos. It doesn't make any difference what party it is, but that is exactly the procedure that will follow, and it is quite impossible for us, just being ordinary human beings, not to be affected day by day with the sort of thing that we read in the newspapers.

Now, fortunately, that particular cause of uncertainty and confusion may be temporarily allayed to some extent within the next week, and then perhaps we can sit down and look rather straightforwardly and honestly at the actual facts in the situation, and what we will find is, if we will just look back over where we came from, to where we are, that we have achieved an enormous advance in everything in this country that should promote confidence in the last eighteen months.

Reasons for Confidence

We have a bank system restored to sound health, ample credit available. We have organizations for self-help throughout industry and agriculture, to aid in promoting the interests of those in their particular fields.

We have organizations for the relief of financial pressures upon millions of individuals and thousands of institutions. We have organized methods for relieving the immediate distress of the unemployed. We have a far better condition as a whole in employment in industry, conditions of employment, and in the conditions from the standpoint of investment and management than we have had for many months, I might say for many years.

Certainly, there is a vast difference in a condition in which we were steadily going down hill, and a condition in which we are going steadily up hill.

I have talked with men who ought to know in various parts of this country, and I have yet to be informed of any sound reasons for hesitation in moving forward with normal business operations along normal lines. I have heard a great many complaints of things that might be better, but those complains have been with us always. For a hundred years people have wished we might have better labor and employment relations. For the last fifty years we have had a continuing difficulty over employment relations, and relations of organized labor and employers. Those conditions are no worse, as a matter of fact, they are far better today than in many times in the past.

I hear talk of uncertainties as to money policies, as to curency measures, and all kinds of complaints. You are familiar with them. When you iron them down, there isn't in one of them any particular reason why an individual man shouldn't go ahead in his business. He is not concerned, as a rule, in his individual business, with the theoretical problem which is presented, and nine times out of ten I frankly think when you analyze it down it is nothing more than the reasoning that you and I adopt because we don't do something when the real reason we don't do something is because somebody else isn't doing it.

It is just a question that we are pretty sheep-like. If everybody is going forward with courage, then we have got increased courage. If everybody looks gloomy, then we begin to feel gloomy.

In other words, it seems to me that all we need is the common opinion among business men and among bankers, that our conditions are just as good as they are in fact, and they will move to take care of our problems as they should.

I don't think this is a thing to be postponed. Waiting indefinitely for "George" to do it will not help. The problem of unemployment has not been growing worse, it has been growing better. It has been improving. It is still with us, and it is a tremendous problem. It can't be solved in any way satisfactory to our people and to our future except through increased employment in private enterprise.

It isn't a problem that is going to be solved by continuing public relief appropriations or continuing the expansion of work under public financing and public control. If that work which is financed by government is not in the field of productive enterprise, then the limits of expenditure are clearly visible, because the government can no more go on pouring out hundreds of millions of dollars into providing either direct relief or work relief without any return than a private corporation could.

Relief Through Private Enterprise

In other words, productive enterprises must be established and carried on to furnish employment to the unemployed. Those enterprises are here with us, they are private enterprises, and their expansion is entirely possible by those who control them, when they work in the unison and co-operation of which they are capable.

If that expansion does not take place, what is the inevitable second choice? Government, having the obligation to take care of the unemployed, the government being faced with the limitations of unproductive expenditure must seek in some way to use funds in productive expenditure, and if so, is it not then inevitably moving either in competition or in substitution into the field of private enterprise?

Now, that is what we don't want to do. The American people do not want to do it; their public officials do not want to do it; but if that is to be avoided, the answer is that private enterprise must take up the job itself.

I suppose there is no group that is more interested than you are in many ways, in the better housing program, which I see referred to before me, and the better housing program is in the stimulation of private enterprise, but beyond that better housing program there is a need and an opportunity for rebuilding homes in America, for providing new and better housing for masses of people who have inadequate housing, and for the rehabilitation of obsolete plant and equipment, which could utilize our facilities for the production of capital goods, which have been languishing and employ a large percentage of the unemployed in that work.

Now, the work is needed. The development of housing and the improvement of our industrial plants is an obvious job in front of us. It is a job of private enterprise, and I for one, want to express the hope, when the confusions and uncertainties of a distinctly political period have passed, that through the machinery which under NRA has been organized for co-operative action, it may be possible for the trades and industries of this country to get together in a common effort, to move into the solution of this problem, to move into its solution through private enterprise and not through reliance upon the government. Thank you.

President Trigg: Gentlemen, I know I express your appreciation to Mr. Richberg for this splendid talk.

President Trigg: Mr. Dunning will continue that report.

Mr. Dunning: I have finished reading that resolution and it is now on the floor.

President Trigg: There was a motion to approve it, is there any discussion?

All in favor please say "aye"; contrary, "no." Thank you, Mr. Dunning.

President Trigg: Now, Mr. Peters, will you announce for the nominating committee?

Officers Are Elected

Mr. Peters: It is quite a chore to immediately follow such a speaker as we have just listened to, and if any of you have any doubt about that I will be very glad to change places with you.

Mr. Richberg, however, Mr. Chairman, has done two or three things for me. He thrilled me with his talk as he did this audience, caused me to forget mine, and provided me with an audience.

I appeared before you Wednesday afternoon for the nominating committee, and presented its preliminary report, and I have great pleasure, Mr. Chairman, in telling you that I appear before you again, and we have not changed our mind since Wednesday.

We have to elect, now, gentlemen, six members of the executive committee, a committee which, as you know, is composed of eighteen, six of whom must be elected at this time.

Your nominating committee, consisting of A. F. Brown, J. E. Ingram, Leon Hanline, V. Wurtele, Wallace E. Bennett, your president, Mr. Trigg, and myself, have met and submit for you the names of the following gentlemen, whom we are nominating now to serve for a period of three years, which is the normal term of the executive committee. These same six gentlemen have just completed one year of service on this committee, and we are renominating them at this time for the reason that they have served but one-third of the normal period, and for the second reason that each, individually, contributed so much, in co-operation in your affairs that we have the great pleasure in nominating them for the normal term of three years.

The nominees are R. A. Plumb, J. Heath Wood, O. J. S. de Brun, W. C. Dabney, S. C. Dunning, and D. W. Figgis.

Mr. Chairman, I have great honor to move the election of these six gentlemen of the executive committee.

President Trigg: You have heard the motion, is there a second?

(The motion was seconded.)

President Trigg: Are there any other nominations?

The Chair hears none. Is there a motion to authorize the secretary to cast one ballot expressing the opinion or the desire of this meeting for the election of these six men? Is there such a motion?

Mr. Phillips: I so move, Mr. President.

President Trigg: The motion is duly made and seconded, will you please announce who has been elected, Mr. Secretary?

Secretary Elton: The following members have been elected members of the executive committee:—R. A. Plumb, J. Heath Wood, O. J. S. de Brun, W. C. Dabney, S. C. Dunning, D. W. Figgis.

President Trigg: Now, Mr. Peters, will you proceed?

Mr. Peters: We have nominated for treasurer C. J. Roh. This, as you know, is a renomination, and it would needlessly take up your time for me to say the things I would like to say about Mr. Roh, except to say that the nominating committee are especially honored and grateful to Mr. Roh for the privilege of presenting his name to you again for treasurer.

Mr. Chairman, I move the election of Mr. Roh as treasurer for a term of one year.

President Trigg: Is there a second?

(The motion was seconded.)

President Trigg: Are there any other nominations?

The chair hears a motion to authorize the secretary to cast one ballot for the election of Mr. Roh as treasurer.

Mr. Phillips: I so move, Mr. Chairman.

President Trigg: All in favor please say "aye"; contrary, "no." It is so ordered.

Secretary Elton: The ballot has been cast for the election of C. J. Roh for treasurer.

Mr. Peters: We have, as you know, five regional vice-presidents of the association, and your committee submits to you the following gentlemen as nominees for these various regional vice-presidencies:—

For New England, Wilbur Rice.
For Eastern, J. S. Wolf.
For Central, D. P. Joyce.
For Southern, D. C. Burnham.
For Western, R. H. Oakley.

I move the election of these regional vice-presidents.

(The motion was seconded.)

President Trigg: Are there any other nominations?

Mr. Howard: I move the nominations be closed.

President Trigg: All in favor will please say "aye"; contrary "no." It is so ordered.

Secretary Elton: The ballot has been cast for the following zone vice-presidents: Wilbur Rice, New England; J. W. Wolf, Eastern; D. P. Joyce, Central; D. C. Burnham, Southern; R. H. Oakley, Western.

Mr. Peters: As vice-president of the association, and as announced on Wednesday, your committee thought that it might be desirable to move this office somewhat farther West in our country. As you know, we submitted the name of Wallace Bennett, of the Bennett Glass & Paint Company, Salt Lake City, Utah.

In this connection, I should like to say that Mr. Bennett was a member of the nominating committee, but never attended any of our meetings, and Mr. Bennett was most active in suggesting the names of a great many other people, to take this position, and I had to chase him from Salt Lake City to Seattle to San Francisco and finally caught him there. Mr. Bennett liked these other gentlemen, and had to be drafted for this job, and it gives me the greatest of pleasure to nominate as vice-president of this association, Wallace Bennett, Salt Lake City.

President Trigg: Is there a second?

(The motion was seconded.)

President Trigg: All in favor of having the secretary cast a unanimous ballot please say "aye"; contrary "no." It is so ordered.

Secretary Elton: The election has been cast of Mr. Bennett.

Mr. Peters. That completes our ticket but the nominating committee would like to congratulate the association on the willingness of these able gentlemen to serve you, and we want to congratulate these gentlemen on the opportunity for service which is theirs in the year to come.

Officers Installed

President Trigg: I want to call on each one of these men who has been elected to office to make a speech not over thirty minutes in length.

(President Trigg introduced the new members of the executive committee).

President Trigg: I would like to introduce Mr. Roh.

Treasurer Roh: Mr. President and Members: I am torn between two thoughts in accepting the treasurer's job for the next year. The one which I thoroughly believe in, and which I want you to feel that I do believe in it, and that is that I am depriving some fellow in this organization of a fuller knowledge of the treasurer's responsibilities. I do feel that in accepting this job again, that perhaps I over-stepping the bounds of reasonable rotation.

It just seems to be an old story. On the other hand there is the other thought that I want you to know, and that is that I do get a real kick and a real thrill out of being the treasurer of this association. I think if I was asked to use what talent I had in sustaining the president and the present board, that there is no other place I would like better to serve it than in the thing that I probably am most familiar with, and that is the financial structure of the association.

It has been a very happy job, and a very nice association that I have had in having a part in the finances of the organization during the last several years and particularly has that been true in this last year. I have felt that I had a little part in it.

I wanted to do it for more than one reason, because in the early days when I came into the association work my own chief told me that he wanted me to keep in mind the fact that the association, and the industries, were bigger than our company, and that as long as I had in business vitality or any talent I should render the first to the association and the industry and I have been very happy in fulfilling his desires.

I want to pledge you, Mr. President, my full co-operation.

President Trigg: Thank you, Charley.

(President Trigg introduced the zone vice-presidents.)

President Trigg: Now, finally, I want to call on our new association vice-president, Wallace Bennett, and in calling on him I just want to say to him, that we are delighted to have you sit in with us on this work and come up here and show yourself a minute and say a word to all of us.

Mr. Bennett: Gentlemen, when Mr. Peters stood up following Mr. Richberg somebody made the remark that the bald-headed fellows did all of the work this afternoon, so I feel perfectly at home.

After this very spirited election which I won by one vote, I feel very much relieved, and hope I can agree with Mr. Richberg that business can now settle down into a normal course.

I realize that when he chased me all over the great Pacific Northwest, Mr. Peters was not so much chasing me as chasing the Western zone, than in honoring me with this position he is honoring through me the fine bunch of fellows in the Western zone, who so seldom have an opportunity to take part in the deliberations of the national association, and I realize that in giving me this opportunity they are giving me an opportunity of taking, through close association with you here in the East, the spirit of the association to the men in the Western zone.

I live on its eastern fringe and I am going to have an opportunity to visit most of the clubs, I hope, during the coming year, and if I can have the chance of coming East often enough to partake of the spirit of the executive committee, and get at first hand a knowledge of how things are run, and what the real moving spirit of the association is, I hope I will have a chance to take that to the fellows out on the Pacific Coast.

My father-in-law says that the crown prince is never in favor with the king. I hope that won't be the case in our association, Mr. Trigg, and I hope I will be able to measure up to the responsibilities you see fit to place on me, and I pledge the association and you, Mr. Trigg, my wholehearted support and co-operation.

Expressions of Appreciation

President Trigg: Now, one more thing. I would appreciate it if you would, if somebody would move, and you would adopt a resolution authorizing the president to write a letter of appreciation to every person who was on our program during this convention. I am going to write the letter anyway, but I would like to be able to honestly say in it that the convention adopted this resolution and instructed me to do so.

Does somebody want to make such a resolution?

E. V. Peters: I am very happy to make such a motion.

President Trigg: It is carried.

Now, this first annual convention is about to come to a close.

Treasurer Roh: I have just a thought, Mr. President. I heard today that a member of our association is sick in Mount Sinai Hospital, New York. Perhaps he hasn't given a lot of years, but those years he was associated with the industry, he gave unstintingly of himself to it, and now finds himself in misfortune, and in a hospital bed in the Mount Sinai Hospital.

I refer to Henry Calman, and I would like to make a motion that we send Henry Calman a word of greeting, Mr.

President, and I make that as a motion.

President Trigg: All in favor of that motion will please say "aye"; it is carried.

M. Arnstein: Might I mention that the same thing should be done to our dear friend, H. L. Wilkinson, who is so sick. He is just recuperating from pneumonia, and several of us got together and sent him a telegram, but I think that he would be overjoyed, I am sure, if the association sends a little encouraging message.

President Trigg: All in favor of doing the same thing for Mr. Wilkinson will please say "aye." It is carried. Is there any other business?

Adam E. Daum: I can't make a flowery speech, but I wish I could put in words what I would like to say. Our president is here, our executive committee and the staff who have cooperated with them, and have done without doubt the most wonderful and constructive work that has ever been done for our association, and I would like to see appearing on our minutes for this session, that a vote of thanks of this convention should go to your officers, the executive committee, and your staff, for the wonderful work they have done.

President Trigg: I think we will have to bring up our new vice-president on the job right now. Modesty forbids my presiding during the voting.

Vice-president Bennett: Is there a second to that motion?

(The motion was seconded.)

Vice-president Bennett: It has been moved and seconded that we express our great appreciation to all of the paid and unpaid officers of our association, for their splendid work at the convention. Let's vote on this with a rising vote of thanks.

(The audience unanimously arose and applauded.)

President Trigg: Now, gentlemen, we will conclude and bring to an end this convention, and I hope and feel sure that the thoughts that have come from it and the acquaintances are going to do us a lot of good during the coming year.

We are going to serve you in every way. Let's make your headquarters here your own headquarters in Washington, and we will always be on the job to look out for you. Thank you very much.

The meeting is adjourned.

(The meeting was adjourned at 4:30 p. m.)

Committee Meetings

Prior to and during the period of the N. P. V. & L. A. convention, many meetings of executive and special groups were held in the Mayflower hotel.

Budget and Finance

Tuesday forenoon, October 30, the budget and finance committee met at breakfast, under the chairmanship of Charles J. Roh, treasurer. An excellent financial condition due to a largely increased membership was reported. Mr. Roh's report as treasurer was presented at a later session of the convention as a whole.

Executive Comittee

The executive committee met at 9:30 Tuesday forenoon and discussed numerous matters, including the statistical records of the United States Bureau of the Census, the proposal of a processing tax on linseed oil, and the activities of HOLC and the FHA.

Elliott S. Phillips, chairman, presided. A subcommittee, consisting of L. P. Moore, Herbert W. Rice, and Ernest T. Trigg, was named to draft resolutions in memory of the late Ludlington Patton. Joseph D. Patton was elected to fill the unexpired term of his father on the committee.

Dr. Henry A. Gardner, director of the scientific section, gave a preliminary report on his recent trip to Brazil, with special reference to the value of oiticica oil to the industry.

A resolution for closer co-operation with the railroads of the country in finding a solution to their distressed financial conditions was made by E. A. Leveville, director of the traffic bureau of the association and this was approved for presentation to the convention.

Advisory Committee

The national advisory committee, which is composed of presidents and special representatives of the local organizations, met at dinner and discussed the activities of the committee for the past year. Plans for improving the work of the local associations were discussed, and a request for a field man in the New York area was considered. Ernest T. Trigg presided over the meeting and the major report was made by C. K. Stodder, chairman of the national program committee. He stressed the importance and the function of the local paint, varnish and lacquer associations under the "New Deal," and also the value of membership in the organized industry and the many services which are rendered to their members by local associations in co-operation with the national association.

Also, Tuesday evening, members of the national membership committee, under the chairmanship of William H. Jarden, Jr., and representatives of local associations met as an acquaintance committee and perfected arrangements for adequate introduction among members of the industry attending the convention.

Recovery Board

Another Tuesday meeting was that of the Paint Industry Recovery Board which was addressed by Charles R. Baxter, administration member of the board, who also answered various questions. A motion that existing established consignment accounts would not be eliminated June 1, 1935, which was passed by the executive committee, was ratified by the board. After study by the board, the executive board deemed it advisable to allow these accounts to continue. The members present stated that the code had been of great advantage to them in their business.

At the meeting were Wallace F. Bennett, Salt Lake City; Frank Bownes, Chelsea, Mass.; Andrew S. Butler, Buffalo; W. C. Dabney, Louisville; O. J. S. deBrun, New York; S. C. Dunning, Staten Island, N. Y.; L. V. Fox, New York; E. A. Foy, Cincinnati; H. O. Gibson, Cleveland; W. D. Gilman, Chattanooga; E. H. Hancock, Louisville; A. E. Horn, Long Island City; P. S. Kennedy, Newark; J. F. Kurfees, Louisville; E. R. Kyger, Kansas City; R. W. Levenhagen, Cleveland; J. B. Lord, Boston; H. A. Melum, Chicago; Rudolf Neuburger, New York; J. K. Patterson, Cleveland; E. S. Phillips, New York; R. A. Plumb, Detroit; J. V. Reardon, St. Louis; Chas. H. Reed, Cleveland; Gilbert Spruance, Philadelphia; C. L. Sullivan, Dayton; F. L. Sulzberger, Chicago; W. H. Seney, St. Paul; H. E. Webster, Buffalo; J. Heath Wood, Chicago; H. Braith Davis, Baltimore; S. R. Matlack, Philadelphia; Ernest T. Trigg, president; Laurence Kiefer, secretary; M. Q. Macdonald, general counsel.

Roof Coatings

The roof coatings and roof cement division met on Tuesday night under the chairmanship of H. O. Gibson.

Other Meetings

Wednesday evening, manufacturers especially interested in industrial sales held a meeting under the chairmanship of Paul S. Kennedy. Other group meetings and their leaders were: water-paint manufacturers, J. Vincent Reardon; marine and industrial, C. F. Beatty; driers, Dr. C. A. Knauss; railroad finishes, C. L. Sullivan, Jr.; putty, O. J. Biddle; synthetic resins, R. M. Banks; wood finishes, W. I. Longworth; metal finishes, David Andrews.

Paint Wholesalers Meet

The annual convention of the National Wholesale Paint Association will be held in New York in February, it was announced by the board of directors following their meeting in the Mayflower hotel, Washington, November 2. The directors held several sessions in the course of the manufacturers' convention and members were active participants in the meetings, three papers having been delivered.

To formulate a plan for closer co-operation between the two organizations, the following committee was named to confer with the executive committee of the National Paint, Varnish and Lacquer Association: R. F. Rainey, chairman; R. J. Clemens, T. A. Flynn, A. F. Winstel, and C. F Watter.

A resolution was introduced in the manufacturers' convention proposing the establishment of the wholesale group as a division of the association. Further consideration will be given by the executive committee.

The executive committee of the wholesale paint code authority also met during the convention.

Entertainment Features

Splendid entertainment marked both of the Washington conventions. The Federation's annual banquet and show have become noted for their gayety, and this year was no exception. The ballroom was filled with manufacturers' delegates, as well as production men, and they hugely enjoyed the thrusts at operating heads made in the burlesque skit, "Ernest Efforts, or the Production Manager Twenty Years Hence."

The committee for entertainment of the National Paint, Varnish and Lacquer Association was composed of T. A. Flynn, Washington, chairman; John Henry Coon, Baltimore; Dr. C. A. Knauss, Elizabeth, N. J.; T. A. Williamson, Philadelphia; F. J. Sampson, Richmond; and Robert K. Shannon, Washington, with Mrs. Flynn, Mrs. Coon, Mrs. Williamson, Mrs. Knauss, and Mrs. Ernest T. Trigg, in charge of entertainment for the ladies, which included a musicale, a tea, and a bridge luncheon.

Wednesday night everyone turned out for the Hallowe'en dance in the main ballroom which was appropriately decorated. On the following night came the annual banquet, advanced a night from previous schedules so that those wishing to depart immediately after the business sessions closed on Friday need not miss this feature.

"Glass Houses"

While listed as a number on the regular afternoon program of the Thursday trade sales conference, "Glass Houses," a playlet on the sales possibilities of the Federal housing act, was of distinct entertainment, as well as educational, value. When word went around the corridors that it was ready to go on, the ballroom was rapidly filled, the ladies of the convention also attending. The playlet, written by Ivor Kenway, advertising manager of the Devoe & Raynolds Company, was described by all as the best piece of propaganda writing they had seen.

The theme was the universal desire of human beings for beautiful and attractive surroundings. A young girl, played by Miss Annabelle Zeller, of the Certainteed Products Corporation, was fairly ashamed of her home because of the impression its condition might make on the man with whom she was in love. Her mother, played by Mrs. T. Brooks Cross, was as eager as she to redecorate, but the father was cramped for money and could do nothing. How a paint dealer revealed to the family what the local bank could do for them under the terms of the act and how a painting contractor was shown how to go after such work formed the story. Others in the cast were Kingsley Kunhardt, of the Guaranty Trust Company; T. Brooks Cross, of the Devoe & Raynolds Company; Deane Colton, of Valentine & Co.; Daniel Jaeger, of the U. S. Color Card Company.

The play and the author and cast were warmly applauded by the audience.

Paint, Varnish and Lacquer Sales: September

Sales of paint, varnish and lacquer products in September were valued at $22,234,400, compared with $24,350,726 in August and $19,097,803 in September last year, according to the monthly report of the Bureau of Census based upon data received from 586 identical establishments. Total sales for the first nine months of the year were $221,363,869 against $171,426,563 for a like period of 1933 and $222,760,965 in the entire year of 1933. Details of trade sales and industrial sales in September, a comparison with preceding months this year and a comparative record for the past two years, follow:—

	Total sales reported by 586 establishments.	Classified sales reported by 344 establishments — Industrial sales — Total.	Paint and varnish.	Lacquer.	Trade sales of paint, varnish and lacquer.	Unclassified sales reported by 242 establishments.
1934.						
January	$20,043,659	$6,015,030	$4,290,923	$1,724,107	$7,470,517	$7,158,112
February	17,715,447	5,639,413	3,714,128	1,925,285	6,266,162	5,819,872
March	23,193,398	7,195,176	4,766,864	2,428,312	8,504,997	7,688,223
April	27,765,932	7,589,828	5,256,548	2,333,280	10,846,963	9,338,141
May	33,678,877	8,091,723	5,824,403	2,267,320	14,079,824	11,507,330
June	28,794,352	7,629,806	5,455,306	2,174,500	11,313,031	9,850,555
July	23,484,080	7,449,074	5,254,402	2,194,582	8,461,401	7,573,605
August	24,350,726	6,578,872	4,499,356	2,079,516	9,502,007	8,269,847
September	22,234,400	5,268,057	3,722,691	1,545,366	8,908,543	8,057,800
Totals (9 mos.)	$221,863,869	$61,367,089	$42,786,771	$18,580,268	$85,343,345	$75,153,485
1933.						
January	$11,275,396	$3,529,856	$2,386,947	$1,142,939	$4,168,260	$3,577,250
February	11,685,724	3,423,033	2,445,378	977,655	4,771,706	3,470,995
March	13,578,568	3,391,947	2,484,550	907,397	5,788,213	4,398,408
April	10,043,787	4,677,399	3,143,803	1,533,596	3,532,411	5,784,067
May	22,241,044	5,591,933	4,236,435	1,393,483	11,753,578	5,495,533
June	27,313,283	6,827,509	4,832,551	1,994,958	12,443,998	8,541,726
July	22,099,167	6,406,184	4,493,516	1,912,668	8,627,400	7,065,603
August	20,620,811	6,323,475	4,764,701	1,558,774	7,840,329	6,456,977
September	19,097,803	5,544,888	3,975,917	1,568,769	7,462,113	6,091,004
Totals (9 mos.)	$171,426,563	$46,115,967	$32,815,818	$13,300,149	$71,473,038	$53,837,563
October	18,944,106	4,949,755	3,721,430	1,228,325	7,376,016	6,618,339
November	18,234,214	4,658,358	3,460,174	1,190,179	6,560,157	5,014,724
December	16,156,062	4,418,023	3,428,376	989,647	6,157,567	5,580,472
Totals (year)	$222,760,965	$60,140,098	$43,431,788	$16,708,310	$91,572,760	$71,048,098
1932.						
January	$15,894,508					
February	16,270,822					
March	19,958,906	Comparable statistics not available.				
April	22,612,103					
May	24,081,441					
June	19,637,358	$4,655,899	$3,617,719	$1,067,680	$8,734,380	$6,217,629
July	14,430,122	3,793,245	2,900,707	892,538	6,658,813	4,978,064
August	16,032,441	3,851,028	3,057,096	793,932	6,918,659	5,262,754
September	16,806,712	3,960,564	3,113,303	847,261	7,216,748	5,608,400
Totals (9 mos.)	$165,753,600	.....	.....	.....	.....	.....
October	16,592,377	3,996,500	3,036,328	960,177	6,610,011	4,985,866
November	12,492,818	3,229,819	2,430,262	799,557	4,196,706	3,066,733
December	9,484,520	3,222,770	2,186,706	1,036,064	3,506,715	2,755,035
Totals (year)	$203,323,315	.....	.....	.....	.....	.....

Plastic, Water Paint, Calcimine Sales: September

Sales of plastic paints in September were 390,777 pounds with a value of $27,314, against 340,461 pounds valued at $25,292 in August, and 293,722 pounds valued at $21,330 in July, according to the monthly report of the Bureau of Census on plastic paints, cold water paints and calcimines gathered from fifty-three manufacturers. Details of sales of these products in September, a comparison with August, July and June, follow:—

	1934 September.	August.	July.	June.	May.
Plastic Paints					
Total—					
Pounds	390,777	340,461	293,722	364,652	533,045
Value	$27,314	$25,292	$21,330	$25,782	$39,825
Paste (lead, mixed paints and emulsified types)—					
Pounds	42,639	26,746	22,358	21,289	82,253
Value	$3,478	$2,342	$2,048	$2,220	$2,762
Dry, total—					
Pounds	348,138	313,715	271,339	338,363	520,792
Value	$23,836	$22,950	$19,282	$23,562	$37,063
Casein bound—					
Pounds	283,243	212,106	185,226	215,417	291,524
Value	$18,045	$17,350	$14,820	$17,219	$24,319
Glue bound—					
Pounds	114,895	101,609	86,113	117,946	229,268
Value	$5,791	$5,600	$4,462	$6,343	$12,744
Cold Water Paints (in Dry Form)					
Total—					
Pounds	1,099,863	1,126,534	1,007,482	1,268,514	1,349,625
Value	$71,328	$71,299	$63,442	$77,454	$95,204
Exterior, total—					
Pounds	501,834	467,126	471,038	619,023	722,749
Value	$34,796	$32,524	$33,024	$41,886	$52,980
Lime and/or cement bound—					
Pounds	346,615	276,205	270,429	370,116	480,531
Value	$25,981	$21,903	$21,791	$28,128	$39,773
Casein bound—					
Pounds	133,219	191,921	201,218	248,907	242,218
Value	$8,866	$10,621	$11,233	$13,758	$13,106
Interior, total—					
Pounds	598,029	659,408	535,844	649,491	626,876
Value	$37,032	$38,775	$30,418	$35,569	$40,225
Casein bound—					
Pounds	334,136	225,402	159,799	183,358	261,985
Value	$28,394	$22,928	$16,886	$19,464	$29,078
Glue bound—					
Pounds	263,893	434,006	376,045	466,133	364,891
Value	$8,638	$15,832	$13,532	$16,104	$11,156
Calcimines					
Total—					
Pounds	6,033,948	5,287,457	4,750,545	6,318,301	7,137,724
Value	$259,136	$283,325	$221,792	$277,547	$322,583
Hot water—					
Pounds	3,361,466	2,828,826	2,204,757	3,223,268	3,712,588
Value	$138,850	$117,413	$95,026	$139,313	$163,651
Cold water—					
Pounds	2,672,182	2,458,631	2,545,788	3,095,033	3,425,136
Value	$120,286	$117,912	$115,856	$133,234	$133,932

PROCEEDINGS OF THE

Federation of Paint and Varnish Production Clubs

THIRTEENTH ANNUAL MEETING

Washington, D. C., October 28 to 30, 1934

With 352 members, guests, and exhibitors registered, the Federation of Paint and Varnish Production Clubs held its biggest convention on record in the Mayflower hotel, Washington, from Sunday, October 28, to Tuesday, October 30, under the presidency of F. C. Atwood, Boston. The previous attendance mark was 275 at Chicago last year. Roy B. Anderson, of the Brooklyn Varnish Company, was elected president to succeed Mr. Atwood.

Running concurrently with the federation meeting was the third Paint Industries Show. Established in the same hotel as a feature of the 1932 meeting, this exhibition of materials and processes has attained extraordinary growth and success.

Mr. Atwood, in his formal address, commented on this growth and expressed the opinion that it might be advisable to take steps to guard against the show's development to unwieldy proportions. He gave a report of the continuing closer relationship between the federation and the National Paint, Varnish and Lacquer Association and spoke of the vital part which the federation was able to play by aiding the Paint Industry Recovery Board with its code and market replacement cost work.

Mr. Atwood's address was as follows:

President's Address

It is a very great pleasure to address you officially as your president at this, the thirteenth annual convention of the Federation of Paint and Varnish Production Clubs. This pleasure is very genuine and sincere, since it is derived from at least two substantial sources. One cannot but derive a great deal of satisfaction in reviewing the accomplishments of an organization during a year when there was much to be done and much to accomplish. These accomplishments came in part from the service rendered by the constituent clubs in the further development of technical knowledge and technical information of value to the industry as a whole, as well as in the furnishing of information of value to the economic side of the paint industry, all acting for the common good.

In addition our accomplishments came from serving the other organizations in the industry when we were called upon for such service. A second source of pleasure to me, personally, is the fact that having discharged to the best of my ability a duty which you commanded of me when you honored me with the presidency of the association, I will shortly be free to relinquish that duty to my successor and be free to assume my own personal activities and fortunes.

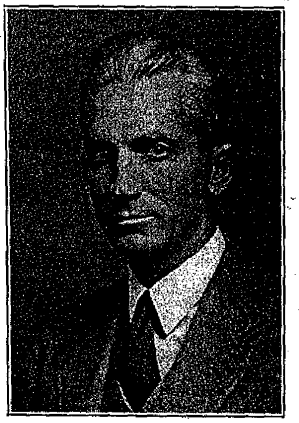
According to the constitution and by-laws of our federation, the president has a fourfold duty to perform. He shall act throughout his term as the executive officer of the federation. He shall also act as chairman of the executive committee. I have performed these duties throughout the past year and little remains to be done along this line. The president shall also preside at the annual meeting, and that is now being done, but, with such lieutenants as responded to my calls throughout the year and particularly those who are so active and have been active for many months in making this convention a success, this duty is far lighter than it might otherwise be and far lighter than the job some of my predecessors have had to struggle under at a convention of this kind.

In this connection I want to refer particularly to the extraordinarily successful activities of Edward Maloney and V. C. Bidlack as chairmen respectively of the paint industries show and the program committee. The extent of the results of their activities are so obvious that I scarcely need mention them. The fact that such successful results as you observe can only come as a result of months of active work and preparation must be recognized and commended. They can tell you better than I how well their associates on those committees have worked with them, but there is in evidence, of course, the activities of the Baltimore club, under the able leadership of George Sutherland, who are our hosts at this convention.

As a final duty, the president is called upon to furnish an annual report. As I mentioned in the November, 1933, Digest, I have tried to anticipate this duty by furnishing you from time to time in the Digest, reports of current activities so far as it was possible for me to do so and so far as such results and activities could be furnished in a printed report.

There are always bound to be many activities and results which take place within an organization of this type, which can best be accomplished with a minimum of publicity. On the other hand, such activities and accomplishments as will inspire the constituent clubs of the federation to further and better efforts and will convince them of the unity of our organization and the fact that many of our accomplishments are brought about by such unity, then all possible publicity should be given such activities and this has been done, not only through my own reports but through the very capable help and activities of your vice-president, Roy Anderson.

Were it not for the constitutional requirement that the president furnish an annual report, it would be better for me to concur with the statesmanlike works of Mark Anthony that we come here not



F. C. Atwood
The Presiding Officer

to "praise Caesar but to bury him." This is in effect the burial ceremony of your executives for the past year and little can be accomplished by reviewing our activities and accomplishments. History, however, has its principal value in that a study of past events and the political motives behind the policies actuating them often point our future paths.

Lessons from the Past

In addition, a brief study of immediate past activities may point more clearly to the deficiencies, omissions, and to some extent, lack of accomplishments by which we may be guided in the future. It is with that thought in mind that I would call your attention briefly to the chronology of my administration and apologize for much that I would have liked to have done for the organization and hope to see accomplished in the future.

The past year has seen the federation treading many new paths. We have blazed a trail of co-operative activities with other organizations in our industry, the National Paint, Varnish and Lacquer Association, which I believe was well worth all the time and effort required in blazing such a trail. In spite of a personal modesty which hesitates to speak much about the work for the past year and which would minimize the requirements of time and energy for such work, yet I feel it only fair to point out that your executives this year were called upon for work and have had to devote time to such work substantially in excess of that required of your executives in the past.

It is probable that your future executives will continue to have to spend substantial amounts of time attending to their duties and furthering the aims and purposes of your federation. The honor you confer upon them, by choosing them as your executives, demands in return an unselfish and whole-hearted service. Such demands are no more and no greater than may come to anyone in the line of professional activities and the very fact that he has chosen a profession—and ours can certainly be called a professional society—this very fact, I say, of his being a professional man, requires that he return to his fellowmen service in return for the knowledge and information of his profession gained from others who have preceded him in this profession. Hundreds of years ago Francis Bacon very aptly spoke of this when he said: "I hold every man a debtor to his profession; from the which as men, of course, do seek to receive countenance and profit, so ought they of duty endeavour themselves by way of amends to be a help and ornament thereunto."

I, therefore, commend, urge and even suggest that it is the duty of each one in our federation to the best of his ability to return in some way to his associated members, information and knowledge through work in his associated club or committees and even to strive for service in the national organization, in spite of the possible time and effort it may require and certain sacrifices which he may be called upon to make, in return for both the benefits conferred upon him and the knowledge he gains as a member of our federation. If everyone of our nearly one thousand members can be actuated by this spirit of service, we need have no hesitation nor fear as to the future growth and value of the federation.

Work on Code Costs

Returning now to the more specific facts related to this year's administration. We had no sooner stated to our associates organization that the federation was now ready, able and willing to contribute its full share in promoting the welfare of the paint industry, than we were called upon by Mr. Trigg, as code authority, to assist and in fact to carry out a great deal of work connected with the code and in particular with respect to the cost provision, article XXII. Throughout a long series of conferences, committee meetings and discussions and, in spite of serious difficulties which arose all along the way, these efforts finally matured and the results were published as the "Market Replacement Cost Schedule," the first publication of which was on May 14, this year, at approximately the same time the processing cost schedule was published.

Whatever may be the final results and achievements of the NRA, we believe that there has finally been assembled and collected for the benefit of the industry working material which will serve as a guide and a starting point for future work on costs and costing. The very assembling by name of materials used in the production of products of the industry and the collection of market replacement prices for such materials, which would serve the industry in all its branches and in all parts of a country as large as ours, required the assembly of information which I found previously had been available to no single individual or group, and in fact much of it was very obscure.

The publication of these data, while in some cases it worked a hardship on raw material producers because of the publicity given to trade practices as regards pricing in the various parts of the country, yet it certainly gives anyone who studies it a most complete picture of our industry throughout the country. In addition, by the very enumeration and segregation of raw materials used throughout the paint trade we see a picture of our industry in all its ramifications when we carefully studied this picture with some imagination.

For years we have attempted to have our industry adopt accounting methods which would show clearly the processing costs involved in manufacturing the various items which we, as an industry, offer for sale. The fact that it was extremely difficult to bring this about and it had not been brought about was very evident when attempts were made to collect and assemble such processing costs. The tremendous variation in accounting methods used by such companies as did keep careful costs emphasized many reasons for genuine low bid figures. The philosophy of many of these accounting systems would put the user of one system substantially ahead of the user of another system in close competitive bidding. The fact was also clearly brought out that there were still a vast majority of companies using little or no accounting practice in their organization.

Still Some Guessers

In spite of these code activities, we even now hear of many companies operating wholly on the basis that they buy some material, make some goods, sell the goods, pay their bills and have some money left over, which they draw out at the end of a week or a month, and then they feel that they are making money, without considering the deterioration, the wear and tear, the future upkeep and all other overhead items which must be considered by any company which is to be successful over a reasonable period of time. The very fact that we have collected some processing costs, and they have been pushed as part of the code of fair competition, this fact, to that extent at least, has advanced our industry in its path of progress.

In arriving at the information so published in these cost schedules, we have had an excellent example of the way in which the various individuals, as well as the associated clubs, can co-operate and furnish such information when requested. In particular, I have, during the year, pointed out the way in which the California club responded to an appeal for information and helped us out with commendable promptness.

A very close bond has been established between the federation and the National Paint, Varnish and Lacquer Association. This bond began from the moment we were able to show the president, Mr. Trigg, the way in which we conducted our meetings at Chicago, as well as the scope and aim of the federation paint show. Co-operative activities have been conducted in every possible way and through many different channels. It is difficult to enumerate all of these activities apart from the code, but such contacts have been carried out not only by

F.P.&V.P.C. Officers and Executive Committee Members—1934-35

President

Roy B. Anderson, of the Brooklyn Varnish Manufacturing Company, Brooklyn, N. Y.

Vice-President

R. C. Stark, of Pratt & Lambert, Inc., Buffalo, N. Y.

Treasurer

Clarence W. Clark, of E. I. du Pont de Nemours & Co., Everett, Mass.

Secretary

George B. Heckel, of Philadelphia, Pa.

Executive Committee

V. C. Bidlack, of the McCloskey Varnish Company, Chicago.

J. F. McMenamin, of Felton, Sibley & Co., Philadelphia.

J. F. Meyer, of the Steelcote Manufacturing Company, St. Louis.

P. M. Waldron, of the McCloskey Varnish Company of the West, Los Angeles.

Roy B. Anderson, president of the Federation of Paint and Varnish Production Clubs for the 1934-35 year, is assistant secretary of the Brooklyn Varnish Manufacturing Company, Brooklyn, N. Y. He is also president of the Wipon Corporation, manufacturers of refinishes for furniture and floors, Brooklyn. He has been associated with the paint industry for nineteen years.

Mr. Anderson was born in Brooklyn, December 1, 1892, the son of William J. and Sadie M. (Wilson) Anderson. He lived in Brooklyn until 1924. He is a graduate, with the degree of bachelor of science, of Rutgers University, class of 1914. His first employment was with the Brooklyn Rapid Transit Corporation, in engineering work. He went with the Brooklyn Varnish Manufacturing Company, of which his father is president, in 1916. He was president of the New York and New Jersey Varnish and Paint Plant Managers Association in 1930.

Mr. Anderson and Miss Agnes A. England, were married in 1920 in

Roy B. Anderson
New President, Federation of Paint and Varnish Production Club.

Brooklyn. They have two children, Adelaide J. and Roy B., Jr., and reside in Garden City, Long Island. Mr. Anderson is a member of the Garden City Masonic lodge, of the Delta Phi Fraternity, and of the Garden City Country Club. He is an enthusiastic golfer.

your executive officers but through the excellent example of co-operative meetings which many of our constituent clubs have had with local clubs of the National Paint, Varnish and Lacquer Association, as well as with salesmen's clubs. I certainly recommend that these contacts be fostered and promoted in ever increasing number not only for the better understanding and strengthening of the federation but for the greater benefit of the industry as a whole.

Change in By-Laws

In order that such contacts may be fostered and in order further that our by-laws may be brought up to date and dropping such sections which are outdated by the dissolution of the American Paint and Varnish Manufacturers' Association, your by-laws committee, after a great deal of hard work, submitted to the federation a very acceptable proposed constitution and by-laws. Because of some question of the legality of the adoption by the methods we proposed in the May issue of the Digest, the final adoption of these by-laws has been held over to this meeting, even though most of the clubs have already signified their acceptance of them by their unanimous vote.

I recommend, therefore, that the report of your by-laws committee be accepted as quickly as possible in order that an even more necessary step may be taken now. So far as possible the constituent clubs should adopt a more uniform constitution and by-laws which will bring them in line with the constitution of the federation and of the other associated clubs. The by-laws committee have recommendations to make in this respect and I believe the constituent clubs should adopt their suggestions at the earliest possible moment, in order that the mechanics of our federation may be simplified and brought into better working condition.

Paint Industries Show

In pointing out the growth and achievements of the Paint Industries Show, I am only pointing to something which is quite obvious to those of you present here. However, it seems a far cry back to the evening some time over two years ago, when I suggested such an exhibit to Messrs. Clark and Maloney, then of the New England club. This suggestion, after adoption by the advisory committee at Pittsburgh, and the responsibility for the success of such a show, was, of course, promptly thrown back at me by the then president of the federation, Mr. Kortum.

In a spirit of "now it can be told" it should be said that we literally sweat blood to make the first show in this hotel two years ago a success, first, because we sincerely believed in its value to the federation and to the paint industry as a whole, and second, because of the very sincere opposition to such a show which we encountered in unexpected quarters. The show was a success at that time because of the combined efforts of a great many members of the federation, but, we made it a success literally, by the skin of our teeth. We gained sufficient momentum, however, to make the second show last year a fairly substantial success and, as a result, this year it might be termed an overwhelming success.

It is sometimes dangerous to limit the growth of any activity. On the other hand, nursery men know that the best fruit and the best flowers come as a result of careful and intelligent pruning and limitation. It is in that spirit that I now make the suggestion that no further attempt be made to increase the size of our show. It is a little doubtful whether in the limited time at our command at our annual meetings, we can intelligently study more than the forty-odd exhibits which we have in this year's show. It is in keeping with our original aims that so far as possible new developments in the paint industry be brought forward through the medium of this show and, to a certain extent, that small companies be offered an opportunity of presenting to the paint industry, in the simplest way and at the lowest cost, new products which they have to offer.

I believe that this year's chairman will recommend to you that future shows be limited to this size and that so far as possible they be selective with respect to the exhibitors. In this way we will entirely and finally eliminate the impression which originated somewhere that our paint show was organized as a racket to help out the federation treasury. The only racket your federation executives are concerned with is that the show shall bring the maximum of technical knowledge and benefit to your membership, and at the same time be of maximum helpful benefit to our associates in the raw materials field. I hope the genuine and sincere value of the paint show is finally accepted as a fact by all who know about it; and, if there be any sceptics still left, it should be the duty of every federation member to light the lamp of understanding in this regard.

The Paint Industries Show will, undoubtedly, show a profit this year, and it is for your advisory committee to say how this profit shall be used. Admitting that the show may be financially profitable to the federation is in no way an admission that the show is being undertaken for the sake of this financial profit. It can hardly be said that as a sound business proposition the show would ever be profitable to the federation, limited to its present size. The actual or book profit comes about only because a great many individual members of the federation have co-operated whole-heartedly with your paint show committee, under the chairmanship of an able leader, and these volunteer, unpaid efforts combined with similar efforts from friends of our's outside the federation, including the trade magazines, who have given generously in the matter of publicity and other help—all these combined efforts result in an excess of income over expenditure for the undertaking.

If, however, we were to depend upon a paid staff or other professional means for promoting the activities of the show, it is very doubtful whether we could enjoy the benefits we now derive from the show without dipping heavily into our other federation finances. I believe we must all consider, therefore, that such profit as is made is gained wholly by the unselfish efforts of our own membership and our friends. Because of this fact it is up to us to guard carefully the funds so accumulated and see that they are utilized wholly for the promotion of the best interests of the paint industry and particularly along educational and technical lines.

Extra Expenditures

As an example of expenditures with which we may be faced from time to time, the extra efforts we have had to put in on code matters and other items have this year called for some extra expenditures. The Digest has had so much good material offered it that the publication of this material has increased our expenditures beyond those of last year. Because of the time spent on these other activities I did not have an opportunity to visit all the constituent clubs which should have been contacted. Such contacts will in general take traveling expense on the part of your president or other executive officers beyond what they can expend from their own funds.

There are probably many other matters which might be brought to your attention concerning the work of the past year, but whatever they are, you can be sure they have been undertaken and carried forward with the idea that they were for the best interest both of the individual members and the collective activities of the federation. Such ties as we have made with the National Paint, Varnish and Lacquer Association have been for our mutual benefit and for the betterment of the paint industry. We believe that at the beginning of the year, through our greater contact with a greater number of members of the paint industry, the fact that many paint companies directly or indirectly were members of the federation opened the way for them to accept membership in the National Paint, Varnish and Lacquer Association.

It is quite possible that the tables are turned at the present moment. The national association has at least caught up with, if not gone ahead of us in this matter of membership. There are but one or two localities left where there might still be constituent clubs organized for the federation. If there be such localities, we can do our best to help in their organization. On the other hand, there are probably many companies now in locations where we have clubs who have no members in the federation. That will, undoubtedly, be an activity your new executives can foster.

Mention should be made here of the new prizes offered during the year by *Drugs, Oils and Paints* and by the *Paint and Varnish Production Manager*. These prizes were accepted and applied to activities which your executives felt would most benefit the federation. I can still think of one or two activities which might be very well promoted by the furnishing of prizes or awards and, if any of you know of any organization or group who can furnish such prizes, I am sure they can be used for the better welding together of the federation.

Outside of the federation are a great many technical men engaged in the production of materials used in the paint industry but not entitled to membership in our federation because of their industrial connections. Many of these technical men are as sincere in their requirements and desires as are our own members. They have gradually been welding themselves together in the paint and varnish section of the American Chemical Society. This may perhaps be the best answer to this question but I look forward to some solution which will bring them in closer contact with ourselves without serious change in our own objects and by-laws. I appreciate sincerely that there are many circumstances which would prevent certain individuals from thoroughly appreciating the sound basis of our activities but I look forward to some method being found by which all technical and plant men engaged in the manufacture of materials and products used in the paint industry, can be associated together.

This, then, concludes the personal remarks and suggestions I would make to you in this annual report. No doubt, it is not as complete as some might make it but in any case, I believe it touches the high spots. With a final word of appreciation to all those who have assisted unselfishly in this year's work and with a recommendation that all of you, whenever called upon in the future, serve in such activities as may come your way, I offer you this report and thank you sincerely for the opportunity you have given me this year to serve the Federation of Paint and Varnish Production Clubs.

George B. Heckel, secretary, in his report told of the increase in membership by sixty-nine to a total of 959. His report follows:

Secretary's Report

At our last annual meeting I reported a total membership of 890, comprising:—Clubs, 765; associate members, 60; subscribing members, 65, of whom 15 were foreign.

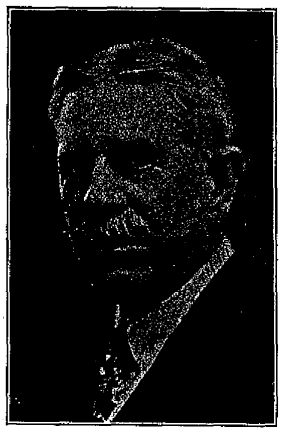
This year we have a total of 959, a net increase of 69, the present membership being divided as follows:—Clubs, 820; associate, 61; subscribers, 78, of whom 11 are foreign.

Because of the many problems presented by the requirements of the industry's code, which became operative only a few days after your last convention, this has been a very busy year for your officers and committees, and especially your president, who has given unstintingly of his time on your behalf in that work. The satisfactory performance of that difficult but essential work has achieved for the federation a cordial recognition of its value and importance never hitherto accorded. The federation is now recognized as a necessary and useful part of the general scheme.

At a meeting of your advisory committee, held in New York city in February, last, in conference with Ernest T. Trigg, president of the National Paint, Varnish and Lacquer Association, several new and important decisions were reached, but by far the most important result of the conference was the co-operative spirit evidenced by your representatives, on the one hand, and, on the other, Mr. Trigg's cordial recognition of the willingness and desire of the committee to be helpful. It resulted also in a closer coordination and integration of the respective functions of the two organizations.

New Prizes Provided

During the past year, in addition to the standing award of the *American Paint Journal* for the "most constructive paper" among those presented at the annual meeting, two additional awards have been accepted on your behalf by the advisory committee—the *Drugs, Oils and Paints* award of $25, $15 and $10 respectively to those individuals who at the annual meeting present in the best manner the best resumes of their club papers; and the *Paint and Varnish Production Manager* award of the same separate amounts to those local club secretaries adjudged to have furnished to the *Official Digest* during the past year, the "most interesting and valuable reports of their club meetings, within the limit of 500 words."



George B. Heckel
Re-elected Secretary

Both of these awards, it will be noted, are individual—one to the men who best present their club papers at this meeting, and the other to the secretaries of local clubs.

The *Official Digest* has, as heretofore, been issued regularly every month, excepting July and August, and I believe that you will have noticed a considerable increase in the practical value of its contents, including the reports of club meetings. You may have noticed that the current issue reached you earlier than usual. This was due to a recommendation of President Atwood, that it might reach you in advance of this meeting.

Revision of By-Laws

In the May issue the proposed new constitution and by-laws were submitted to the constituent clubs, and in order to avoid delay the clubs were requested to authorize, by unanimous vote, suspension of the by-law requiring that proposed amendments be submitted to the clubs at least sixty days before the annual meeting, and also to vote on the immediate acceptance of the new by-laws. The vote in favor was nearly, but not quite unanimous, therefore final action was necessarily deferred until the present meeting. At the proper time the matter will be presented for your decision. It should be clearly understood that all of the changes recommended by your by-laws committee, acting in concert with the advisory committee, are designed to effect the essential correlation of the work of the federation with that of the national association. It is hoped and expected that your approval will be given to the proposal substantially as submitted.

The by-laws committee, to the same end, at the suggestion of the advisory committee, has submitted to the constituent clubs a revised form of loyal by-laws, conformable to those of the federation, the object being not only the obviously desirable one of conformity to those of the federation, but also the still more desirable one of insuring uniformity in the practices of the local clubs. It is perhaps unfortunate that it was necessary to submit a second request of this character so soon after the clubs had so loyally revised their own by-laws in conformity with the recommendation of the advisory committee; but you will realize that no one at that time could possibly foresee the development that so quickly followed. The "New Deal" and the code, which came upon us out of a clear sky, necessitated many drastic revisions of thinking and practice, and the whole tendency of this movement is toward closer co-operation and more uniform practice, in other words, we are expected henceforth to think rather in terms of the industry as a whole rather than of local units thereof.

In the early Summer a resolution from the Golden Gate club, proposing a definite uniform advance in charges for special small quantities of products was submitted to the constituent clubs. The proposal met with general approval, but it was generally felt that it was a matter for action by the national association, rather than for this federation. It will, accordingly, be brought before that body at their meeting which follows ours.

As their reports will clearly demonstrate, your officers and committees have served you generously and faithfully during the past year, having accomplished much constructive work of a permanent character, at considerable personal sacrifice of time and thought.

The report of R. C. Stark, treasurer, showed the federation had spent $800 in excess of income on code work during the year, but that it was generally in a good financial condition.

Kenneth J. Howe, chairman of the constitution and by-laws committee, in his report, explained the new membership classifications as follows:

Active.—Active production or technical men employed by reputable firms.

Contributing honorary.—Men formerly in such positions.

Temporary.—Technical men co-operating with constituent clubs, membership to exist only during period of such work.

Honorary.—Persons who have rendered signal service to the federation.

To avoid disqualification of present members, these provisions are not retroactive, according to an amendment adopted at the convention.

The services of the federation to the industry were praised in an address on "The Code as It Affects the Production Man", by Ernest T. Trigg, president of the National Paint, Varnish and Lacquer Association and the Paint Industry Recovery Board.

In addition to the technical papers by the constituent clubs there was an open forum Tuesday afternoon devoted to discussion of practical problems. Among the matters considered were the following: Straining of enamels, paints and lacquers; minimum amount of mixing required for various pigments before grinding; relative merits of monel metal and stainless steel in varnish manufacture; relative merits of Seitz filter and conventional filter press; flooding of phenolic resin synthetic enamels; method of handling high percentage iron blue pigmentations in quick drying liquids; variation in characteristics of aluminum stearate; reliability of panel exposure tests; code differentials and processing costs; equipment and obsolete material exchange among manufacturers; small orders from stock paste colors versus small individual grinds; house paint failures; minimum number of dryers required in modern paint or varnish plant.

Prizes Awarded

The *American Paint Journal* award of $100 for the most constructive paper of the year went to the Detroit club in recognition of its paper on "The Drying Qualities of Soybean Oil." Honorable mention was awarded to the Baltimore club for its paper entitled "Practical Mill Dressing Studies: Determining Factors Controlling Output and Fineness of Grind."

A. F. DeRavignon was the winner of the first prize for effective presentation of his club's paper. Second prize went to R. E. Troutman, St. Louis; and third prize, to Harry Feinberg, Baltimore.

D. N. Finck, Baltimore, wen first prize for excellence of reports by secretaries of local clubs. Edwin Edelstein, Cleveland, won second prize, and T. E. O'Connor, Chicago, third prize.

The Northwestern club retained the golf trophy which was awarded by the Toronto club in 1930.

The new officers were installed at the banquet Tuesday evening. Among the guests introduced on that occasion were J. B. Lord, who, as president of the National Varnish Manufacturers Association, organized the plant managers committee, the predecessor of the federation; John R. MacGregor, also active in the early days of the organization; Dr. H. A. Gardner, director of the N. P. V. & L. A. scientific section; George Sutherland, president of the Baltimore Club; and Edward F. Maloney, chairman of the Paint Industries Show Committee.

A feature of the banquet was a humorous skit, "Ernest Efforts", or "The Production Manager — Twenty Years Hence," produced by members of the "New York Live Stock Company" and depicting the experiences of the "Neverlast Paint Company." Participating in the skit were Kenneth Howe as a production man, A. E. Staudermann as impersonator of a stenographer, Robert Bonnev as a mechanical foreman, Ralph Everett as the president, Roy Anderson as a sales manager, Malcolm Pratt as a chemist, and J. McE. Sanderson and Robert Moore as salesmen. Satire approaching burlesque kept the audience in roars.

The technical papers presented at the 1934 meeting of the Federation of Paint and Varnish Production Clubs are printed on the following pages.

ably increases the number of attacking points for the alkali and water, at the same time reducing the sealing action of the film itself.

The vehicles which best resist the action of the water and alkali in the cement are for the most part poor wetting agents for pigments, and when they are used settling becomes a rather important consideration. Examination, after standing four weeks, of the enamels containing plaster of paris, gypsum, and anhydrous calcium sulphate, showed very bad caking. Manipulations in formula to solve this difficulty were not considered to be within the scope of this paper. Those enamels containing silex or titanox C could be broken up without undue stirring.

Better results were obtained with the regular concrete panels used in the last series of tests (table 11) than at any other time. The explanation seems to lie in the fact that these last panels were made when the weather was very hot, and it was not possible to trowel the concrete mixture as much as usual. The less a concrete mixture is trowelled the weaker the concentration of calcium hydroxide is near and at the surface. Hence the superior results obtained with these July panels of regular compositions, and also with those comparatively rough panels which were purposely inadequately trowelled (table 10).

The good results obtained over a lean mixture of concrete (table 10) can be accounted for by the smaller amount of cement, and therefore calcium hydroxide, present.

Iron filings, included in the concrete mix, is supposed to give the final concrete surface superior waterproofing qualities, the iron oxide formed, forcing its way into all possible voids in the concrete, thus making it more solid in composition. This method is sometimes used in the construction of swimming pools and concrete tanks. Paints applied over panels made in that manner did not show to any better advantage than over the regular concrete panels (table 10). However, better results would undoubtedly be obtained if sufficient time were allowed before painting for the rusting reaction of the iron to take place.

Very small blisters were noted on the last set of panels on films which did not show failure in any other form for a long period of time. This is possibly due to moisture condensation on the surface of the panels during the first days of immersion when the humidity was high and the *enamel films were comparatively new and soft.*

The committee received at a late stage in their work pigmented enamels of the pliolite type and of the vinylite type of resin, designed for use on new concrete floors. Rather than make another table, these enamels were listed along with the clear vehicles in table 1. The results of our tests are shown in table 11. In view of the limited experimental work possible with the pliolite and vinylite types of resin the committee prefer not to express any definite conclusions regarding their efficiency on new concrete floors.

One of the points of interest noted in connection with the tests on the vinylite type of vehile was the fact that, while the film itself appeared to resist the action of the water and alkali satisfactorily, it exhibited a rather poor sealing action underneath the green paint stripe. These enamel films also had rather poor build and gloss even when two coats were applied. (The same characteristics were noted to a lesser degree with chlorinated rubber films.)

The most plausible explanation is the fact that the solids of this type of vehicle are highly polymerized with accompanying high viscosity. In order to arrive at painting consistency, considerable volatile reducer must be added. When such vehicles are pigmented to opacity, the resulting enamels have rather poor gloss and sealing properties under subsequent coats.

It has been the intention throughout this paper to generalize—not to provide specific formulas—but to present the salient points established during this study of new concrete floors.

The technical committee wish to thu[illegible] the members of the New England club [illegible] their help and co-operation in the prepa[illegible]tion of this paper. We are also indeb[illegible] to those raw material manufacturers w[illegible] have contributed most generously of th[illegible] time, advice and materials.

References: Donald W. Howe, Pa[illegible]land Cement Association; Prof. Grim[illegible] Jones, Harvard University; "Industr[illegible] Chemistry," Thorpe; "Chemistry in Ind[illegible]try," H. E. Howe, editor.

Table 7

Primer Study Using Chlorinated Rubber, 100% Phenolic, and Oil-Modified Cumar Types

Pigment Volume Total Non-Volatile Volume	Vehicle	Coats	Before Immersion	24 Hrs.	48 Hrs.	1 Week	10 Days	2 Weeks
5% Titanium Dioxide	24 24	1 2	Dark Yellow Dark Yellow	G T	H GT	H H	H H	H H
5% Titanium Dioxide 10% Plaster Paris	24 24	1 2	Dark Yellow Dark Yellow	O K T	G T T	G O K	G O K	G O K
5% Titanium Dioxide	25 25	1 2	O K O K	J J	J J	J J	J J	J J
5% Titanium Dioxide 10% Plaster Paris	25 25	1 2	O K O K	T T	L L	T T	T T	T T
5% Titanium Dioxide	1 1	1 2	O K O K	T T	G G	H J HJ	X X	
5% Titanium Dioxide 10% Plaster Paris	1 1	1 2	O K O K	O K T	O K T	O K O K	G I O K	G I (3 wks.) O K

Table 8

Plaster of Paris Study

Pigment Volume Total Non-Volatile Volume	Vehicle	Coats	Before Immersion	24 Hrs.	48 Hrs.	72 Hrs.	96 Hrs.	1 Week
5% Plaster Paris	18	1 2	O K O K	O K O K	G O K	H O K	H O K	X G X (9 days)
10% Plaster Paris	18	1 2	O K O K	O K O K	O K O K	O K O K	O K O K	O K X (3 weeks) O K X (3 weeks)
20% Plaster Paris	18	1 2	Slightly Dull O K	O K O K	O K O K	O K O K	O K O K	O K X (3 weeks) O K X (4 weeks)
30% Plaster Paris	18	1 2	Slightly Dull Slightly Dull	O K O K	O K O K	O K O K	O K O K	O K X (4 weeks) O K X (6 weeks)

For Control, See 18-A—Table 2.

Table 9

Comparative Efficiency of Various Forms of Calcium Sulphate (30% Pigment Volume)

	Vehicle	Coats	Before Immersion	24 Hrs.	48 Hrs.	1 Week	10 Days	2 Weeks
70% Anhydrous Calcium Sulphate 30% Titan. Dioxide	18	1 2	O K O K	O K O K	O K O K	I O K	I I	I I
70% Gypsum 30% Titan. Dioxide	18	1 2	O K O K	T J	T L	G I T	G I G I	X X
70% Plaster Paris 30% Titan. Dioxide	18	1 2	O K O K	O K O K	O K O K	G I I	G I G I	X X
100% Titanox "C"	18	1 2	O K O K	O K O K	O K O K	G J G J	X X	

Table 10

Variations in Concrete (30% Pigment Volume Throughout)

Vehicle No.	Coats	Before Immersion	24 Hrs.	48 Hrs.	3 Days	4 Days	5 Days	6 Days	1 Wk.	8 Days	10 Days	11 Days	2 Wk.
Regular Panels													
23	1 2	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	G O K	G O K	H G	H G	H G
22	1 2	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	G I O K	X T	X T	X X	X X	X X
1	1 2	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	G O K	GMV T	X T
No Calcium Chloride													
23	1 2	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K
22	1 2	O K O K	O K O K	O K O K	O K O K	O K O K	GIV T	GJV L	X L	X G L	X X	X X	X X
1	1 2	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	G T	G T	HIMV G T	X G T	X G T
Iron Filings													
23	1 2	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	G O K	G O K	G O K
22	1 2	O K O K	O K O K	O K O K	O K O K	O K O K	GIV T	HJV T	X L	X L G	X X	X X	X X
1	1 2	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	GVI O K	X G	X G
Improperly Trowelled													
23	1 2	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K
22	1 2	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	G O K	GIV O K	X G
1	1 2	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K
Lean Mixture													
23	1 2	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	G O K	G O K	G O K
22	1 2	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	T O K	T O K	TIO T	GTIV T	X G T	X G T
1	1 2	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K T	O K T	O K T	O K T
Panels Three Months Old													
23	1 2	O K O K	O K O K	O K O K	O K O K	O K T	T T	T T	T T	T T	T T	T T	T T
22	1 2	O K O K	O K O K	O K O K	T T	T T	T T	T T	T L	T L	T L	T L	T L
1	1 2	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K T	GIV T	X T	X T

Composition of panels (parts by weight):—
Regular—Cement, 1 part; sand, 2 parts; calcium chloride, 0.3 part.
Iron filings—Iron filings, 7 parts; sand, 82 parts; cement, 31 parts.
Improperly trowelled—Cement, 1 part; sand, 2 parts.
No calcium chloride—Cement, 1 part; sand, 2 parts.
Lean mixture—Cement, 1 part; sand, 4 parts.
Aged panels (3 months)—Cement, 1 part; sand, 2 parts; calcium chloride, 0.3 part.

Table 11

Clear Vehicle Check Test, Also Tests on Vinylite and Pliolite Enamels

Vehicle	Coats	Before Immersion	24 Hrs.	48 Hrs.	3 Days	4 Days	5 Days	6 Days	7 Days	8 Days	10 Days	11 Days	2 Weeks
23	1 2	O K O K	O K O K	O K O K	O K O K	O K O K	G O K	G O K	G O K	H G	H G	VHIM G	X G
25	1 2	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K
19	1 2	O K O K	O K O K	O K O K	G G	H G	H V H V	H V H V	H HJV	X X	X X	X X	X X
18	1 2	O K O K	O K O K	O K O K	G T	H G T	H G T	HJV H T	X HJLV	X X	X X	X X	X X
22	1 2	O K O K	O K O K	O K O K	O K T	O K T	O K G T	G G T	H H T	HIV HIVT	X X	X X	X X
1	1 2	O K O K	O K O K	G O K	G O K	G O K	H G	H G	H H	H H	H H	VHIM H	X H
16	1 2	O K O K	O K O K	O K O K	O K O K	O K O K	G O K	G T O K	H T G	H T G	H T G	H T G	H T G
XE 137 Vinylite	1 2	O K O K	O K O K	O K O K	O K O K	O K O K	O K O K	G O K	H GIV	H HIV	H HIV	X X	X X
XE 227 Vinylite	1 2	O K O K	O K O K	O K O K	O K O K	G O K	G O K	G O K	H O K	H O K	H O K	H P O K	H P O K
Pliolite R-102-401	1 2	O K O K	O K O K	G O K	G O K	H G	H P H	HJP H	X HMV	X X	X X	X X	X X

Pigment Dispersion

New York Paint and Varnish Production Club

The technical committee of the New York production club unanimously decided that the club's work this year would deal with a practical factory problem which would be of real interest and value to the men in charge of production. Many of the federation papers recently have had a tendency to emphasize chemical, rather than practical, production problems. Therefore, the subject of pigment dispersion, or, as it is commonly called, pigment grinding, was selected as one of the year's problems. This was selected because it is one of the most expensive operations involved in the manufacture of paint, and carries a large part of the factory overhead, due to expensive equipment and large power consumption.

Several new types of grinding equipment have invaded the paint manufacturing field in recent years. The committee believed it would be very advantageous for the production man to have definite information on the relative values of such equipment in addition to that supplied by the mill manufacturer.

The selection of vehicles with good wetting properties and the use of dispersion or wetting agents suited to the particular pigment in question was considered a very important factor in reducing grinding costs, and the committee believed it advisable to include some work along this line.

It was felt that this problem would offer an excellent opportunity to test the practical value of the North standards of fineness (American Paint and Varnish Manufacturers' Association, Circular No. 422, November, 1932, "New York Club Paper Standards for Fineness of Pigment Grinding"), and it was decided that the subcommittee would use one of the North standards in its grinding tests.

The subcommittee appointed to carry out the work on pigment dispersion fully realized that the subject could not be covered in one paper, as it required more work than could possibly be accomplished in one year. It was felt, however, that a definite start could be made and sufficient data gathered for a preliminary paper.

Outline of Problem

Paste Used

The subcommittee conducted grinding tests, using one pigment and one vehicle on as many types of grinding equipment as were available. The pigment selected was titanox C, and the vehicle a 27-gallon ester gum varnish containing 54 percent of solids. The oil content consisted of 86.75 percent linseed oil. The varnish contained 0.5 percent lead and 0.25 percent lime, introduced during the cooling. The viscosity of the varnish was H on Gardner and Holdt viscosity tubes. The acid value of the varnish was 7.7. A 70-30 pigment vehicle ratio was used for grinding. The mixing operation was carried out in a standard type lead mixer.

Mills Investigated

The subcommittee was fortunate in securing the co-operation of twelve paint manufacturers in the metropolitan area. The following equipment was utilized in the tests:—

30-inch tandem buhrstone.
30-inch single buhrstone.
28-inch tandem buhrstone.
26-inch single buhrstone.
20-inch single buhrstone.
50-gallon pebble mill, buhrstone lined, flint pebbles.
5-roll, 12 inch by 30 inch steel mills.
4-roll, 12 inch by 30 inch steel mills.
Banbury mixer.
Colloid mill, laboratory size, Eppenbach.
Colloid mill, production size, Eppenbach.

There was no production size Banbury mixer available. However, the specified tests as well as some additional tests were carried out on an experimental laboratory size Banbury mixer.

Procedure

In order to make the tests as uniform as possible, the titanox C was ordered in one lot and distributed in the various plants. The total amount of varnish required was made at one time and carefully analyzed and then distributed. Everyone co-operating in the tests was requested to mix the paste in a standard type lead mixer for one hour. The mills were to be warmed up under normal operating conditions at least one hour before starting the test. The number three North standard was selected for the desired fineness, and each operator ground to this degree of dispersion. The following information was requested, together with a representative sample taken from the final grind on each test:—

1—Type of mill used.
2—Type of dressing.
3—Condition of dressing.
4—Number of pounds per hour ground.
5—Temperature of paste during grinding operation.
6—RPM at which the mill was operating.
7—Horsepower consumed.

No specifications were given to the factories co-operating in the grinding tests on either speed of mills, type of mill dressing, or manner of operating, as it was desired to secure results of grinding the standard paste under actual factory practice.

Table 1

No.	Mill.	Pigment-vehicle ratio.	Pounds per hour.	Temp. of paste, deg.	R.P.M.	Horse-power.	Age of dressing.	Closeness to No. 3 North Std.	Pounds paste per hour Average for type of mill.
	30" tandem	70-30	245	140	45	6½	80 hours	OK	245
1	30" single	70-30	97	210-230	40	3½	200 hours	Slightly finer	
2	30" single	70-30	90	103-111	49	2½	300 hours	OK	110
3	30" single	70-30	101	120	45	3½	170 hours	OK	
4	30" single	70-30	128	120-140	40	3½	200 hours	Slightly finer	
5	30" single	71-29	148	120-130	34	2½	160 hours	OK	
1	28" tandem	70-30	60	..	..	4¾	Poor condition	Slightly finer	
2	28" tandem	70-30	150	85-138	40	4¾		OK	169
3	28" tandem	70-30	162	180	45	4¾	175 hours	OK	
4	28" tandem	70-30	126	130	40	4¾	350 hours	Slightly coarser	
1	28" single	70-30	71	185-210	40	2¾	200 hours	OK	
2	28" single	70-30	79	140	43	2¾	175 hours	OK	
3	28" single	70-30	128	176	40	2¾	350 hours	OK	92
1	20" single	70-30	62	126	60	2	800 hours	Slightly finer	
2	20" single	....	108	120-130	39	2	New dressing	Slightly coarser	
3	20" single	....	111	120-140	39	2	New dressing	Slightly coarser	89
4	20" single	....	64	140	49	2	150 hours		
1	12x30 roll	70-30	146	125	..	..	Rolls fair condition	OK	
2	Mill roll	70-30	185	123	20-60-180	7	Rolls fair condition	OK	
3	Mill roll	70-30	234	..	180	7	Rolls fair condition	OK	188
1	5 Roll mill	70-30	1000	70	..	10	Rolls fair condition	Slightly finer	
2	5 Roll mill	70-30	1149	70	..	10	Rolls fair condition	OK	1168
3	5 Roll mill	70-30	1355	74	..	10	Rolls fair condition	Slightly coarser	
	Pebble mill, 50 gal.	63-37	48	84	..	2		OK	48
	Midget Banbury	70-30	2.6	..	..	..		OK	2.6
	Production Banbury*	70-30	156.0	..	..	..		OK	156.0
	Colloid mill, lab. size—								
	Clearance .030	70-30	81.0	130	3450	¾		Slightly coarser	
	Clearance .020	70-30	40.0	145-155	3450	¾		OK	
	Clearance .018	70-30	28.0	165	3450	¾		Finer (North std. Nos. 1-2)	
	Colloid mill prod. size—								
	Clearance .005	70-30	120.0	140-150	1720	1½		OK (very slightly coarser)	
	Clearance .010	70-30	628.0	120-125	1720	1½		Coarser (North std. No. 4)	

* Results on production Banbury estimates from midget mixer run.

Experimental Data

Thirty-inch tandem—Only one test was obtained on this mill; the output, 245 pounds per hour, with 45 RPM, compares favorably with that of the other mills.

Thirty-inch single mill—The low yield on No. 1 mill was apparently due to improper feeding and improper mill adjustment, indicated by the temperature of paste and grind finer than standard. The low yield on No. 2 mill was apparently due to the type of dressing. The dressing of this mill was five furrows 3 inches wide carried to 4 inches from edge of stone; veins 3-32 inch wide and 1-16 inch deep carried to edge of stone. The three mills showing the largest production were dressed as follows:—Twelve furrows 2¾ inches wide running within 3 inches from edge of stone; veins 1-16 inch wide, ⅛ inch deep and ½ inch apart running to edge of mill.

The somewhat lower yield on No. 3 mill was undoubtedly due to underfeeding, as the final paste was slightly finer than the No. 3 North standard.

The committee draws the conclusion that a 30-inch mill properly dressed and properly operated should yield between 128 and 148 pounds per hour when operating on the standard paste.

Twenty-six-inch tandem mill. — The low yield on No. 1 mill was undoubtedly due to poor condition of dressing and improper feeding indicated by the fact that the grind was slightly finer than the standard. Mills No. 2, 3, and 4 were similar to each other, all differing from No. 1. It was believed that the slightly high yield of No. 4 mill was accounted for by a slightly coarser grind. It is concluded that 150 to 162 pounds per hour is approximately the correct yield of standard paste to expect from a twenty-six-inch tandem mill properly operated and in good condition.

Twenty-six-inch single mill test.—The two mills in this test were dressed according to the usual practice:—Ten furrows, 2¾ inches wide, running to within 2¾ inches to 3 inches of the edge of stones; veins, ½ inch apart were 1/16 inch wide and between ⅛ inch and 1/16 inch deep, cut parallel to deep edge of furrow and running to edge of mill. The stone adjustment on No. 1 mill was apparently not correct, as evidenced by the increased temperature. It was felt by the committee that a twenty-six-inch mill, if in good condition, and properly operated should yield between 75 and 80 pounds per hour of standard paste.

Twenty-inch single mill. — The wide variation in the yields of the twenty-inch mills can only be accounted for by the difference in dressing. Mills No. 1 and 4 were dressed as follows:—Ten furrows running to within 2 inches of edge of stone; veins 1/16 inch wide, ten between furrows and about 3/32 inches deep running to within ⅜ inches to ½ inches of edge of stone. No. 2 and 3 mills had the bottom stones dressed as above, except the veins were cut to the edge of the stones. The top stones of these mills had the furrows feathered out to the edge of the stones. The veins were the same as the bottom stones. The paste from No. 2 and 3 mills was slightly coarser than the standard, although the committee considered it passable. It was felt by the committee that the type of dressing used on mills No. 2 and 3 was highly desirable from a production standpoint for medium grade architectural enamels, etc., but could not be used for the finest industrial finishes.

Three-roll 20-by-30 mill. — The low yield on No. 1 mill was undoubtedly due to faulty operation. The increased yield of No. 3 mill is accounted for largely by efficiency of operation and very good condition of rolls. The committee concluded that the 12-by-30 three-roll mill operating on the standard paste should yield 185 to 235 pounds per hour.

Five-roller mill.—The three mills on this test were practically new and all in good condition. The grind on No. 1 mill was considered but slightly finer than the standard and the grind on No. 3 mill was very slightly coarser than the standard. It was felt by the committee that the five-roll mill operating on the standard paste should yield 1,100 to 1,250 pounds per hour.

Fifty-gallon pebble mill.—Only one mill could be secured for this test and no comparisons, therefore, could be drawn between operators. The yield of 48 pounds per hour compares fairly close to the 20-inch single buhrstone mill. The very low labor cost involved should not be overlooked. Naturally, the yield per hour depends on the size of mill.

Banbury mixer.—The only Banbury immediately available was the midget model. A large operator of both the midget and plant size Banbury informs the committee that there is entire correlation between runs on these two sizes. He states that if the midget type produces 1.21 pounds paste in twenty-eight minutes, the plant equipment will produce 156 pounds paste in twenty-eight minutes. While the Banbury ground the standard paste to desired fineness, it is the opinion of a large manufacturer using this type equipment that it is unsuitable. The cost of the Banbury equipment and operation makes it unprofitable for ordinary paint work or enamel grinds such as the above. The advantage of the Banbury is in the grinding of pigment in synthetics, especially those containing volatile solvents, and for nitrocellulose lacquer gloss pastes. In such pastes perfect dispersion is obtained even on difficult pigments, such as iron blues.

Colloid mills.—The colloid mills used were the Effenbach mills. The laboratory type of bronze has a capacity of 1 to 10 gallons per hour. Dimensions, 17 by 17 by 38 inches, using a ¾ horsepower Universal motor for 110 volts. The gap is adjustable and can be locked at any required setting and permits the material to be circulated for batch mixing. The turbines produce immense pressure, which forces the material through the grinding gap.

The production type Effenbach colloid mill has a capacity of 10 to 75 gallons per hour. It requires a 1 1/3 horsepower motor at 220 volts, 3-phase, 60-cycle. The amperage is 4.1 running at 1,740 R. P. M.

The grinds on the colloid mills as shown in table 1 were of considerable interest. It was found possible to use the standard paste containing 70 percent pigment and to disperse to a satisfactory fineness at a yield of 120 pounds per hour.

Another large user of colloid mills of the Premier type tells the committee that it would not be practicable to run to the above standard of fineness in the colloid mill. He states that it is too delicate an operation and that varnishes of the type used above have given poor results.

Conclusions on Grinding

The grinding problem involved in these tests was comparatively simple. The committee purposely selected a relatively easy grinding pigment and a good wetting vehicle so that no unusual difficulties would be encountered by the operators in obtaining uniform results. However, entirely too great a variation was shown on nearly all types of equipment. As it has been previously pointed out, it was the opinion of the committee that four important factors contributed to this lack of uniformity in results:—

1—In correct type of dressing.
2—Worn condition of dressing.
3—Improper adjustment.
4—Improper rate of feed.

All of these factors are entirely within the control of the production man. The subject of mill dressing was ably discussed by the Baltimore club at the 1923 convention (American Paint and Varnish Manufacturers Association Circular No. 445). Improper rate of feed refers to a frequent tendency of operators to allow the paste in the eye of the mill to run dry. This not only cuts production but if not immediately filled may necessitate renewed mill dressing. It is felt that the plants which conducted these tests fairly represent the paint plants of the country; some of these plants were large, some medium size and others small.

Not all the plants co-operating were able to supply the exact horsepower consumed by the various types of mills in these tests. However, a number of the plants supplied the horse power consumption of their mills, which had been periodically taken on various types of grinds. The figures for horsepower consumption for the various types of equipment used in table 2 were carefully estimated by the committee from all available information. The figure used for the five-roll mill is the actual horsepower consumption taken during the test grind.

Table 2

Relative Mill Efficiency

(On standard parts)

		Lbs. per h.p. hr.	Lbs. per h.p. hr.
30" Tandem buhrstone mill	6½	245	37.7
30" Single buhrstone mill	3½	128	36.4
26" Tandem buhrstone mill	4¾	156	32.8
28" Single buhrstone mill	2¾	80	29
20" Single buhrstone mill	2	68	23
12"x30" Three-roll mill	6	210	35
50-Gal. buhrstone lined pebble mill	2	48	24
Five-roll mill	10	1175	117.5
Banbury midget		2.6	
Banbury production		165.0	
Colloid mill (lab. size)			
clearance 0.030"	¾	81	108
clearance 0.020"	¾	40	53
clearance 0.015"	¾	28	34
Colloid mill (production size)			
clearance 0.005"	1½	120	80
clearance 0.010"	1½	328	212

It is interesting to note from table 2 that the production and horsepower consumption of all types of mills show a very similar ratio with the exception of the five-roll mill. The committee is not in position to say that this same comparison will exist with all types of pigments and vehicles.

Wetting Agents

The subcommittee conducted considerable experimental work to determine if possible the value of wetting agents as an aid to dispersion. The first series of tests utilized the same vehicle and pigment as the factory tests. The materials used as wetting agents were, 2 percent benzoic acid, 2 percent crotonic acid, 2 percent vatsol M, and 5 percent blown linseed oil, all based on the solid content of the vehicle.

The wetting agents were incorporated in the vehicle and the paste mixed in a small Werner & Pfleiderer mixer for ten minutes. The pastes were then run through a three-roll laboratory mill. None of the above wetting agents showed any appreciable increase in dispersion. The pastes were examined after mixing as well as after grinding, and it was concluded that the vehicle used in the tests was a very good wetting vehicle and the addition of further wetting agents had very little effect.

A second series of tests was conducted using the following vehicles:

(1) Standard varnish as previously described.
(2) A varnish of the same composition and cooked in approximately the same manner, but containing no metallic salts; acid number 7.6.
(3) A varnish of approximately the same resin and oil composition, no metallic salts, cooked with careful manipulation and using low acid oil to produce a product with an acid number of 3.
(4) Refined linseed oil, acid value under 1.
(5) A mixture of 2 parts of refined linseed oil, 1 part of blown linseed oil.
(6) A mixture of 96.15 percent refined linseed oil, acid value 8, and 3.85 percent benzoic acid.

All pastes were mixed ten minutes in a laboratory mixer and ground on an 8-inch laboratory buhrstone mill. Each test was carefully checked to the No. 3 North standard.

The following table shows the results of these tests:

Table 3

Refined (Pounds paste per hour)

Effect of Variations in Vehicle on Grinding Efficiency

Standard vsh (1)	Special vsh (2)	Special vsh (3)	Refined oil (4)	and blown oil (5)	Refined oil benzoic acid (6)
44.8	34.5	18.6	Paste was too thick to grind.	38.5	41.0

Discussion

No. 2 shows a decrease of 23 percent in production, compared with the standard. This decreased mill production is believed to be due to the absence of the metallic soaps present in varnish (1), which consist of 0.5 percent lead and 0.25 percent lime, introduced during the cooking of the varnish.

Varnish (3) shows a decrease of 65 percent in production. This decreased mill production is believed to be due to the poor netting properties of the vehicle which in addition to lacking metallic soaps also had a low acid value.

The wetting properties of the refined linseed oil were so poor that the paste would not feed through the mill.

The fifth test using 2 parts of refined oil and 1 part heavy-bodied blown linseed oil with an acid value of 8 showed a decreased yield of approximately 15 percent, but is infinitely inferior to the refined oil alone. The acid value of this vehicle was 3.3.

The sixth test using approximately 4 percent benzoic acid in refined linseed oil showed a yield only 8.5 percent less than the standard. It is interesting to note that 4 percent benzoic acid gave even better wetting than 33 1/3 percent blown linseed oil. The committee feels that this series of tests indicates the value of wetting agents in a grinding vehicle, and plans to continue the work on broader lines during the coming years.

Summary

In summarizing the above work the committee wishes to point out to the production men the possible economies to be

effected in the grinding department by the proper selection of vehicles, the use of wetting or dispersing agents, thorough mixing, adequate mill dressing and proper operation. Attention is also called to the relative mill efficiencies as shown in tables 1 and 2. Grinds on the newer five-roller mills, colloid mills, and the Banbury were included as of special interest at this time to the production men. A study of table 1 shows that the efficiency of each type of stone mill used is largely determined by the skill of the operator in controlling his grinding operation.

It is very apparent from the results of these tests that many paint plants can reduce the costs in their grinding departments from 25 to 50 percent. Since grinding costs are one of the most expensive items in the factory budget, it behooves the production man to give careful consideration and study to this department.

Priming-Coat Reductions for Painting New Wood Surfaces

Northwestern Paint and Varnish Production Club

(F. L. Browne, for the Test Fence Committee)

The principal object of this study is to discover the optimum priming-coat reduction in applying common house paints to softwoods and to determine whether the priming coat should be reduced differently, according to the nature of the softwood painted. The experiments were described in detail in a first progress report published in American Paint and Varnish Manufacturers' Association, scientific section, circular 404: 596 (1931). A second progress report appeared in Federation of Paint and Varnish Production Clubs, Official Digest No. 121, 1068 (1932) and a third report in American Paint and Varnish Manufacturers' Association, scientific section, circular 445, 454 (1933); OIL, PAINT AND DRUG REPORTER 124, 68 (Nov. 16, 1933); *Paint, Oil and Chemical Review* 95, 67 (Nov. 2, 1933).

Four woods and three paints were used in the experiments on priming-coat reduction. The woods were Norway pine, northern white pine, western red cedar and redwood. The paints were white linseed oil house paints that differed only in the nature of the pigments. In one the pigment was entirely basic carbonate white lead, in the second the pigment contained 60 percent by weight basic carbonate white lead, 30 percent lead-free zinc oxide, and 10 percent magnesium silicate; and the pigment of the third contained 60 percent titanox B, 30 percent lead-free zinc oxide, and 10 percent magnesium silicate. All three paints were made in the form of semipastes, one gallon of which consisted of 0.435 gallon of pigment and 0.565 gallon of linseed oil. For the various priming coats these paste paints were thinned with linseed oil, turpentine, and paint drier, as indicated in table 1. Some of the painting was done in two-coat work and some in three-coat work. For the final coat in two-coat painting the paste paints were thinned with 0.655 gallon of linseed oil, 0.036 gallon of turpentine, and 0.036 gallon of drier per gallon of paste paint, making paint of 36.4 percent pigment volume. For three-coat work the second coat was made by mixing 1 gallon of paste paint, 0.218 gallon of linseed oil, 0.437 gallon of turpentine, and 0.036 gallon of drier, making paint of 35.9 percent pigment volume; for the third coat the mixtures were 1 gallon of paste paint, 0.946 gallon of linseed oil, 0.036 gallon of turpentine, and 0.036 gallon of drier, making paint of 22.4 percent pigment volume.

Panels were attached to both sides of test fences, providing both northern and southern exposures. The panels were made of boards of bevel siding, 12 feet long, so that groups of six matched test areas, each two feet long, were provided on which six variations in priming-coat reduction were tested on the same boards. In table 1 the six priming procedures tested on subdivisions of the same boards are grouped together. Priming reduction 1-3 was repeated on each set of boards in order to reveal differences due to characteristics of the boards in different panels of the same wood and to furnish a basis for comparing priming procedures tested on different panels.

Since the third progress report was written there have been two formal inspections of the fence, one in June and the other in October, 1934. At the last inspection the coatings were 38 months old. The writer also inspected the fence in August, 1934, in company with a group of visiting paint technologists, but records were not made at that time. At 38 months the coatings on the south side of the fence were failing in integrity sufficiently to reveal distinct differences caused by the variations in priming-coat reduction. On the north side of the fence, however, the coatings remained intact except for certain local cases of moisture failure mentioned in the third progress report. The present report is concerned chiefly with the trends in durability of the coatings on the south side of the fence.

Effect of Priming-Coat Reduction

Table 1 records the ratings of the coatings in integrity at age thirty-eight months, the durability in months of those coatings that had become unserviceable and were in the period of paint neglect, and an arbitrary estimate of the durability of those coatings that still remained serviceable. The estimated durabilities are based on the assumption that coatings rated "Poor plus" at the last inspection will remain serviceable three months longer; those rated "Fair minus," six months longer; and those rated "Fair," nine months longer. The estimated durabilities calculated in this way greatly facilitate discussion of the results but they are far from accurate predictions of future behavior. Less than one-third of the durabilities recorded in table 1, however, are estimated in this way and for that reason the relative merits of the various priming procedures are as clearly revealed as they will be when the tests have continued until all of the coatings are unserviceable.

In table 1 the priming-coat reductions numbered 1-1, 1-2, 1-3, 1-4, and 1-5 were mixtures in which the concentration of pigment is suitable for three-coat painting, ranging from 17.2 to 23.2 percent by volume of the mixture (including volatile). Reductions numbered 2-1, 2-2, and 2-3 had a higher concentration of pigment, 24.1 to 26.3 percent, suitable for two-coat painting. Among the reductions of series 1 the best results were obtained with 1-1, in which no turpentine was used, and the tendency was for the durability to decrease as the turpentine was increased and the linseed oil decreased in the priming coat. The difference in results with primers 1-1, 1-2, and 1-3, however, was so small that they may well be considered equally serviceable. Reductions 1-4 and 1-5 were on the whole distinctly inferior, although on redwood 1-4 was still proving nearly as good as 1-3. The reductions of series 2 when used in two-coat work revealed a definite superiority of the reduction 2-1, made with linseed oil and no turpentine, over those in which there was linseed oil and turpentine. Of the two reductions of series 2 used for three-coat work, the one containing more oil and less turpentine proved somewhat superior.

It should be noted that, in three-coat work, reduction 2-2 was slightly superior to 1-3 in the cases of white lead and titanox and zinc paint and slightly inferior in the case of lead and zinc paint. In other words, reductions 2-2 and 1-3 on the whole proved about equally serviceable. The pigment volume in 1-3 was 22.3 percent (of the nonvolatile), and the ratio of linseed oil to turpentine by volume was about 2.6. In 2-2 the pigment volume was 30.2 percent, and the ratio of oil to turpentine 3-4. Reduction 1-4, which was inferior to 1-3 with all paints, had a pigment volume of 29.4 but a ratio of oil to turpentine of only 1.4. It seems, therefore, that the ratio of oil to turpentine is more significant, at least within the range of desirable reductions, than is the pigment volume. Apparently a good primer should have at least two and one-half times as much linseed oil as turpentine and it is questionable whether there need be any turpentine in the primer at all. The pigment volume in a good primer for three-coat painting presumably may be anywhere in the range of 20 to 30 percent but for two-coat painting practical considerations require that the pigment volume be in the upper portion of this range.

Reductions for Different Woods

The notion has long prevailed that the optimum priming-coat reduction differs according to the kind of wood painted. There is no published evidence in support of such a belief, and its soundness may well be doubted in view of the contradictory recommendations often made when writers try to give specific priming-coat formulas for different woods. The data of table 1 suggests the same optimum priming-coat reduction for all woods, namely, reduction with linseed oil and little or no turpentine. The results are not at all consistent with the view that the reduction for red cedar or redwood should differ from the reduction for white pine or Norway pine.

It should be recognized, however, that the present experiments were concerned principally with the proportions of linseed oil and turpentine in the priming coat and did not cover possible variations in pigment concentration as adequately as could be desired. Further research may show that for woods like redwood and red cedar, which absorb paint oils quickly, a slightly lower pigment concentration may be advisable in order to avoid unduly low spreading rates and difficulty with painters' laps than is appropriate for such woods as Norway pine, southern yellow pine, and Douglas fir. Nevertheless the present indications are that a single recommendation for reducing priming coats for all kinds of woods is entirely practical and probably advisable. The "easily paintable" woods probably differ from the "difficultly paintable" ones chiefly in degrees of sensitiveness to departure from the optimum reduction, that is, less damage to the serviceableness of the coating may be expected if the painter fails to use the optimum reduction in painting redwood than will result when painting Norway pine.

Order of Failure on the Four Woods

The order of failure of the three paints on the four kinds of wood is indicated in table 2, which records in each case the average durability for all priming-coat reductions of the white paint. Certain physical properties of the boards of each of these woods were reported in table 1 of the third progress report. On cedar, white pine, and Norway pine the average durability of the three paints was inversely proportional to the average density of the boards of those species. The durability on redwood, however, was about as great as it was on red cedar although the density of the boards was nearly the same as the density of the white pine. These results are entirely in accord with results previously reported by the Forest Products Laboratory (Federation of Paint and Varnish Production Clubs, Official Digest No. 95, p. 106 (1930)).

Table 2

Order of Failure of Paints on the Four Woods

Kind of wood.	Density of wood Lbs. per cu. ft.	Average durability in months of coatings of: White lead paint.	Lead and zinc paint.	Titanox and zinc paint.	Average for all three paints.
Redwood	28.2	38.4	39.3	38.8	38.8
Red cedar	21.5	38.8	37.4	40.8	38.9
White pine	28.8	35.6	33.8	30.6	33.2
Norway pine	28.9	30.0	36.5	24.3	30.3

Order of Failure of the Three Paints

The relative behavior of the white lead paint, lead and zinc paint, and titanox and zinc paint during the first two years of exposure was described in detail in the third progress report. Since that time all three paints have been chalking freely enough on the south side of the fence to dislodge most of the remaining dirt, and the white lead and lead and zinc paints at thirty-eight months were nearly as clean and white as the titanox and zinc paint. On the north side of the fence the titanox and zinc paint still remained almost as clean and white as it was on the south side, the lead and zinc paint had thrown off most of the dirt previously accumulated and was only slightly more gray than the titanox and zinc paint, but the white lead paint still retained much dirt, was very spotted in discoloration, and was still rated "Bad" in appearance.

On the south side of the fence at the last inspection the characteristic reticulate checking of white lead paint was readily visible on close examination without a magnifying glass. The checking was then undoubtedly deep. The lead and zinc paint was likewise checking visibly and the checking was gradually becoming reticulate. The titanox and zinc paint remained free from checking.

Disintegration of the white lead paint proceeded entirely by crumbling. The lead and zinc paint and the titanox and zinc paint disintegrated by slitting or cracking followed by curling and flaking. Chalking of the titanox and zinc paint had reduced the thickness of the film enough to impair the opacity observably although very close inspection was necessary to disclose that fact. There had, however, been no washing of the chalk over the black identification numbers with which the test areas were marked.

The extent to which disintegration of the three paints had gone after thirty-eight months may be seen by referring again to table 2. On redwood and red cedar they were proving practically equal in durability but on white pine and Norway pine the titanox and zinc paint had disintegrated earlier than the other two paints. As a result there was a greater variation in durability on different woods with the titanox and zinc paint than with either of the other two paints.

As was pointed out in the third progress report, there was more difference in durability between any one of the paints on the four woods than there was between that of the three paints on any one wood. It is also true that there was more difference in durability between the best and the worst priming-coat reduction with any one paint than there was between that of the three paints on redwood, red cedar, or white pine.

Two-Coat and Three-Coat Painting

With the white lead paint and the titanox and zinc paint the best two-coat job (priming-coat reduction 2-1) proved equal or superior in durability on the whole to the best three-coat job (with white primer) applied on the same boards. With the lead and zinc paint the best two-coat job was slightly inferior to the best three-coat job on the same boards except on red cedar, where it was better. Table 3 of the first progress report recorded the total amounts of paint applied in the two-coat and three-coat jobs and showed that, by reason of the higher pigment concentrations and lower spreading rates followed in the two-coat painting, roughly similar total quantities of paint were applied in the two-coat and three-coat jobs. It is evident that two-coat painting when done in the manner followed in these experiments is thoroughly practicable and gives coatings that closely approach good three-coat work in durability and prove distinctly better than poor three-coat work.

Aluminum Priming Paint

Table 1 indicates that the best results were obtained with aluminum priming

Table 1

Results Obtained with Different Priming-Coat Reductions and with Aluminum Primer After Thirty-eight Months, Facing South

Figures for durability (enclosed in parentheses) are estimated on the assumption that the additional life of coatings still serviceable at the last inspection will be nine months if last rated "Fair," six months if last rated "Fair minus," and three months if last rated "Poor Plus."

Reference number	Priming-coat reduction: 1 gallon of paste paint mixed with: Linseed oil	Turpentine	Paint drier	Pigment volume	Number of coats applied	Rating in integrity at 38 months and durability on —: Norway pine: Integrity	Durability	White pine: Integrity	Durability	Red cedar: Integrity	Durability	Redwood: Integrity	Durability	Average durability on all woods
	Gal.	Gal.	Gal.	Percent			Months		Months		Months		Months	Months
White lead paint:														
1-1	1.168	0	0.045	20.0	3	Poor	38	Poor	38	Poor+	(41)	Poor+	(41)	39.5
1-2	1.06	.292	.041	21.1	3	Poor	38	Poor-	36	Poor+	(41)	Poor+	(41)	39.0
1-3	.946	.583	.036	22.3	3	Poor	38	Poor-	36	Poor+	(41)	Poor+	(41)	39.0
1-4	.475	.728	.027	29.4	3	Poor-	34	Bad+	34	Poor	38	Poor+	(41)	36.8
1-5	0	.875	.014	43.4	3	Bad	28	Bad-	26	Bad+	34	Poor-	36	31.0
—	aluminum primer				3	Fair-	(44)	Poor+	(41)	Fair-	(44)	Fair-	(44)	43.3
2-1	.655	0	.036	26.2	2	Bad	28	Poor	38	Poor+	(41)	Poor-	36	35.8
2-2	.437	.292	.026	30.2	2	Bad-	26	Poor-	36	Poor	38	Poor-	36	34.0
1-3	.946	.583	.036	22.3	3	Bad	26	Poor	38	Poor	38	Poor	38	35.0
2-5	.219	.583	.023	35.6	2	Bad-	24	Bad+	34	Poor-	36	Bad+	36	32.5
2-2	.437	.292	.026	30.2	3	Bad	26	Poor	38	Poor+	(41)	Poor	38	35.8
2-3	.219	.583	.023	35.6	3	Bad-	24	Poor-	36	Poor	38	Poor	38	34.0
Lead and zinc paint:														
1-1	1.168	0	0.045	20.0	3	Poor	38	Poor	38	Poor+	(41)	Fair-	(44)	40.3
1-2	1.06	.292	.041	21.1	3	Poor	38	Poor-	34	Poor+	(41)	Fair-	(44)	39.5
1-3	.946	.583	.036	22.3	3	Poor	38	Poor-	34	Poor+	(41)	Fair-	(44)	39.3
1-4	.475	.728	.027	29.4	3	Poor	38	Bad	30	Poor+	(41)	Poor+	(41)	37.5
1-5	0	.875	.014	43.4	3	Poor	38	Bad-	26	Poor	38	Poor	38	35.0
—	aluminum primer				3	Fair-	(44)	Poor-	33	Fair-	(44)	Fair	(47)	42.0
2-1	.655	0	.036	26.2	2	Poor-	34	Poor-	30	Poor+	(41)	Poor	38	35.8
2-2	.437	.292	.026	30.2	2	Bad	30	Bad+	29	Poor	38	Poor-	34	32.8
1-3	.946	.583	.036	22.3	3	Poor+	(41)	Poor-	34	Poor	38	Poor-	(41)	38.0
2-5	.219	.583	.023	35.6	2	Bad	31	Bad	26	Bad+	26	Bad+	32	28.8
2-2	.437	.292	.026	30.2	3	Poor	38	Poor-	29	Poor	34	Poor	38	34.8
2-3	.219	.583	.023	35.6	3	Poor	38	Poor-	29	Poor-	32	Poor	38	34.3
Titanox and zinc paint:														
1-1	1.168	0	0.045	20.0	3	Poor-	26	Bad+	26	Fair-	(44)	Poor+	(41)	34.3
1-2	1.06	.292	.041	21.1	3	Bad+	22	Bad+	34	Poor+	(41)	Poor+	(41)	34.5
1-3	.946	.583	.036	22.3	3	Bad	21	Bad+	34	Poor+	(41)	Poor+	(41)	34.3
1-4	.475	.728	.027	29.4	3	Bad	21	Bad	22	Poor	38	Poor+	(41)	30.5
1-5	0.	.875	.014	43.4	3	Bad-	22	Bad-	22	Poor-	34	Poor-	36	28.5
—	aluminum primer				3	Fair-	(44)	Poor	38	Fair-	(44)	Fair-	(44)	42.5
2-1	.655	0	.036	26.2	2	Poor	38	Poor	34	Fair-	(44)	Poor+	(41)	39.3
2-2	.437	.292	.026	30.2	2	Bad+	26	Poor	34	Fair-	(44)	Poor	38	35.5
1-3	.946	.583	.036	22.3	3	Bad	22	Poor	34	Poor+	(41)	Poor	38	33.8
2-5	.219	.583	.023	35.6	2	Bad	21	Bad+	27	Poor	38	Poor-	36	30.5
2-2	.437	.292	.026	30.2	3	Bad+	26	Poor	34	Poor+	(41)	Poor	38	34.8
2-3	.219	.583	.023	35.6	3	Bad	22	Poor	34	Poor+	(41)	Poor-	36	33.3

nt followed by two coats of white nt. On all woods except white pine coatings of all three paints over minum primer were still rated "Fair lus" or better in integrity at the last spection and in all cases except that of and zinc paint on white pine the ting over aluminum primer was rated high or higher in integrity than the coating over a white primer on the e boards. On ten out of twelve panels coating over aluminum primer had highest rating, on 1 panel its rating Fair minus") was equalled only by ite priming-coat reduction 1-1, and on panel it was distinctly superior to re- ctions 1-4 and 1-5 but inferior to re- ctions 1-1, 1-2, and 1-3. On the last

The reason for faster disintegration of the paints at St. Paul is unknown, but the fact that there is unmistakable evidence of some moisture failure on the north side of the fence, as pointed out in the third progress report, suggests that moisture getting into the fence at some time may have hastened disintegration on the south side even though the moisture conditions were not severe enough to result in typical blistering or other developments clearly recognizable as moisture failures. It has been reported to the test fence committee that at one time during the winter of 1932-33 snow drifted against the fence to the extent of practically covering one side. This snow was not shoveled away and there

Table 3

mparison in Durability Between White Lead Paint and Lead and Zinc Paint plied with Priming-Coat Reduction 1-3 at St. Paul and the Same Paints Applied Very Similarly in Tests at Fargo and Madison

ures in parentheses are durabilities estimated for coatings still serviceable at 38 months.

Station	Durability in months with respect to integrity of coating for White lead paint on:— Redwood (41)	Red cedar (41)	White pine 36	Norway pine 38	Lead and zinc paint on:— Redwood (44)	Red cedar (41)	White pine 34	Norway pine 38
Paul, Minn.[1]	38	38	38	20	(41)	38	32	(41)
Paul, Minn.[1]	52	..	60	..	49	..	44	..
go, N. D.[2]	54	..	54	..	51	..	48	..
dison, Wis.[3]								

[1] St. Paul there were two test areas on each wood painted with each paint using priming-coat duction 1-3; each of these areas is reported separately.
[2] ata for Fargo and Madison are average durabilities for 10 test areas of each wood pinted ith each paint.

el, however, failure was confined to of the four boards which developed. e grain toward the end on which the luminum primer was applied but not on end that received reductions 1-1, 1-2, d 1-3. This panel, therefore, was not exception to the rule that the alumi- m primer in these tests tended to hold e coatings intact longer than any of e priming-coat reductions of the white nt.

Unusually Early Failure of the Paints

Failure of the coatings in integrity took ce unusually rapidly on the St. Paul fence. Coatings of the white paints ed should be expected to remain service- le in the Lake States region for at least ur years on such woods as red cedar, dwood, and white pine, yet the failures k place in less than four years. The is a possibility that entrance of moisture within the fence took place when it melted.

Miscellaneous Tests

In addition to the main portion of the test fence there were two units added for the purpose of trying the effect of special primers made with white pigments in the bakelite varnish used as a vehicle for the aluminum primer on units 1 to 6, and for trying the recommendations for thinning white lead paint made by the National Lead Company and the Eagle-Picher Lead Company and certain paints suggested by the New Jersey Zinc Company and the Titanium Pigments Company. The condition of these paints with respect to integrity of the coatings at the last inspection is recorded in table 4.

Of the special primers made with white pigments in bakelite varnish the one made with zinc oxide gave distinctly inferior results. The ones made with white lead and titanox were better, but by no means so good as the aluminum primer reported in table 1. The type of failure of the white lead paint over these primers was not the same as that of white lead paint over white lead primer or over aluminum primer, but took the form of flaking as distinguished from crumbling over the bands of summerwood.

Table 4

sults After Thirty-eight Months' Exposure Facing South for Miscellaneous Tests on Units 7 and 8 of the Fence

Description of coating	Rating in integrity on:— Norway pine	White pine	Red cedar	Redwood
wo coats of white lead paint over priming at of:—				
White lead in bakelite varnish	Poor—	Poor	Poor+	Poor
Zinc oxide in bakelite varnish	Bad	Bad+	Poor—	Bad—
Titanox B in bakelite varnish	Poor	Poor	Poor+	Poor—
hree coats of linseed oil paints having the llowing white pigments:—				
White lead paint, as recommended by Na- tional Lead Company	Poor	Poor+	Poor+	Poor+
White lead paint, as recommended by Eagle- Picher Lead Company	Poor	Poor+	Poor+	Poor+
Cryptone, leaded zinc oxide, inert, as recommended by New Jersey Zinc Company	Poor+	Poor+	Poor+	Fair—
Titanox, white lead, zinc oxide, inert, as recommended by Titanium Pigments Company	Fair—	Poor+	Fair—	Fair

ailings of white lead paint and of lead il zinc paint applied with priming-coat duction 1-3 as recorded in table 1 may asonably be compared with certain tests the Forest Products Laboratory in ich the same paints were applied with ry similar reductions and on some of e same kinds of wood at Fargo, N. D., d at Madison, Wis., in 1920. Table 3 ords data suitable for comparing the sults with those at St. Paul.

New Slant on Synthetic Resins

Philadelphia Paint and Varnish Production Club

This club, in again turning its mind to subject of interest to the practical man, it on, among several other things, the ew present field of synthetic resins.

Everyone interested in the varnish end production knows from experience that steady stream of new resins is always ming through his laboratory, and hard- ly a day goes by but that he hears of e new type or another.

If we were to take the raw material manufacturers' or his representatives' word for claims pertaining to the gum, we would be constantly changing our prod- ucts and with such a number on the market you can well imagine where we would be.

Now, with the usual kind assistance of our friends A. W. Van Heuckeroth and Dr. H. A. Gardner a paper was published in May, 1933, circular No. 430 by the scientific sections and if you have not looked over the tables in the first two pages you will be surprised to hear that there are or rather were eighty-three resins on the market for paint and varnish making. Some new ones have appeared since this paper was published.

It is true that some resins are in a class by themselves, namely, the 100 percent phenolic and the 100 percent alkyd or re- formed alkyd together with the cumars and styrene resins, but with these we are not to be so vitally interested in this paper. We will concern ourselves primarily with the modified phenolic types of which there were twenty-three mentioned in the afore- mentioned circular.

Snags in the Way

In starting out on our work every- thing looked fine for such a series of tests and results, but then we struck a snag or rather several of them.

Starting with the physical tests of resins alone, some are carried out without result that could be definitely or numeri- cally expressed; for instance, hardness.

With different people cooking the resins, using various wood oils and differ- ent fires, the human equation would enter, and different results be obtained, favoring some and not others.

The film could not be accurately for hardness with any absolute certainty, and different people would have different views on the dry.

It would be impossible for one person to cook and test the whole lot of resins in several different ways.

There we are. What now?

We could not or would not ask the gum manufacturers for samples of varnishes all ready made up, and if these were procured who could evaluate the hard- ness of film, adhesion, and most of the other properties by any concrete method and express their results by a number or degree with some definite certainty?

The gum manufacturers would be around our necks should we disprove any claim they might make, and who could contradict them, lacking definite con- crete data?

We proposed however the following classifications and types of test for select- ing your own choice of resins, hoping that in so doing, we are aiding you by "short cutting" your work.

Comparative Melting Points

In view of no measurement of hardness we are taking the published melting points, from the previously mentioned cir- cular, and although some have later been corrected by their manufacturers we feel that this list can serve for our purpose.

Class 1

Melting Points 80°C-112°C

Amberol B31	99°-110°C
Bakelite BR352	93°-104°C
Bakelite BR2072	80°- 91°C
Beckacite 1101	102°-112°C
Beckacite 1102	102°112°C
Beckacite 1113	102°112°C

Class 2

Melting Points 110°C-113°C

Akco resin, hard	128°-130°C
Amberol F7	118°-128°C
Amberol 226	117°-188°C
Amberol 801	117°-188°C
Beckacite 1112	110°-125°C
Lewisol No. 1	120°-126°C
Paranol, hard	115°C
Paranol, extra hard	125°C

Class 3

Melting Points 127°C-175°C

Akco resin, extra hard	140°-145°C
Amberol K-12-A	148°-175°C
Bakelite XR2698	128°-150°C
Beckacite 1100	127°-142°C
Beckacite 1106	127°-142°C
Lewisol N2	130°-155°C
Robert Raub N2	135°-145°C
Q. D. No. 1	135°-145°C
Q. D. K.	140°-150°C

After selecting the resins desired from the chart of melting points, then we suggest you test them by the following method.

Testing Method

Prepare a varnish of each, say 25 gal- lons of oil to 100 pounds of resin, 22 gallons of chinawood oil and 3 gallons of linseed cooked as you desire so long as both are handled in the same manner. Add the same amount of thinner and drier. Determine the speed of dry and the ultimate hardness of film by any method you desire.

Then, taking the same resins, again prepare another series of varnishes either cutting down on the wood oil and increas- ing on the linseed, keeping the oil and gum ratio constant or increase on the linseed only leaving the wood oil and gum ratio constant. Compare the speed of dry and ability to come to a definite hardness of film.

We are sure the harder the resin, the greater its ability to harden increased amounts of linseed oil.

Gas-proofness and skinning can be taken care of after selecting the resins by method of cook to secure the former and by choice of solvents to prevent the latter.

We have tried to use only published data and to let you use your own method of cook so that we cannot be said to favor any one group or to enter into contro- versy with anyone as to definite procedure or results.

In the foregoing paper we have tried to give you what we think is a good method of selecting a resin and hope in doing so have aided you in your everyday task.

Comparison of Various Pigments and Vehicles in Rust-Inhibitive Primers

Pittsburgh Paint and Varnish Production Club

In last year's paper we gave data obtained as a result of salt spray, weatherometer and exposure tests. This year the paper will deal with results of exposure tests only.

These panels, when last inspection was made, had been exposed one year, and it is interesting to note how the rating of the panels changed from time to time, but we believe that at the end of a year's exposure fairly accurate conclusion may be drawn.

As rusting progressed and it became evident that the primer was no longer affording protection to the metal, the panels were removed from the test fence and photographed. They were then exposed again until ultimate fail- ure of the finishing coat takes place.

Under Exhibit No. 1 we give the various pigments and vehicles used.

Exhibit No. 1

1. Red lead.
2. Blue lead sulphate.
3. White lead carbonate.
4. Basic lead chromate.
5. Zinc chromate.
6. Zinc dust.
7. Zinc oxide.
8. Black magnetic iron oxide.
9. Antimony oxide.
13. High zinc sulphide lithopone.
14. Aluminum bronze.
15. Ferric oxide.

A Raw linseed oil
B 50 gallon ester gum
C 50 gallon phenolic
D Phthalate varnish
E Iodized oil

Exhibit No. 2

Report of Inspection of Panels on Test Fence Exposure

12-19-33

1-A	O.K. O.K.	2-A	O.K. O.K.	3-A	Chalking and starting spot rusting O.K.	4-A	O.K. O.K.
1-B	O.K. O.K.	2-B	Chalking O.K.	3-B	Spot rusting O.K.	4-B	O.K. O.K.
1-C	Chalking O.K.	2-C	25% rusted O.K.	3-C	Spot rusting—least O.K.	4-C	O.K. O.K.
1-D	Spot rusting O.K.	2-D	40% rusted O.K.	3-D	Spot rusting—worst O.K.	4-D	Spot rusting O.K.
1-E	Chalking O.K.					4-E	O.K. O.K.
5-A	O.K. O.K.	6-A	Spot rusting O.K.	7-A	Best—spot rusting O.K.		
5-B	Slight edge rusting O.K.	6-B	Best—slight edge rusting O.K.	7-B	Spot rusting O.K.		
5-C	Edge rusting—spot rusting O.K.	6-C	Second—slight edge rusting O.K.	7-C	Spot rusting O.K.		
5-D	O.K. O.K.	6-D	10% rusting O.K.	7-D	Spot rusting O.K.		
5-E	O.K. O.K.	6-E	15% rusting—spot rusting O.K.	7-E	30% spot rusting O.K.		
8-A	O.K. O.K.	9-A	First—Slight spot rusting O.K.	13-A	30% spot rusting O.K.		
8-B	Best O.K.	9-B	Second O.K.	13-B	Slight rusting O.K.		
8-C	Spot rusting O.K.	9-C	10% spot rusting O.K.	13-C	50% spot rusting O.K.		
8-D	Spot rusting O.K.	9-D	Slight spot rusting O.K.	13-D	Failed O.K.		
8-E	50% spot rusting O.K.						
14-A	Rust starting O.K.	15-A	O.K. O.K.				
14-B	Rust starting O.K.	15-B	O.K. O.K.				
14-C	O.K. O.K.	15-C	O.K. O.K.				
14-D	O.K. O.K.	15-D	Spot rusting O.K.				
14-E	O.K. O.K.						

Upper report for each panel refers to single coated portion.
Lower report refers to aluminum top-coated half.

Exhibit No. 3

Report of Inspection of Panels on Test Fence Exposure

3-7-34

1-A	Best O.K.	2-A	Best—slight chalking O.K.	3-A	Chalking O.K.
1-B	Second—Chalking O.K.	2-B	Slight spot rusting O.K.	3-B	5% Spot rusted O.K.
1-C	Third—Chalking O.K.	2-C	20% Rusted O.K.	3-C	Heavy chalking O.K.
1-D	20% Rusted O.K.	2-D	70% Rusted O.K.	3-D	20% Spot rusted O.K.
1-E	Heavy chalking O.K.				
4-A	Slight chalking O.K.	5-A	Slight chalking O.K.	6-A	Spot rusted, chalked, pitting O.K.
4-B	5% Spot rusted O.K.	5-B	5% Spot rusted O.K.	6-B	Chalking, slight edge rusting O.K.
4-C	Chalking O.K.	5-C	5% Spot rusted O.K.	6-C	Chalking, slight edge rusting O.K.
4-D	30% Spot rusted O.K.	5-D	10% Spot rusted O.K.	6-D	10% Spot rusted, slightly pitted O.K.
4-E	Chalking O.K.	5-E	Slight chalking O.K.	6-E	50% Spot rusted, pitting O.K.

Exhibit No. 3—Continued

7-A Chalking O.K.	8-A 3% Spot rusted, slightly pitted O.K.	9-A 5% Spot rusted, chalking O.K.
7-B 3% Spot rusted O.K.	8-B Chalking O.K.	9-B 80% Spot rusted, chalking O.K.
7-C Chalking O.K.	8-C 15% Spot rusted O.K.	9-C 70% Spot rusted, chalking O.K.
7-D 5% spot rusted, chalking O.K.	8-D 15% Spot rusted O.K.	9-D 25% Spot rusted, chalking O.K.
7-E Chalking, pitting, 90% spot rusted O.K.	8-E Film entirely rusted away O.K.	
13-A 75% Spot rusted, chalking O.K.	14-A 10% Spot rusted O.K.	15-A 3% Spot rusted, slight chalking O.K.
13-B 50% Rusted, no chalking O.K.	14-B 10% Spot rusted O.K.	15-B 20% Spot rusted, slight chalking O.K.
13-C 50% spot rusted, chalking O.K.	14-C Good condition, excellent O.K.	15-C 3% Spot rusted, chalking O.K.
13-D 80% Spot rusted, chalking O.K.	14-D 10% Spot rusted O.K.	15-D 25% Spot rusted, slight chalking O.K.
	14-E 2% Spot rusted O.K.	

Exhibit No. 4

Report of Inspection of Panels on Test Fence Exposure

4-19-34

1-A Best O.K.	†2-A Best—chalking O.K.	3-A Chalking O.K.
1-B Second O.K.	†2-B 10% Rusted O.K.	3-B 10% Spot rusted O.K.
1-C Chalking O.K.	*2-C 40% Rusted O.K.	3-C Heavy chalking O.K.
†1-D 25% Rusted O.K.	*2-D 30% Rusted O.K.	†3-D 25% Spot rusted O.K.
1-E Spot rusting O.K.		
4-A Best O.K.	5-A Slight chalking O.K.	6-A Pitted—slight spot rusting—chalking O.K.
4-B 5% Spot rusted O.K.	5-B 5% Spot rusted O.K.	6-B Chalking Spot rusting starting
4-C Chalking—one rust spot O.K.	5-C 5% Spot rusted Spot rusting starting	6-C Chalking Spot rusting starting
4-D 5% Spot rusted O.K.	5-D 10% Spot rusted O.K.	*6-D 20% Rusted—pitting O.K.
4-E Chalking O.K.	5-E Slight chalking O.K.	*6-E 50% Rusted—pitted O.K.
7-A Chalking O.K.	8-A 3% Spot rusting O.K.	9-A 10% Spot rusted—chalking O.K.
7-B Chalking—3% spot rusted O.K.	8-B Chalking O.K.	*9-B Complete failure—spot rusted O.K.
7-C Chalking—edge rusting O.K.	†8-C 15% Spot rusting O.K.	*9-C 80% Rusted O.K.
7-D 5% Spot rusting—chalking Spot rusting starting	†8-D 20% Spot rusting O.K.	†9-D 30% Spot rusted—chalking O.K.
*7-E 95% Rusted O.K.	*8-E Completely rusted—no film remaining on panel O.K.	
*13-A 80% Rusted O.K.	14-A 15% Spot rusted O.K.	15-A Chalking—5% spot rusted O.K.
*13-B 90% Rusted O.K.	†14-B 40% Spot rusted O.K.	†15-B 30% Spot rusted—chalking O.K.
*13-C 5% Rusted O.K.	14-C Excellent condition O.K.	15-C 3% Spot rusted—chalking O.K.
*13-D 90% Rusted O.K.	†14-D 40% Spot rusted O.K.	†15-D 25% Spot rusted—chalking Spot rusting starting
	†14-E 60% Spot rusted O.K.	

* Panels removed from fence 4-2-34.
† Panels removed from fence 4-19-34.
Upper report for each panel refers to single-coated portion and lower report to aluminum top-coated half.

All of the panels removed from the fence 4-2-34 are a complete failure on the single-coated portion. The half covered with aluminum is still in good condition, although each has accumulated considerable dirt. No rust spots whatsoever.

Exhibit No. 5

Report of Inspection of Panels on Test Fence Exposure

5-24-34

1-A O.K. O.K.	2-A Spot rusting 2% O.K.	3-A Spot rusting 3% O.K.
1-B O.K. O.K.		3-B Spot rusting 15% O.K.
1-C Spot rusting 3% O.K.		3-C Spot rusting 1% O.K.
1-E Spot rusting 50% O.K.		
4-A O.K. O.K.	5-A O.K. O.K.	6-A Spot rusting 50% O.K.
4-B Spot rusting 20% O.K.	5-B Spot rusting 10% O.K.	6-B Spot rusting 1% Spot rusting starting
4-C Spot rusting edge only O.K.	5-C Spot rusting 10% Spot rusting starting	6-C Spot rusting 50% Spot rusting starting
	5-D Spot rusting 20% Spot rusting starting	
4-E O.K. O.K.	5-E Spot rusting 3% O.K.	
7-A Spot rusting 1% O.K.	8-A Spot rusting 25% O.K.	9-A Spot rusting 25% O.K.
7-B Spot rusting 5% O.K.	8-B O.K. O.K.	
7-C Spot rusting 1% O.K.		
7-D Spot rusting 7% Spot rusting starting		
14-A Spot rusting 30% O.K.	15-A Spot rusting 5% O.K.	
14-C O.K. O.K.	15-C Spot rusting 10% O.K.	

Upper report for each panel refers to single-coated portion.
Lower report to aluminum top-coated half.

Exhibit No. 6

Report of Inspection of Panels on Test Fence Exposure

7-2-34

1-A O.K. O.K.	2-A 6% Spot rusting O.K.	*3-A 25% Spot rust O.K.
1-B O.K. O.K.		*3-B 25% Spot rust O.K.
1-C 5% Spot rusting O.K.		*3-C 10% Spot rust O.K.
*1-E 55% Spot rusting O.K.		
4-A O.K. O.K.	5-A O.K. O.K.	*6-A 70% Spot rust O.K.
*4-B 20% Spot rusting O.K.	5-B 10% Spot rusting O.K.	6-B 15% Spot rust Spot rusting st ing
4-C Edges spot rusting O.K.	5-C 10% Spot rusting Spot rusting starting	*6-C 80% Spot rust 3% Spot rust
	*5-D 20% Spot rusting 10% Spot rusting	
4-E O.K. O.K.	5-E 3% Spot rusting O.K.	
7-A 3% Spot rusting O.K.	*8-A 25% Spot rusting O.K.	*9-A 40% Spot rust O.K.
7-B 5% Spot rusting O.K.	8-B O.K. O.K.	
7-C 3% Spot rusting O.K.		
*7-D 10% Spot rusting Spot rusting starting		
*14-A 40% Spot rusting O.K.		
14-C O.K. O.K.	*15-C 15% Spot rusting O.K.	

* Panels removed from fence 7-2-34.
Upper report for each panel refers to single-coated portion.
Lower report to aluminum top-coated half.

At the last examination of the panels, July 2, 1934, panels still remaining on the fence were as follows:—

Red lead	4
Blue lead	1
White lead carbonate	3
Basic lead chromate	4
Zinc chromate	5
Zinc dust	3
Zinc oxide	4
Black iron oxide	2
Antimony oxide	1
Aluminum bronze	2
Ferric oxide	1

From a pigment point of view zinc chromate, red lead, and basic lead chromate rank first, with zinc oxide in second place. Blue lead, ferric oxide, and antimony oxide are in the poorest group, with blue lead being the best in this group, ferric oxide being intermediate, and antimony oxide the poorest.

Considering the individual panels in the zinc chromate group—one is in perfect condition, one shows only very faint signs of failure, two slight failure, and one considerable rusting.

In the red lead group—two are in perfect condition, one shows slight signs of failure and one is badly sp rusted.

In the basic lead chromate group two are in perfect condition, one show slight signs of failure and one show some spot rusting.

In the zinc oxide group—three sho slight signs of failure and one is som what spot rusted.

The number of panels on the fen July 2, according to vehicle compo tion, was as follows:—

Raw linseed oil	
50 gallons phenolic varnish	
50 gallons ester gum varnish	
Iodized linseed oil	
Phthalate varnish	

In regard to the above figures the refer to the priming coats only.

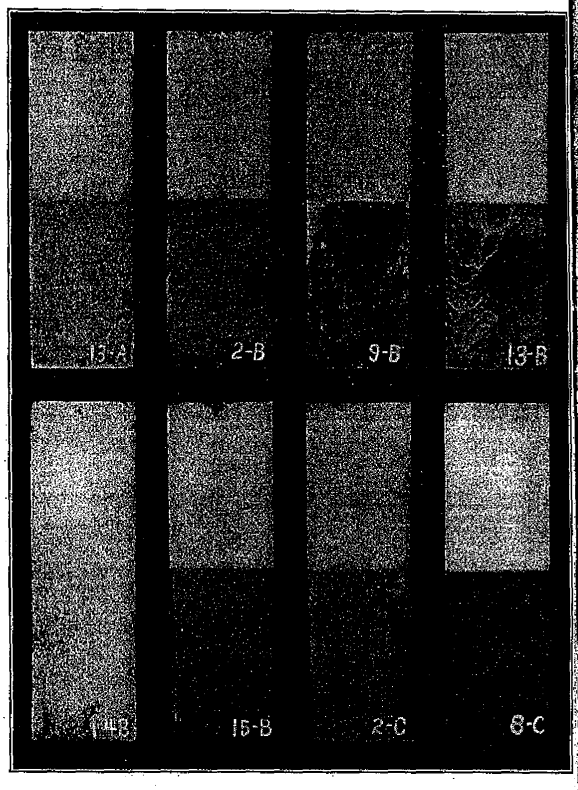
On the lower half of the panel which were second coated, the failure were as follows:—

Phthalate varnish	
Phenolic varnish	
Ester gum varnish	
Linseed oil	

Iodized oil was not considered since

Exhibit No. 7

Seven Months' Exposure



Upper half of panel—second coated with aluminum
Lower half of panel—priming coat only

most of the panels had failed and were removed prior to our last examination.

Conclusion

That as a group red lead, basic lead chromate, and zinc chromate appear to deserve the highest rating as rust inhibitive pigments.

That linseed oil merits a higher rating than any other vehicle used in the tests.

That a properly made 50-gallon ester gum vehicle should be ranked in second place among the vehicles used.

Acknowledgment

The technical committee desires to acknowledge the help, co-operation and advice received from the technical staffs of the Watson-Standard company and the James E. Sipe Company in conducting these tests.

Effects of Wetting Agents on Pigment Dispersion

St. Louis Paint and Varnish Production Club

In the grinding of paints it has often been observed that the addition of small amounts of various substances profoundly affects the ease with which a desired degree of pigment dispersion may be obtained. Many of the dry pigments in common use have been treated during their manufacture with wetting agents which enhance their mixing and grinding characteristics. Yet scientific literature, replete with studies of the phenomenon of wetting and references to materials vaguely described as possessing wetting properties, give to a paint manufacturer no information as to whether different wetting agents are required to aid the dispersing of different pigments, no data on the relative efficiency of various agents with a specific pigment, and no conception of the magnitude of the increased dispersion or rate of dispersion that may be expected.

Despite the almost numberless possible combinations of pigments, vehicles, and methods of dispersion it was felt that empirical testing, using practical paint materials and machinery, was the best method of attacking these problems; consequently work was undertaken to measure the ease of grinding of several pigments and vehicles upon the addition of some of the common wetting agents. The effects of the wetting agents upon such essential qualities of paints as drying, settling, and consistency were also noted. Theoretical factors were given only secondary consideration.

Procedure

Of the three most prevalent types of grinding equipment—the pebble, the roller, and the stone mills—because of its more constant operating characteristics, the pebble mill was chosen as the most convenient starting point in a determination of the effects of wetting agents upon pigment dispersion. A laboratory mill carrying two identical porcelain jars was used. The vehicle was poured into the jars; the pigment added without any preliminary mixing; the mill put into operation and run continuously until a good grind was obtained, stopping only to remove small samples at suitable intervals. At the end of the run the mill was drained using a small amount of mineral spirits as a wash liquid.

The agglomerate size of each sample was determined by comparison with North standards[1]; well ground pastes of zinc oxide and refined linseed oil with alcoxite of varying degrees of fineness stirred into them. To make the particles stand out more sharply when examined, the standards made up as specified[1] were diluted volume for volume with a mixture of half raw linseed oil and half heavy-bodied blown linseed oil. For the same reason most of the samples had to be diluted with a little blown linseed oil. For the measurement of samples coarser than North standard No. 6 two samples called No. 7 and No. 8 were adopted. These were selected so that the previous gradation of fineness between numbers was approximately maintained.

The standards and samples were compared by drawing a straight edge over a bit of each placed side by side on the low end of an inclined depression in a steel plate, so cut that by this manipulation the paints were spread into wedge shaped films 2 inches long, varying in thickness from 0.005 inch at one end to zero at the other. When viewed obliquely the particles could be seen distinctly, the larger the particle the thicker the film in which it was visible. Standard No. 8 showed particles over the entire 2 inches of film. By this method fairly accurate interpolation between the standard ratings was possible, especially since the various paints were compared with each other as well as with the standards.

To accentuate the effects of the wetting agents in the first tests, it was considered advisable to employ inert, rather difficultly wetted pigments and a poor wetting vehicle. Untreated lithophone, carbon black, and alkali-refined linseed oil were chosen as suitable. The precentage of wetting agent added was arbitrarily fixed at 2 percent of the vehicle by weight. In a few cases this proved excessive and had to be reduced. To determine whether the grinding efficiency of a vehicle might be predicted from its physical constants, determinations were made of the acid number, relative surface tension using a Du Nouy tensiometer, and relative interfacial tension against water by the method of Gardner.[2] The following materials were selected as being representative of products reputed to posses wetting properties:—

- Linseed fatty acids
- Blown linseed oil
- Benzoic acid
- Pine oil
- Solvenol No. 1
- Hercosol No. 80
- Dipentene No. 122
- Diethylenglycol
- Ethylenegylcol
- Sodium oleate, slight excess of oleic acid.
- Rozolin (sodium oleoabietate) the sodium soap of abietic 20 percent, oleic 65 percent, stearoic 15 percent.
- Twitchell base 265, a sulphonated mineral oil.
- Sulphonated castor oil, contains 50 percent water.
- Lorol, a mixture of saturated fatty alcohols C_{10}, C_{12}, C_{14}, and C_{16} in which C_{12} and C_{14} predominate.
- Ocenol, a mixture of oleyl alcohol and stearyl alcohol. Oleyl alcohol, C_{18}, is an unsaturated alcohol with the double bond at the center of the chain; stearyl alcohol is a C_{18} saturated alcohol.

In an attempt to correlate the action of pebble mills and roller mills a few runs were made on both paint and laboratory three-roll mills. As the study is not complete, and no particular methods were adopted, the procedure in each case is included with the data.

Data and Results

Data pertaining to the porcelain jar pebble mill:—

Pebble charge (approximately 217 pebbles)	7 lbs. 7 oz.
Capacity of jar	4 quarts
Volume displacement of pebbles	1½ quarts
Liquid to fill to 1 inch above pebbles	1½ quarts
Speed of mill	55 R.P.M.

Constants of the alkali-refined oil used for a vehicle as follows:—

Acid number	0.56
Saponification number	190
Iodine number (Hanus)	174
Specific gravity	0.931

Formula for the Lithopone Paint

	Av.	Oz.
Untreated lithopone	22.00	7.2
Alkali-refined linseed oil	24.00	24.8
Wetting agent	0.49	*0.5
Mineral spirits (added after grind)	1.23	1.5

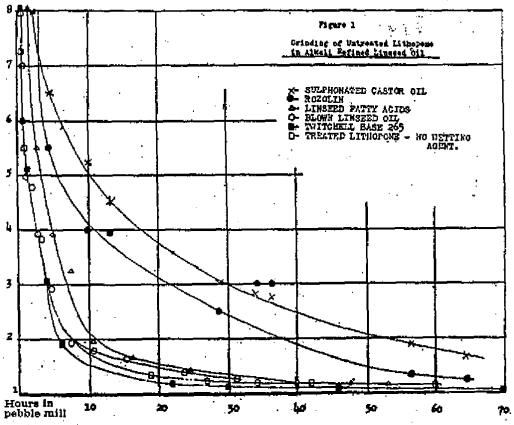
*Approximate.

The above formula was used for all mixes except that containing benzoic acid, where, instead of 2 percent, only 0.37 percent of the vehicle was wetting agent.

The batch containing alkali-refined oil alone and those containing pine oil, solvenol No. 1, hercosol No. 80, dipentene No. 122, lorol, ocenol, benzoic acid, ethylenegylcol, diethylenglycol, and sodium oleate were too heavy and plastic to grind. The pebbles could not break through the mass enough to grind the pigment. Even vigorous preliminary mixing by hand followed by twenty-four hours on the mill failed to produce any results.

The results of the batches containing sulphonated castor oil, rozolin, linseed fatty acids, blown linseed oil, and Twitchell base 265 are shown in figure 1 as curves of the North number rating on pigment dispersion plotted against hours of grinding in the pebble mill. A curve obtained using dispersion grade lithopone, processed during manufacture to give easy wetting, ground with no wetting agent in the vehicle, is shown for comparison. The few large particles causing such a poor rating for the rozolin samples taken at about thirty-five hours were quite evidently a contamination of some sort, probably a chipped pebble.

Figure 1



That the fineness ratings may be more significant to those not familiar with the North numbers, the degree of fineness obtained in different types of products by various manufacturers is shown in table I. It was impossible to measure many of the outside whites on hand because of the granulation that had occurred.

Table 1

North Number of Several Types and Brands of Paints

White flat wall	Outside white	Light gray porch and deck	Interior gloss and quick drying white enamels
7	6	6	2
7	5	5½	2
7	5	4	2
6	4	..	1¾
5½	..	..	1¾
..	..	..	1¾

There was considerable difference in the consistency of these paints which were ground successfully. As no viscometer was available at the time of grinding (later they seemed to have thinned somewhat), the finished paints were given an arbitrary rating on a scale of 1 to 10 and also, as a measure of plasticity, squeezed from a 5-cubic-centimeter syringe upon a glass plate, and a measurement made of the diameter of the area covered by the paint. The results are shown in table II.

Table 2

Consistency Ratings on Finished Lithopone Paints

Addition agent in vehicle	Diameter in cms. of 5 cc. on glass	Arbitrary rating
Blown linseed oil	7.2	1 (thin)
D.G. lithopone (no agent)	5.4	2
Linseed fatty acids	4.1	2
Rozolin	4.3	4
Twitchell base 265	4.0	6
Sulphonated castor oil	2.0	10 (semi-

Portions of the paints were set aside in glass jars for settling tests. After three months all had considerable supernatant liquid, but it, as well as the degree of packing, was the same for all paints.

Another portion was treated with naphthenate drier so that a metal content based on the oil of 0.5 percent lead and 0.1 percent cobalt was obtained. Paint-outs revealed no differences in drying or gloss.

Having found that several agents were effective when using low-acid oil as a vehicle, to ascertain whether any beneficial effects would be obtained from these agents when added to a better wetting vehicle, an attempt was made to run some tests in varnish. A 50-gallon ester gum varnish was cut with mineral spirits to the same viscosity as the alkali-refined oil as measured at room temperature with the Gardner-Holdt bubble viscosity tubes. Two batches, one with this varnish, which contained 35 percent nonvolatile matter, and one with the varnish plus 2 percent blown linseed oil were tried. Three samples taken during the first eight hours of the run showed no difference between the grinding of the two batches, but a slightly faster grinding rate than with any of the alkali-refined oil batches. At the next inspection both mixes were found to be livered and the run was discontinued. A check on the viscosity of the actual varnish used in the batches revealed a very slightly lower viscosity than that of the oil, which was probably responsible for the more rapid grinding.

The physical constants of the vehicles used are given in table III.

Formula for Carbon Black Paint

	Av. oz.	Fl. oz.
Carbon black (super spectra)	1.00	0.5
Alkali-refined linseed oil	30.50	31.5
Wetting agent	0.62	*0.6
Mineral spirits (added after grinding)	1.23	1.5

*Approximate.

In the case of sodium oleate, because with 2 percent so much remained undissolved, only 0.5 percent based on the vehicle by weight was added. The benzoic acid was also lower, being 0.12 percent of the vehicle by weight.

The results of the run are shown in figure 2 where, as with the lithopone paints, the North number ratings of pigment dispersion are plotted against hours in the pebble mill. The paints with diethylenegylcol and sulphonated castor oil are the only ones which deviated appreciably from the one which contained no wetting agent. While these two paints were grinding the sound from the tumbling of the pebbles was louder than with the other paints, that from the [illegible]nated castor oil mix being [illegible] louder than that from the diethyl[illegible] mix. The rattle of the pebbles [illegible] ethylenegylcol batch was also sli[illegible] more evident than in the batch contai[illegible] no wetting agent, but any impro[illegible] grinding was too slight to be of co[illegible]quence. The curve for diethylenegly[illegible] was not continued beyond twenty-f[illegible] hours because the finished batch contai[illegible] many particles as coarse as North nu[illegible]ber 4. A check grind was made with th[illegible] same results. It was concluded from th[illegible] extreme hardness of the particles and th[illegible] fact that they increased rather than dimi[illegible]ished during the grind that the pebbl[illegible] were chipping. The intensity of th[illegible] rattling emanating from the mill al[illegible] made this explanation quite plausible. Figure 3 gives the results of grindin[illegible] with and without sulphonated castor o[illegible] in the 50-gallon ester gum varnish reduc[illegible] to 35 percent nonvolatile matter, whi[illegible] gave an exact match for the alkali-refin[illegible] oil when measured by the bubble tub[illegible] at room temperature. As with the li[illegible] seed oil, the addition of the sulphonate[illegible] castor oil resulted in an abnormally slo[illegible]ing of the pebbles in the mill. The curv[illegible] for alkali-refined linseed oil with no we[illegible]ting agent is reproduced in figure 3 f[illegible] purposes of comparison.

The relative viscosity of the finish[illegible] black paint as measured by a plunger ty[illegible] viscometer at a room temperature of 3[illegible] F. is given in table IV. This viscometer was not of standard make.

Table 3

Vehicle	Surface tension dynes/cm	Relative interfacial A[illegible]
2% wetting agents		
Refined linseed	37.40	63.0
Rozolin	37.00	13.5
Linseed fatty acids	37.25	28.0
Hercosol No. 80	36.19	29.0
Pine oil	37.19	31.5
Blown linseed	37.19	33.0
Ocenol	37.00	34.5
Lorol	37.19	38.0
Sodium oleate	37.00	45.0
Sulphonated castor	36.90	60.5
Twitchell base	36.80	180.0
Benzoic acid (0.27%)	.....	.....
Ester gum varnish	.....	.....
Solvenol No.	.....	.....
Dipentene No. 122	.....	.....
Ethylenegylcol	.....	.....
Diethylenegylcol	.....	.....

Compatibility of agent with oil	Surface tension dynes/cm	Relative interfacial A[illegible]
.....	37.40	63.0
soluble	37.00	13.5
soluble	37.25	28.0
soluble	36.19	29.0
soluble	37.19	31.5
sl. ppt. on aging	37.19	33.0
soluble	37.00	34.5
soluble	37.19	38.0
sl. soluble	37.00	45.0
very cloudy	36.90	60.5
soluble	36.80	180.0
soluble	.....	.....
.....	.....	.....
soluble	.....	.....
soluble	.....	.....
immiscible	.....	.....
immiscible	.....	.....

Table 4

Viscosity of Black Paints Expressed as Time for Plunger to Descend 20 cm. with a Total Load of 60 Grams

	Seconds
No wetting agent	9.4
Pine oil	9.0
Solvenol No. 1	8.0
Hercosol No. 80	8.0
Dipentene No. 122	9.8
Rozolin	9.0
Lorol	8.0
Ocenol	8.0
Benzoic acid	11.2
Ethylenegylcol	8.8
Diethylene glycol	10.4
Twitchell base 265	7.0
Sodium oleate	7.4
Blown linseed oil	10.4
Linseed fatty acids	10.4
Sulphonated castor oil	8.0
Ester gum varnish (no agent)	7.0
Ester gum varnish (sulphonated castor)	6.0

Since several of the wetting agents had proved effective in the pebble mill grinding of both black and white paints, several runs were made on a 12-inch laboratory three-roll mill in an attempt to see whether similar results might be obtained in roller mill grinding. As it was impossible to grind the untreated lithopone in the different vehicles at the same pigment concentration, each paste was made up to a good grinding consistency, each as similar to the other as the varying types of consistency permitted. All the pastes were given equivalent stirring by hand and then run through the mill which had been previously set and locked in position. The paint at the ends of the rolls, poorly ground because of the grooves worn by the guides, was discarded. In taking the viscosity measurements all the ground pastes were reduced two volumes to one volume of alkali-refined linseed oil so that all might be measured on the plunger type apparatus. Results are given in table V:

Table 5

Grinding of Lithopone Paints on a 12-inch 3-Roll Mill

A—Untreated lithopone				24 oz.
Alkali-refined linseed oil				24 fl. oz.
B—Untreated lithopone				24 oz.
A. R. linseed with 2% Twitchell base				12 fl. oz.
C—Untreated lithopone				24 oz.
A. R. linseed with 2% blown linseed				14 fl. oz.
D—Dispersion grade lithopone				24 oz.
Alkali-refined linseed oil				12 fl. oz.
Paste	Total load 58 grams Consistency in seconds	Total load 168 grams	Time on mill in seconds	North Fineness number
A	no travel	2.2	734	2
B	50	8.0	198	8½
C	2.4	1.0	280	8
D	2.6	1.0	190	4

As the comparison between the Twitchell base 265 and the blown linseed oil was rendered indeterminate by the difference in grinding time, two more batches were run with slightly modified formulas and a

new setting of the mill. Results are given in table VI.

Table 6

Grinding of Lithopone Pastes on a 12-inch 3-Roll Mill

E—Untreated lithopone..... 26.5 oz.
A.R. linseed with 2% Twitchell base..... 14.0 fl. oz.
F—Untreated lithopone..... 26.5 oz.
A.R. linseed with 2% blown linseed..... 14.0 fl. oz.
Consistency of unreduced in seconds:—

Paste.	Total load gm.	Total load gm.	Total load gm.	Total load gm.	Time on mill in seconds.	Fineness North number.
E	885	612	658	712		
	143	19	10	4	245	3
F	4	3	2.5	2	242	3

The results of grinding two carbon black pastes on the roller mill by the same methods as the lithopone pastes are shown in table 7.

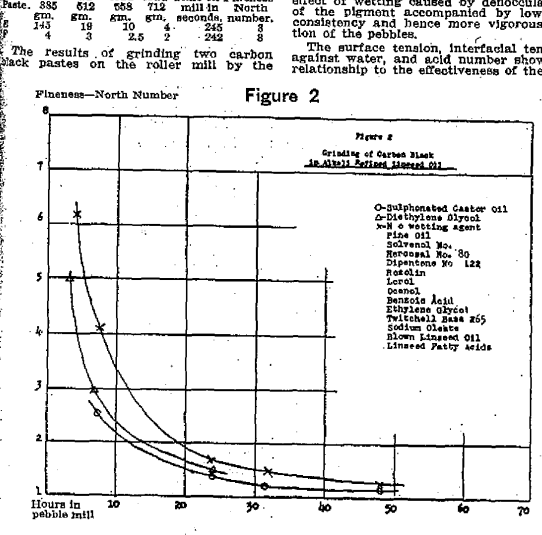


Figure 2

Table 7

Grinding of Carbon Black Paints on a 12-inch 3-Roll Mill

G—Carbon black (super spectra.... 1½ oz.
Alkali-refined linseed oil..... 16 fl. oz.
H—Carbon black (super spectra.... 1½ oz.
A.R. linseed with 2% sulphonated castor ..... 16 fl. oz.
Consistency in seconds of paste, reduced 2 to 1 by volume, with A.R. linseed oil.

Paste.	Total load 208 gm.	Total load 258 gm.	Total load 308 gm.	Time on mill in seconds.	Fineness num-ber.
G	101	12.8	3.8	475	3
H	.57	10.0	3.0	465	2¾

During the grinding of ten consecutive plant batches of a paint consisting of carbon black, silica, and asbestine in a 65-gallon, 65 percent nonvolatile material varnish of low acidity, records were kept on each batch of the time required on a three-roll mill and the degree of dispersion obtained. Blown linseed oil and linseed fatty acids were added to several of the batches. The times varied from four to seven hours, and the fineness of grind remained practically unchanged at North number 4¾. The time on those batches containing wetting agents varied and were intermediate with respect to the limiting times. Nine more batches of the same paint were ground on another three-roll mill. By changing the setting of the mill the grinding time was varied from three to eleven hours without appreciably altering the number 4¾ which was obtained. On a tight mill the first half of the batch came through with an improved grind, but taken as a whole the batch was not improved.

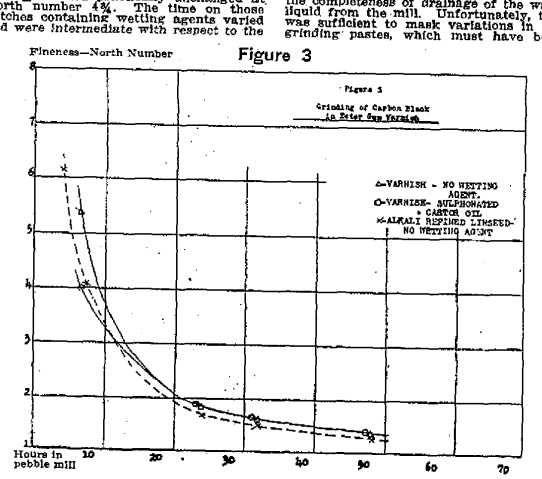


Figure 3

Pebble Mill Grinding of Lithopone

That the time necessary to obtain a specified grind with untreated lithopone varies considerably with the addition agent is evident from the curves in figure 1. It is also worthy of note that this difference in time depends on the grind that is desired. For instance, with blown linseed oil and Twitchell base a No. 3 grind may be obtained with each in four hours, but if a No. ½ grind is desired, the Twitchell base requires ten hours while the blown linseed oil requires twenty hours. The effectiveness of the wetting agents in general is apparently not confined to any particular period of the grinding process.

In five of the six mixes the grinding is proportioned to the consistency of the mix, but in the case of the Twitchell base, one of the heaviest, yet the easiest grinding paste, shows that the mechanism of the dispersion is not simply a secondary effect of wetting caused by deflocculation of the pigment accompanied by lowered consistency and hence more vigorous action of the pebbles.

The surface tension, interfacial tension against water, and acid number show no relationship to the effectiveness of the vehicle as a grinding medium. That surface tension and interfacial tension against water are not indicative of the tendency for a liquid to wet a solid is also evident from the data of Bartell and Osterhof.[3]

The fivering of the untreated lithopone with low-acid ester gum varnish suggests that enough alkaline material might have been present to form soaps with the higher-acid wetting agents and that results might have been somewhat different with a completely inert pigment. Sodium oleate soap, however, when added directly seemed to possess no wetting properties.

Pebble Mill Grinding of Carbon Black

The grinding of carbon black, as represented by the curves in figure 2, presents two rather striking features:—(1) The number of agents for which some wetting action is claimed, which have no effect, and (2) the fact that the only helpful agents, sulphonated castor oil and diethyleneglycol, are two that gave poor grinding with lithopone.

The physical constants of the vehicles bear no relation to the grinding times. Even the consistencies of the paints show no significant variations. The differences shown were probably due to slightly different thinnings obtained by variations in the completeness of drainage of the wash liquid from the mill. Unfortunately, this was sufficient to mask variations in the grinding pastes, which must have been very slight. Measurements made on the roller mill pastes with and without sulphonated castor oil indicate a slightly thinning action of the sulphonated castor oil. It is a matter of interest that the effective agents were liquids immiscible with the oil and that ethyleneglycol, the other immiscible agent tried, also caused a slightly increased tumbling of the pebbles.

From figure 3 it may be seen that the sulphonated castor oil also aids when used with a varnish vehicle, and it is believed that in the latter stages of the run improved grinding was actually obtained but was obscured by a slight chipping of the pebbles, as in the run with diethyleneglycol and an oil vehicle. The pounding of the pebbles was excessive in both cases.

Roller Mill Grinding

The data on roller mill grinding are obviously insufficient to show all the effects produced by the wetting agents but are included because of the several features of the problem which they bring to light. In table V, judging efficiency by the time required and the fineness attained in grinding the same quantity of pigment, untreated lithopone and Twitchell base are superior to D.G. lithopone and no wetting agent. The others are indeterminate. In table VI the use of blown linseed oil and Twitchell base is shown to produce equal results. In the pebble mill also with these two agents an equal expenditure of mechanical effort was necessary to produce a No. 3 grind. In the grinding of carbon black, as shown in table VII, sulphonated castor oil proved slightly beneficial, although the improvement was not equal to that obtained in the pebble mill for the same degree of dispersion. How the setting of the mill and resultant changes in fineness would affect all these results has not yet been determined.

The plant batches ground on roller mills are of course, not comparable to any laboratory batches because of the presence of the inert pigments. The experiments, however, do illustrate the importance of manipulation of the mill and the extreme difficulties of measuring the effects of wetting aids in such a variable process.

Conclusions

A few of the influences of wetting agents on roller mill grinding are shown by the data, but the experiments are still rather inadequate to make any general assertions. It may be said that with such factors as the setting of the rolls, the body and pigment concentration of the paste, the cohesion of the vehicle and the adhesion of the vehicle to the roll, to be taken into consideration, it is difficult to employ methods that will distinguish the part played by wetting forces between the pigment and the vehicle.

In the pebble mill grinding the experiments were conducted on small mills with perhaps lower pigment concentrations than would be employed in plant production, but it is reasonable to assume that similar results would be obtained on larger mills. With respect to the conceivable combinations of pigments and vehicles, results with two pigments and two vehicles seem somewhat meager information upon which to base sweeping generalizations. The indications, however, are that when used with a specific pigment the efficiency of different wetting agents as grinding aids varies considerably. Of the agents tried, Twitchell base 265 proved to be the most effective with untreated lithopone, and sulphonated castor oil the best with carbon black.

There is no correspondence between the relative efficacy of the wetting agents when used with different pigments. The grinding of carbon black was aided by sulphonated castor oil and diethyleneglycol, while the untreated lithopone was aided by Twitchell base 265, blown linseed oil, linseed fatty acids, rosolin, and only slightly by sulphonated castor oil.

The difference in grinding time effected by wetting agents with untreated lithopone was enough to be of considerable importance. In some cases to obtain a certain fineness only one-tenth the time was required with one agent that was necessary with another. With carbon black the differences in grinding times were not so great but were large enough to be of practical consequence in actual production.

Acid value, surface tension, and relative interfacial tension against water are not indicative of the grinding efficiency of a vehicle.

Acknowledgement is made to Arthur V. Schopp, jr., who assisted in the performance of a part of this work in connection with his work at Washington University. Materials were graciously supplied by the following companies:—

Certain-teed Products Corporation.
Missouri Paint & Varnish Company.
Steelcote Manufacturing Company.
P. D. George Varnish Company.
A. Robbins Varnish Company.
Markay Manufacturing Company.
Spencer Kellogg & Sons, Inc.
Chemical & Pigment Company.
G. S. Robins & Company.
Mallinckrodt Chemical Works.
E. I. du Pont de Nemours & Co.
Carbide & Carbon Chemicals Corporation.
Hercules Powder Company.
Glyco Products Company.

Literature Cited

[1] American Paint and Varnish Manufacturers Association scientific section circular No. 423.

[2] Gardner, H. A., Physical and Chemical Examination of Paints, Varnishes, Lacquer, and Color, sixth edition, p. 533 (1933.

[3] Bartell & Osterhof, *Industrial and Engineering Chemistry* 19, 1277 (1927).

The 1934 Paint Industries Show

The 1934 Paint Industries Show was the most impressive and colorful of the three which have been given since it was established in 1932 as a concurrent feature of the meeting of the Federation of Paint and Varnish Production Clubs. F. C. Atwood was chairman of the committee which arranged the initial exhibit. Clarence W. Clark managed the second one at Chicago last year. This year's show was in charge of Edward F. Maloney.

There were forty exhibits, thirty-seven of which dealt with materials and equipment. These were fully described in the October 22 issue of the OIL, PAINT AND DRUG REPORTER, and pictures of most of the exhibits appear in this issue. One of the outstanding exhibits was that of the scientific section of the National Paint, Varnish and Lacquer Association, intended to give the members a picture of the year's record in research and development work. Samples of oiticica oil, brought from Brazil by Dr. Henry A. Gardner, were displayed. The booth was in charge of J. R. Stewart and A. R. Van Heuckeroth, of the scientific staff.

Prize drawings for radios were won by E. J. Probeck, of the Jones-Dabney Company, Louisville, on the first day; G. W. Rundle, of the New Jersey Zinc Company, Philadelphia, on the second day; and James H. Abraham, of Meyer & Loewenstein, Long Island City, on the third day.

Mr. Maloney made the following report on the show to the federation convention:—

The paint show committee of 1934 respectfully submits the following report of its activity, to date, to the members of the Federation of Paint and Varnish Production Clubs.

Because of the careful consideration of the 1933 paint show committee, this year's committee was given a splendid start as the result of a questionnaire circularized among last year's exhibitors and sent out before the new committee took control. This questionnaire indicated the satisfaction of the 1933 exhibitors with the results obtained by them and an intention on the part of a large majority to again take advantage of the show in 1934. A suggestion was repeated by a number of them, however, that because of the contents and educational nature of their displays, they believed that the national association should be given an opportunity to view the exhibition and that they specifically recommended that the paint show be held over through at least a part of this second convention. Your committee is therefore pleased to report that arrangements were made with the national association whereby the paint show will hold over during October 31, the first day of the national association's convention.

Active work on the present show was started by your committee during the middle of June, when each previous exhibitor was given a preferred opportunity to reserve space at the 1934 show before a general announcement was broadcast to new prospective exhibitors. About the middle of July a list of over five hundred prospects were approached by a circular letter, individually addressed, and accompanied by a floor plan, with prices and an insert containing photographic reproductions of each display at the 1933 show.

By the middle of August about two-thirds of the planned thirty-nine booths had been reserved. Follow up letters directed individually and specifically to the more potential prospects were sent out at this time. Shortly after September 1 the last space was reserved. Because of additional applications, however, contact was made with the Mayflower and arrangements made whereby the two booths held for the scientific section of the national association were transferred into this convention hall and the open booths taken by other exhibitors. Three of our exhibitors are using two spaces each or its equivalent.

The increase in size of your paint show since its inception, two years ago, is shown by the following statistics:—

	Booth exhibits	Exhibits by suppliers of essen-tial materials excluding trade journal display, and equipment.
1932.....	25	17
1933.....	81	28
1934.....	40	37

This enlargement of the paint show has caused your committee to recommend that because the purpose of the show is an educational one, intended to place before the members of our industry interesting developments, during the few days the members are gathered in convention, serious consideration be given to limiting the size of future shows to forty exhibits, with preferred attention given to the educational nature of exhibits, and that in general, as competition for space becomes more keen, no attempt be made to take advantage of this condition to increase the average price of space.

Your committee could not feel satisfied in concluding this report without expressing its sincere appreciation to the companies in our industry who so generously contributed time and service to the administration of our endeavors, to the trade journals who have so effectively co-operated with us, and to the officers of the federation and previous paint show committee chairmen who have given us unlimited assistance.

Later, Mr. Maloney, for the paint show committee, issued the following expression of appreciation to the exhibitors at the paint show and others who had contributed to the success of this year's exhibition:—

We want to take this opportunity, through the trade press, of thanking each and every exhibitor and their coworkers who, with cordial and thoughtful consideration, helped to put over the work of the paint show committee and make the paint show the success it was. It has been a pleasure to the committee to perform the work which the administration of the show requires, but it became a pleasure only because the exhibitors made it so.

To our other friends, including particularly the trade press, we also wish to extend our sincere thanks for their hearty and willing co-operation.

Members of the association were kept in touch with the outside world, so to speak, by the "Good Morning!" service of the Anderson-Prichard Oil Corporation, which distributed copies of the New York *Herald-Tribune* to the rooms

Those Who Attended the Washington Meetings

A

Abbott, John, Imperial Varnish & Color Company, Toronto.
Abraham, James H., Mayer & Lowenstein, Long Island City, N. Y.
Adams, R. F., Paint, Oil and Chemical Review, Chicago.
Allegaert, John, United Color & Pigment Company, Newark.
Allen, A. O., A. C. Horn Company, Long Island City, N. Y.
Alwyn, T. E., American Can Company, Philadelphia.
Anderson, Arthur, West Paint & Varnish Company, Everett, Mass.
Anderson, George, Anaconda Sales Company, New York.
Anderson, R. B., Brooklyn Varnish Manufacturing Company, Brooklyn.
Andrew, David, Ferbert-Schorndorfer Company, Cleveland.
Armstrong, W. G., Certain-teed Products Corporation, St. Louis.
Arnstein, M., Arnesto Paint Company, New York.
Arrington, W. T., Southern Shellac Manufacturing Company, Memphis.
Ashman, G. W., New Jersey Zinc Company.
Atwood, F. C., Atlantic Research Associates, Inc., Boston.
Auchincloss, W. S., Oil, Paint and Drug Reporter, New York.
Austin, A. P., Canadian Industries, Ltd., Toronto.
Ayrault, John, Jr., Larkin Company, Buffalo, N. Y.

B

Babcock, Stephen, General Plastics, Inc., North Tonawanda, N. Y.
Baechle, J. E., American Can Company, Chicago.
Bailey, W. H., Alcatraz Company, Richmond, Virginia.
Baldwin, W. S., John W. Masury & Son, New York.
Bale, A. C., Sewall Paint & Varnish Company, Kansas City.
Banks, R. M., American Cyanamid & Chemical Corporation, New York.
Barlow, Hugh W., Marietta Paint & Color Company, Marietta, Ohio.
Barlow, G. W., Marietta Paint & Color Company, Marietta, Ohio.
Bates, Howard C., John D. Lewis, Inc., Providence.
Beakes, H. L., Kentucky Color & Chemical Company, Louisville.
Beall, R. S., New Jersey Zinc Sales Company, San Francisco.
Beatty, C. F., Socony Paint Products Company, New York.
Becker, Lawrence, R. A. Becker Varnish Company, Cincinnati.
Beer, Fred A., Western Dry Color Company, Chicago.
Beisler, W. H., Crown Cork & Seal Company, Baltimore.
Benedict, F. A., Godfrey L. Cabot, Inc., Boston.
Bendelari, A. E., Eagle-Picher Lead Company, Cincinnati.
Bennett, J. C., Wilson & Bennett Manufacturing Company, Chicago.
Bennett, March C., Samuel Cabot, Inc., Boston.
Bennett, Wallace F., Bennett Glass & Paint Company, Salt Lake City.
Biddle, O. J., Biddle Company, St. Louis.
Bidlack, V. C., McCloskey Varnish Company, Chicago.
Binswanger, Jack G., Thomson Wood Finishing Company, Philadelphia.
Bishee, E. C., Bishee Linseed Company, Philadelphia.
Black, C. H., American Can Company, New York.
Blackledge, E. S., Devoe & Raynolds Company, New York.
Boetter, W. H., American Can Company, Cleveland.
Bonnie, Sevier, Kentucky Color & Chemical Company, Louisville, Ky.
Bonney, R. D., Congoleum-Nairn, Inc., Kearny, N. J.
Bonstedt, F. A., Binney & Smith Company, New York.
Booker, S. E., Psaslee Gaulbert Paint & Varnish Company, Louisville, Ky.
Boomer, G. E., Lowe Brothers Company, Toronto, Can.
Bossert, J. W., United Color & Pigment Company, Newark.
Boughton, G. W., R. T. Vanderbilt Company, New York.
Bownes, Frank, Frank Bownes Company, Chelsea, Mass.
Bradley, E. A., Periseal Company, New York.
Brennan, T. F., American Can Company, Boston.
Brigham, L. M., American Paint Journal Company, St. Louis.
Brock, J. W., Canadian Industries, Ltd., Toronto.
Broecker, John F., Krebs Pigment & Color Corporation, Philadelphia.
Brooker, W. B., Atlantic Refining Company, Philadelphia.
Brooke, Fred L., Chicago.
Brown, Allan, Pacolite Corporation, New York.
Brown, Charles W., Gould & Cutler Corporation, Boston.
Brown, Arthur F., Imperial Color Works, Glens Falls, N. Y.
Brownell, A. W., American Paint Journal Company, St. Louis.
Bruder, T. A., M. A. Bruder & Sons, Philadelphia.
Bungart, C. H. A., Headquarters Paint & Varnish Company, Brooklyn.
Bunting, C. C., John P. Cochran Company, Cleveland.
Byrnes, James W., James W. Byrnes Shellac Company, New York.

C

Callahan, P. H., Louisville Varnish Company, Louisville.
Cain, P. E., General Naval Stores Company, Chicago.
Came, G. L., Resinous Products & Chemical Company, Philadelphia.
Campbell, C. A., Acme White Lead & Color Works, Detroit.
Campbell, Donald, Hooker Glass & Paint Manufacturing Company, Chicago.
Campbell, Tourlow J., Berry Brothers, Detroit.
Carlington, I. T., Egyptian Lacquer Manufacturing Company, New York.
Carlson, S. F., Acme White Lead & Color Works, Inc., Cleveland.
Carter, F. M., National Lead Company, New York.
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Caspar, J. P., Pittsburgh Plate Glass Company, Pittsburgh.
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Clark, J. T., Eagle-Picher Lead Sales Company, Cincinnati.
Clark, R. O., Jewel Paint & Varnish Company, Chicago.
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Clarke, Kenneth E., Charles R. Long, Jr., Company, Louisville.
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Cohen, A. J., C. A. Woolsey Paint & Color Company, Jersey City.
Colcord, H. F., American Can Company, New York.
Cole, E. J., Manufacturers' Varnish Company, Brooklyn.
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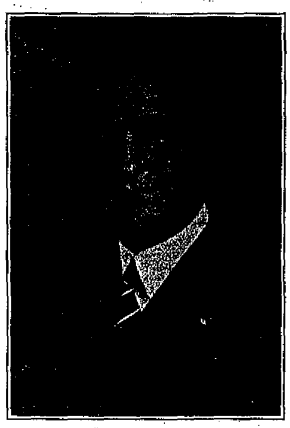

Reuel W. Elton
Secretary

Collins, T. R., Pittsburgh Plate Glass Company, Newark.
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Dauler, H. N., The Neville Company, Pittsburgh.
Daum, Adam E., Impervious Varnish Company, Pittsburgh.
Davis, H. E., H. B. Davis Company, Baltimore.
Davis, H. L., D. H. Litter Company, New York.
Depew, H. A., American Zinc Sales Company, Columbus.
Derr, H. A., Marietta Paint & Color Company, Marietta, Ohio.
Derrick, F. J., Perry & Derrick Company, Cincinnati.
DeVos, A. R., Breinig Brothers, Inc., Hoboken, N. J.
Dewar, John B., Master Painters, Pittsburgh.
Dewees, Vincent E., Calbar Paint & Varnish Company, Philadelphia.
Doggett, H. G., New York.
Doggett, Stanley H., Stanley Doggett, Inc., New York.
Donahue, F. J., The F. J. Donahue Varnish Company, Detroit.
Donaldson, L. H., Anaconda Sales Company, New York.
Donnolly, R. E., P. O. Pierce Company, New York.
Dougherty, W. W., DeMert & Dougherty, Chicago.
Dowdy, Henry R., Dowdy Brothers, Philadelphia.
Drake, L. L., Paint & Varnish Production Manager, New York.
Dresser, C. H., Anderson-Prichard Oil Corporation, Oklahoma City.
Dunford, G. B., Intercoastal Paint Corporation, Chicago.
Dunn, W. F., Mautz Paint & Varnish Company, Madison, Wis.
Dunning, H. E., American Commercial Alcohol Corporation, New York.
Dunning, S. C., Muralo Company, Staten Island, N. Y.
Dunphy, J. P., New Jersey Zinc Company.
Dwight, Maitland, Edward Smith & Co., New York.

E

Easterday, H. E., Anderson-Prichard Oil Corporation, Akron, Ohio.
Eastwood, Charles W., United States Gutta Percha Paint Company, Providence.
Eberhart, M. J., American Can Company, Chicago.
Eberman, Fred, Werner G. Smith Company, Cleveland.
Eddy, P. S., Porter Paint Company, Louisville.
Edgerly, D. W., Titanium Pigment Company, St. Louis.
Edwards, H. G., American Company, New York.
Elde, A. C., American Zinc Sales Company, Columbus.
Eitel, Paul T., Sterling Paint & Color Company, Louisville.
Elser, G. T., Benjamin Franklin Paint & Varnish Company, Philadelphia.
Elton, Reuel W., Washington, D. C.
Elwang, W. B., Sanders Brothers Company, Richmond.
Emmons, Thornton, American Zinc Sales Company, Columbus.
Espeig, J. R., Ault & Wiborg Corporation, New York.
Everett, Ralph H., Keystone Varnish Company, Brooklyn.

F

Fairbrother, E. M., Mobile Paint Manufacturing Company.
Fasig, E. W., Lowe Brothers Company, Dayton.
Feinberg, Harry, H. B. Davis Company, Baltimore.
Felton, Horace S., Felton-Sibley & Co., Philadelphia.
Fenton, W. F., Enterprise Paint Manufacturing Company, Chicago.
Ferguson, George M., Standard Ultramarine Company, Huntington, W. Va.
Figgis, D. W., American Can Company, New York.
Finck, David N., Hanline Brothers, Baltimore.
Fitzsimmons, H. S., Krebs Pigment & Color Corporation.
Flaumenhaft, Irving, Lacquer & Chemical Corporation, New York.
Fleming, J. P., J. Lee Smith & Co., New York.
Flynn, T. A., Butler-Flynn Company, Washington, D. C.
Fontaine, V. H., Jr., Imperial Paint Company, Louisville.
Forde, H. E., Forde, Vogt & Co., Malden, Mass.
Foss, C. P., Wooster Brush Company, Wooster, Ohio.
Fox, Louis V., M. Ewing Fox Company, New York.

W. C. Dabney
Executive Committee

Foy, E. A., Jr., Foy Paint Company, Norwood, Ohio.
Frayser, P. C., Martin-Senour Company, Chicago.
Frederick, G. W., Smith-Alsop Paint & Varnish Company, Terre Haute, Ind.
Frederickson, J. A., John W. Masury & Co., New York.
Frendlich, J. C., Standard Oil Company of New Jersey.
Fritsch, W. R., Kentucky Color & Chemical Company, Louisville.
Fritts, Frank A., Baker Paint & Varnish Company, Jersey City.
Fuller, A. G., Bushwick Can Company, Brooklyn.

G

Gardner, H. A., National Paint Varnish and Lacquer Association, Washington, D. C.
Gerke, W. H., Sargent-Gerke Company, Indianapolis.
Gibson, H. O., The Gibson Homans Company, Cleveland.
Gilbert, H. L., Capitol Paint & Varnish Works, Inc., Brooklyn.
Gillespie, J. T., Gillespie-Rogers-Pyatt Company, New York.
Gillespie, Louis, Gillespie-Rogers-Pyatt Company, New York.
Gilman, W. D., Jr., Gilman Paint & Varnish Company, Chattanooga.
Goetz, Alvin C., Eagle-Picher Sales Company, Boston.
Goldberg, Garrett, Garrett M. Goldberg, San Francisco.
Goldschmitt, Charles, Chicago.
Goldsmith, Mitchel, Armstrong Paint & Varnish Works, Chicago.
Gompf, Harry, Lindeman Wood Finish Company, Indianapolis.
Gordon, John B., Bureau of Raw Materials, Washington, D. C.
Gordon, W. W., Norfolk, Va.
Gorrell, W. A., John Lucas & Co., Philadelphia.
Gott, E. L., Gilman Paint & Varnish Company, Chattanooga.
Gray, E. T., Devoe & Raynolds Company, Chicago.
Grantz, R. L., Rockford Varnish Company, Rockford, Ill.
Greene, D. W., Oliver Johnson Company, Providence.
Griffin, C. W., Colonial Works, Brooklyn.

H

Haffner, E. L., A. Burdsal Company, Indianapolis.
Haines, Edward, George D. Wetherill & Co., Philadelphia.
Hallett, R. L., National Lead Company, New York.
Hambrock, Louis, Thorp-Hambrock Company, Ltd., Montreal.
Hancock, E. H., Louisville Varnish Company, Louisville.
Hanline, Leon S., Hanline Brothers, Baltimore.
Hartman, O. L., Intercoastal Paint Corporation, Baltimore.
Hasson, J. O., Sherwin-Williams Company, Cleveland.
Hastings, Arthur A., Hastings Paint Company, West Springfield, Mass.
Hastings, J. V., Jr., Hastings & Co., Philadelphia.
Haun, Oliver K., D. H. Litter Company, Philadelphia.
Havey, M. L., New Jersey Zinc Company, New York.
Hawthurst, G. T., S. Winterbourne & Co., New York.
Hayes, C. M., Ferbert-Schorndorfer Company, Cleveland.
Hayt, W. H., Eagle-Picher Lead Company, Chicago.
Haze, Harry S., Chicago.
Healy, D. J., Spencer Kellogg & Sons, Philadelphia.
Heckel, G. B., Secretary, Philadelphia.
Heckel, G. B., Jr., Drugs, Oils & Paints, Philadelphia.
Heckel, J. E., R. T. Vanderbilt Company, New York.
Heine, M. G., True-Tass Paint Company, Memphis.
Hellier, W. G., Sturgeons, Ltd., Toronto.
Helwig, F. S., Monad Paint & Varnish Company, Philadelphia.
Hendrickson, H. E., S. Winterbourne & Co., New York.
Hense, O. P., Eagle-Picher Sales Company.
Hermann, Grover M., Wilson & Bennett Manufacturing Company, Chicago.
Hess, C. W., Detroit.
Hillman, H. R., Eagle Paint and Varnish Works, New York.
Hinz, J. H., J. H. Hinz Company, Cleveland.
Hirshberg, Milton, Hirshberg Paint Company, Baltimore.
Hock, H. W., Hock Paint & Chemical Works, Inc., Phoenixville, Pa.
Hodgson, F. R., Eagle-Picher Sales Company, Cincinnati.
Hoffman, H. J., Baker Castor Oil Company, New York.
Holkesvig, C. A., Sherwin-Williams Company, Cleveland.
Holland, R. L., Harry Holland & Son, Chicago.
Holley, C. D., Sherwin-Williams Company, Detroit.
Holton, R. F., Lindeman Wood Finish Company, Indianapolis.
Hongler, Joseph A., Murray Oil Products Company, Philadelphia.
Horn, A. C., A. C. Horn Company, Long Island City, N. Y.
Horn, A. E., A. C. Horn Company, Long Island City, N. Y.
Hose, W. O., Patterson-Sargent Company, Cleveland.
House, G. W., DeSoto Paint & Varnish Company, Memphis.
Howard, H. M., Thibaut & Walker Company, Long Island City, N. Y.
Howard, O. MacC., Paint, Oil & Chemical Review, Chicago.
Howe, H. E., American Can Company, Indianapolis.
Howe, K. J., Thibaut & Walker Company, Long Island City, N. Y.
Hull, G. C., Anglo-American Varnish Company, Newark.
Hursh, Robert, New Jersey Zinc Sales Company, New York.
Hutchson, R. J., Passonno-Hutchson Company, Cleveland.
Hyland, E. C., Pittsburgh Plate Glass Company, Pittsburgh.

I

Iddings, Carl, Muralo Company, Staten Island, N. Y.
Inkrani, J. E., Pittsburgh Plate Glass Company, Pittsburgh.
Innes, O. G., New York.

J

Jackson, L. N., L. N. Jackson & Co., New York.
Jacobs, A. E., Mac Lac-Kasebier-Chatfield Corporation, New York.
Jaeger, Daniel, United States Color Card Company, New York.
Jakob, O. G., Continental Can Company, New York.
Jarden, Charles P., Sherwin-Williams Company, Philadelphia.
Jarden, W. H., Jr., McCloskey Varnish Company, Philadelphia.
Jeffrey, F. G., Sargent-Gerke Company, Indianapolis.
Jensen, Fred A., Chicago.
Joachim, Benjamin, Joachim Research Laboratories, Brooklyn.
Johnson, A. W., Mautz Paint & Varnish Company, Madison, Wis.
Johnson, C. O., Sewall Paint & Varnish Company, Kansas City.
Johnson, H. G., Middlefield, Ohio.
Johnson, H. M., Beck, Koller & Co., Newark.
Joyce, D. P., Glidden Company, Cleveland.

K

Kaplan, J., Reliable Leather Dressing Company, Long Island City, N. Y.
Kealy, J. T., Binney & Smith Company, New York.
Keating, J. R., Binney & Smith Company, New York.
Keister, J. B., National Lead Company, San Francisco.
Keichner, Edward F., Devoe & Raynolds Company, Brooklyn.
Kelley, N. W., Southern Varnish Corporation, Roanoke, Va.
Kelly, L. E., Krebs Pigment & Color Corporation.
Kelly, N. W., Southern Varnish Corporation.
Kelly, Ralph D., Chicago.
Kempf, Joseph, Wilson Imperial Company, Newark, N. J.
Kennedy, Paul S., Murphy Varnish Company, New York.
Kenney, J. A., Barrett Company, New York.
Kenny, T. J., Devoe & Raynolds Company, Brooklyn.
Kingsborough, Harry, Krebs Pigment & Color Corporation, Cleveland.
Kirkpatrick, Arnold, Mosanto Chemical Company, St. Louis.
Klein, Samuel, Calco Chemical Company, New York.
Kleinman, J., G. A. Wharry Company, New York.
Klotz, J. R. M., Stanco, Inc., New York.
Knaus, G. S., Imperial Color Works, Inc., Glens Falls, N. Y.
Knauss, C. A., Noudex Products, Inc., Newark.
Knoke, P. J., American Zinc Sales Company, Columbus.
Kohr, D. A., Lowe Brothers Company, Dayton.

Kertum, J. E., Jones-Dabney Company, Louisville.
Kountze, deL., Devoe & Raynolds Company, New York.
Kreck, K. G., Atlantic Refining Company, Philadelphia.
Kurfees, J. F., J. F. Kurfees Paint Company, Louisville.
Kurfees, J. F., Jr., J. F. Kurfees Company, Louisville.
Kuster, W. F., Carpenter-Morton Company, Everett, Mass.
Kyzer, E. R., Sewall Paint & Varnish Company, Kansas City.

L

LaCava, L. J., Continental Can Company, New York.
Leckey, H. E., E. I. duPont deNemours & Co., Wilmington.
Ladd, E. V., Densol Paint Company, Cleveland.
Landen, C. J., Sterling Paint & Varnish Company, Malden, Mass.
Lane, Franklin J., Boston Varnish Company, Boston.
Lauh, Henry, Jr., Rising Sun Color Works, Philadelphia.
Laughlin, Thomas, Edward Smith & Co., New York.
Lawler, W. P., S. C. Johnson & Son, Racine, Wis.
Lazarus, J. L., Crescent Bronze Powder Company, Chicago.
Leake, Austin, Jr., Semet-Solvay Company, New York.
Leffingwell, L. M., Archer-Daniels-Midland Company, Minneapolis.
Legg, John G., Integrity Paint Company, New Haven, Conn.
Lehman, B. G., Wetherill & Bros., Philadelphia.
Leininger, C. C., Valentine & Co., New York.
Leonard, C. E., Reichard-Coulston Company, New York.
LePeau, N., Goheen Corporation, Newark.
Leveille, E. A., Chicago.
Levenhagen, R. W., Glidden Company, Cleveland.
Lewis, David, Falk & Co., Chicago.
Lewis, G. A., L. Martin Company, Philadelphia.
Lloats, Francis J., Metasap Chemical Company, Harrison, N. J.
Lindsay, R. W., Pratt & Lambert, Inc., Buffalo.
Litter, D. H., D. H. Litter Company, New York.
Lodge, H. F., George S. Mepham Corporation, East St. Louis, Ill.
Long, J. S., Devoe & Raynolds Company, Louisville.
Lord, J. B., Boston Varnish Company, Boston.
Lotz, P. L., Socony Paint Products Corporation, New York.
Loud, Fred B., Murray Oil Products Company, Philadelphia.
Lucas, J. S., Kentucky Color & Chemical Company, Philadelphia.
Lundy, J. A., R. J. Brown Corporation of New York.
Lurie, Jacob, Fibsloid Corporation, Indian Orchard, Mass.
Lussky, Clifford, Progress Paint Manufacturing Company, Louisville.
Lynch, E. P., E. P. Lynch, Inc., Providence.
Lynch, G. W., Boston Varnish Company, Everett, Mass.

M

Macdonald, M. Q., Association Headquarters, Washington, D. C.
MacGregor, J. R., Eagle-Picher Sales Company, Cincinnati.
Maguire, E. C., Carborundum Company, Niagara Falls.
Maloney, Edward F., E. I. duPont deNemours & Co., Chicago.
Mangin, Joseph J., United Color & Pigment Company, Newark, N. J.
Mann, Harold, Leland Moore Paint & Oil Company.
Marling, Paul E., Thomas & Hochwalt Laboratories, Dayton.
Maroney, W. E., Briggs Maroney Company, Everett, Mass.
Marshall, Gordon P., H. Newton Marshall Company, Boston.
Masse, A. N., Dean & Berry Company, Columbus.
Maston, Willard E., Eagle-Picher Lead Company, Cincinnati.
Matlack, S. R., George D. Wetherill & Co., Philadelphia.
Mattiello, J., Hilo Varnish Corporation, Brooklyn.

Mc

McCorkle, G. A., Krebs Pigment & Color Corporation.
McCorkle, J. B., United States Gypsum Company, Chicago.
McCrea, J. S., Binney & Smith Company, New York.
McDaniel, Giles, McDaniel Paint & Varnish Company, Chicago.
McFadden, W. L., Lawrence-McFadden Company, Philadelphia.
McGhee, Walter, Pittsburgh.
McGovern, James P., Industrial Alcohol Institute, Washington, D. C.
McIntyre, William G., Boston.
McKaig, Edgar S., Samuel H. French Paint Company, Philadelphia.
McKay, R. S., Dean & Berry Company, Columbus.
McKim, W. A., Pittsburgh Plate Glass Company, Newark.
McMenamin, J. F., Felton, Sibley & Co., Philadelphia.
McNulty, F. B., Joseph A. McNulty Company, New York.
McQueen, F. E., A. Burdsal Company, Indianapolis.
Melsheimer, L. A., Titanium Pigment Company, New York.
Melvin, G. A., Gillespie-Rogers-Pyatt Company, New York.
Melum, H. A., Benjamin Moore & Co., Chicago.
Merkin, M. J., M. J. Merkin Paint Company, New York.
Messer, Ira, Watson-Standard Company, Pittsburgh.
Meyer, Fred L., J. Meyer & Sons, Philadelphia.
Michel, George J., C. A. Michel & Co., Pittsburgh.
Mieland, M. L., Parker Rust Proof Company, Detroit.
Miletí, Otto, Chas. R. Long, Jr., Company, Louisville.
Milliken, M. G., Hercules Powder Company, Wilmington.
Minkoff, Harry, Peerless Paint & Varnish Corporation, Brooklyn.
Minta, John J., Advance Paint Company, Indianapolis.
Mitchell, James A., A. Burdsal Company, Indianapolis.
Moneypenny, T. F., Imperial Varnish & Color Company, Toronto.
Moore, J. C., Sinclair Refining Company.
Moore, R. J., Bakelite Corporation, Bound Brook, N. J.
Morgan, L. E., Illinois Paint Works, Chicago.
Morpeth, W. H., Krebs Pigment & Color Corporation, Newark.
Morris, C. P., Binney & Smith Company, Philadelphia.
Morris, W. H., Archer-Daniels-Midland Company, Minneapolis.
Morton, E. E., Carpenter Morton Company, Boston.
Mueser, E. B., J. M. Lehmann Company, New York.
Mullaly, A. L., Advance Solvents & Chemical Corporation, New York.
Mullen, T. J., United States Bronze Powder Works, New York.
Munn, R. J., Lilly Varnish Company, Indianapolis.
Murray, David, Crafton Company, Boston.
Murray, J., Anaconda Sales Company, New York.
Murray, K. S. C., Spencer Kellogg & Sons, Buffalo.
Murray, Walter J., Anaconda Sales Company, New York.

N

Nairne, I. I., Certain-teed Products Corporation, St. Louis.
Nelson, H. J., New Jersey Zinc Company, Palmerton, Pa.
Neumann, R. M., New Jersey Zinc Company, Chicago.
Niedt, George E., Steelcote Manufacturing Company, St. Louis.
Nixon, A. H., Hercules Powder Company, Wilmington.
North, W. S., Thibaut & Walker Company, Long Island City, N. Y.
Novak, Charles A., Charles Novak & Son, Chicago.
Nunnew, C. H., Ohio Paul Company, Middlefield, Ohio.

O

Oberdorf, Charles H., F. H. Levy Company, New York.
O'Brien, George L., O'Brien Varnish Company, South Bend, Ind.
O'Connor, C. J., Beck, Koller & Co., Detroit.
O'Connor, Charles T., General Plastics, Inc., North Tonawanda, N. Y.
O'Connor, E. J., Continental Can Company, New York.
O'Neil, C. J., Johns-Manville Corporation, New York.
O'Shea, William J., Patterson-Sargent Company, Cleveland.
Outcault, Harry E., St. Joseph Lead Company, New York.

P

Palmer, Fred C., New Jersey Zinc Company.
Parker, Dean H., E. I. duPont de Nemours & Co., Philadelphia.
Parrott, C. W., Lowe Brothers, Dayton.
Passof, Harry A., Paramet Chemical Corporation, Long Island City, N. Y.
Passonno, Fred J., Passonno-Hutchson Company, Cleveland.
Pastorfield, W. B., Monad Paint & Varnish Company, Philadelphia.
Patterson, W. A., G. W. S. Patterson & Co., New York.
Paul, M. Rea, National Lead Company, New York.
Paulsen, H. A., Armstrong Paint & Varnish Works, Chicago.

Dwight P. Joyce
Regional Vice-President

Pearce, W. T., Resinous Products & Chemical Company, Philadelphia.
Pearson, Hugh W., New York.
Peck, E. D., Devoe & Raynolds Company, New York.
Perkins, C. A., Rutland Fire Clay Company, Rutland, Vt.
Perry, Raymond A., Warren Paint & Color Company, Memphis.
Peters, E. J., Pittsburgh Plate Glass Company, Pittsburgh.
Peters, E. V., St. Joseph Lead Company, New York.
Peters, Martin C., F. J. Donahue Varnish Company, Detroit.
Peterson, T. H., Harshaw Chemical Company, Cleveland.
Pettit, J. H., Varcum Chemical Company, Niagara Falls.
Pfarrer, F. H., National Cash Register Company, Dayton.
Phillips, E. S., Devoe & Raynolds Company, New York.
Pierce, D. L., F. O. Pierce Company, New York.
Pine, Milton K., Muralo Company, Staten Island, N. Y.
Pitt, W. J., DeVilbiss Company, Toledo.
Plumb, K. A., National Clean Up & Paint Up Campaign Committee, Detroit.
Pohl, R. J., Oxidermo Products, Inc., Detroit.
Praeger, Charles H., Bradshaw-Praeger & Co., Chicago.
Pratt, Malcolm F., Socony Paint Products Corporation, New York.
Prior, H. R., Prior Chemical Company, New York.
Price, Burr, Oil, Paint & Drug Reporter, New York.
Priest, G. H., American Paint Journal Company, St. Louis.
Proback, E. J., Jones-Dabney Company, Louisville.
Puffer, Bruce, American Commercial Alcohol Corporation, New York.
Pushee, George H., G. C. Pushee & Sons, Boston.
Puterbaugh, Lon, Thresher Varnish Company, Dayton.

R

Radcliffe, R. S., Krebs Pigment & Color Corporation.
Rainey, R. F., Pittsburgh Paint Supply Company, Pittsburgh.
Ramsay, David F., Paramount Paint & Varnish Company, Philadelphia.
Rau, C. Fred, McCloskey Varnish Company, Philadelphia.
de Ravignon, Armand F., Frank Bownes Company, Chelsea, Mass.
Reardon, J. V., Reardon Company, St. Louis.
Reizenstein, L., J., New York.
Reeves, S. French, John T. Lewis & Brothers Company, Philadelphia.
Reynolds, Paul B., John W. Masury & Son, New York.
Rhue, S. N., Pittsburgh Plate Glass Company, Milwaukee.
Rice, Herbert W., United States Gutta Percha Company, Providence.
Rice, Wayland W., United States Gutta Percha Paint Company, Providence.
Rice, Wilbur L., United States Gutta Percha Paint Company, Providence.
Rich, Carter B., Towns Paint Company, Buffalo.
Rile, J. H., Hercules Powder Company, Wilmington.
Ritchie, William A., Standard Ultramarine Company, Huntington, W. Va.
Robers, R. E., James B. Sipe Company, Pittsburgh.
Robertson, D. W., Titanium Pigment Company, New York.
Robertson, William A., Hanlon & Goodman Company, Belleville, N. J.
Roemhildt, R., Roemhildt Company, Dayton.
Roettker, E. S., B. H. Roettker, Cincinnati.
Rollins, R. C., Jones-Dabney Company, Louisville.
Romaine, E. V., General Naval Stores Company, New York.
Roosevelt, R. M., Eagle-Picher Sales Company, New York.
Rowe, Harold, National Lead Company, New York.
Rowland, H. A., Elliott Paint & Varnish Company, Chicago.
Ruehl, Elmer J., John Ruehl & Co., Cincinnati.
Rundle, G. W., New Jersey Zinc Company, Philadelphia.

D. W. Figgis
Executive Committee

Rutherford, J. J., Bradshaw-Praeger Company, Chicago.
Ryan, L. W., United Color & Pigment Company, Newark.

S

Sampson, Frank J., Sampson Paint & Color Company, Richmond.
Sanders, Stuart, Sanders Brothers Company, Richmond.
Sanderson, J. McE., American Cyanamid & Chemical Corporation, New York.
Saphier, Julian, Robert Raub, Inc., Newark.
Sargent, Harry G., Harry G. Sargent Paint Company, Indianapolis.
Saunders, W. G., Southern Cotton Oil Company, Savannah.
Sawyer, F. K., Werner C. Smith Company, Cleveland.
Sawyer, George B., Herbert Schornderfer Company, Cleveland.
Schafer, Harry, C. M. Athey Paint Company, Baltimore.
Schaffer, Joseph H., Socony-Vacuum Oil Company, Philadelphia.
Schantz, J. M., Hercules Powder Company, Wilmington.
Scherer, T. M., R. J. Brown Company, St. Louis.
Schelling, A. A., John M. Masury & Son, Brooklyn.
Schinke, Carl H., Bisbee Linseed Company, Philadelphia.
Schumann, Carl, Hilo Varnish Corporation, Brooklyn.
Schumann, Frank M., Hilo Varnish Corporation, Brooklyn.
Schmutz, Fred, New Jersey Zinc Company.
Schneider, George W., Jr., Foy Paint Company, Cincinnati.
Schneider, William A., True-Tagg Paint Company, Memphis.
Schnell, Harry J., Oil, Paint & Drug Reporter, New York.
Scobee, M. P., Peaslee-Gaulbert Paint & Varnish Company, Louisville.
Sebring, R. M., American Can Company, Detroit.
Seebach, E. J., Eagle-Picher Sales Company.
Seamon, E. J., E. J. Shannon Company, Cincinnati.
Sheldon, Albert K., Albert K. Sheldon Company, Cambridge, Mass.
Shuger, Herman H., Baltimore Paint & Color Works, Baltimore.
Sidford, H. G., National Lead Company, New York.
Silberman, Israel, Paragon Paint & Varnish Company, Long Island City, N. Y.
Sime, W. W., United States Color Card Company, Chicago.
Simmons, C. W., Chester Enameling Company, Chester, Pa.
Simonson, M. J., Standard Ultramarine Company, Huntington, W. Va.
Sinclair, N. Murray, Malcolm Sinclair Company, Ltd., Toronto.
Skeen, F. S., George D. Wetherill & Co., Philadelphia.
Sklarz, Leo, United Color & Pigment Company, Newark.
Sloom, Clarence W., Beckwith Chandler Company, Newark.
Smith, Southern Shellac Manufacturing Company, Memphis.
Smith, Byron J., Indianapolis Paint & Color Company, Indianapolis.
Smith, Casper, Smith Chemical & Color Company, Brooklyn.
Smith, H. Vernon, McDougall-Butler Company, Buffalo.
Smith, Robert J., Indianapolis Paint & Color Company, Indianapolis.
Sobel, A. A., Masco Chemical Company, Brooklyn.
Sohl, George T., Resinous Products & Chemical Company, Cleveland.
Solinsky, R. S., Continental Can Company, Chicago.
Sorenson, S. O., Archer-Daniels-Midland Company, Minneapolis.
Sorge, K. L., General Paint & Varnish Company, Chicago.
Sorrick, K. M., Oxidermo Products, Inc., Detroit.
Sorzano, Julio F., Detroit Graphite Company, Detroit.
Sparrow, E. E., Imperial Varnish & Color Company, Ltd., Toronto.
Spitz, R. J., General Naval Stores Company, New York.
Sproule, C. D., Pratt & Lambert, Inc., Chicago.
Sprunce, Gilbert, Gilbert Spruance Company, Philadelphia.
Starin, J. A., Valley Stream, N. Y.
Stark, Robert C., Pratt & Lambert, Inc., Buffalo.
Starkie, T. J., Wishnick-Tumpeer, Inc., New York.
Stauderman, A. E., Devoe & Raynolds Company, New York.
Stearns, Frank N., Keystone Varnish Company, Brooklyn.
Steep, W. F., Commercial Paint Company, Elkhart, Ind.
Stephen, A. C., Devoe & Raynolds Company, New York.
Stetson, C. B., R. T. Vanderbilt Company, New York.
Stevens, John D., Aluminum Company of America, Pittsburgh.
Stewart, James K., Anderson-Prichard Oil Corporation, Chicago.
Stewart, J. R., National Paint, Varnish & Lacquer Association, Washington.
Stewart, S. H., S. H. Stewart Company, Chicago.
Stodder, C. K., Savogran Company, Boston.
Stoneman, W. H., Country Gentleman Products Company, Albany, N. Y.
Stresen-Reuter, F. A., Frederick A. Stresen-Reuter, Inc., Chicago.
Stulb, J. R., Schrack & Co., Philadelphia.
Sullivan, C. L., Jr., Tresher Varnish Company, Dayton.
Sulzburger, F. L., Enterprise Paint Manufacturing Company, Chicago.
Sutherland, George, H. B. Davis Company, Baltimore.
Suwall, Felix S., Harshaw Chemical Company, Cleveland.
Sweney, W. Homer, St. Paul White Lead & Oil Company, St. Paul.
Swisher, F. L., Beck, Koller & Co. Detroit.

T

Tallon, H. A., Aluminum Company of America, Pittsburgh.
Tausig, J., Monroe, Lederer & Tausig, Inc., Philadelphia.
Taylor, Joseph M., Ball Chemical Company, Pittsburgh.
Thomas, A. B., W. H. Kemp Company, New York.
Thompson, D. L., Washington, D. C.
Thompson, J. V., Thompson & Co., Pittsburgh.
Thompson, S. W., Thompson, Weinman & Co., New York.
Throm, C. H., Rolls Chemical Company, Buffalo.
Todd, J. D., Ozark Smelting & Mining Company.
Tomlinson, C. H., Archer-Daniels-Midland Company, New York.
Towns, George P., Town Paint Company, Buffalo.
Trask, Warren T., Geuder, Paeschke & Frey Company, Chicago.
Trigg, Ernest T., President National Paint, Varnish & Lacquer Association, Inc., Washington.
Trott, L. H., New Jersey Zinc Company.
Troutman, R. E., Certain-teed Products Corporation, St. Louis.
Truxal, I., American Can Company, Cleveland.

V

Valance, E. H., Spencer Kellogg & Sons Sales Corporation, Buffalo.
Van Heukeroth, A. W., National Paint, Varnish & Lacquer Association, Washington.
Van Horn, Harold M., Imperial Color Works, Glens Falls, N. Y.
Verbyla, Albert E., Standard Varnish Works, New York.
Vernon, Franklin, Savogran Company, Washington.
Vesper, H. G., Standard Oil Company of California.
Volt, Frank T., French-Wolf Paint Products Company.
Voss, A. F., American Paint Journal Company, St. Louis.

W

Wage, J. C., Patterson-Sargent Company, Cleveland.
Wagenman, S. C., S. C. Wagenman Paint Stores Company, Cleveland.
Wakefield, H. A., Imperial Color Works, Glens Falls, N. Y.
Wakefield, H. L., Minnesota Linseed Oil Paint Company, Minneapolis.
Walden, Charles F., Thurston & Braidich, New York.
Walker, R. C., Thibaut-Walker Company, Long Island City, N. Y.
Ward, James S., West Paint & Varnish Company, Everett, Mass.
Watson, J. D., Watson-Standard Company, Pittsburgh.
Weatherford, W. B., Harwood Brothers, Inc., Richmond.
Webster, H. E., Pratt & Lambert, Inc., Buffalo.
Wehrle, P. W., S. C. Johnson & Son, Inc., Racine, Wis.
Wending, Albert C., Larkin Company, Buffalo.
Wenrick, H. K., J. E. Harris Company.
Wertman, Sidney, New Jersey Zinc Company, Palmerton, Pa.
Wertz, F. A., Varcraft Works, Pottstown, Pa.
Wheeler, J. N., Krebs Pigment & Color Corporation, Newark.
White, G. D., Pittsburgh Plate Glass Company, Newark.
Whiteway, P. J., George D. Wetherill & Co., Philadelphia.
Whiting, H., Bisbee Linseed Company, Philadelphia.
Whittan, F. P., John Lucas & Co., Philadelphia.
Wieland, E. A., American Cyanamid Company, New York.
Wiesel, J. R., Hercules Powder Company, Wilmington.
Wilbur, S. L., Baltimore.
Wilkinson, W. H., Oliver Johnson & Co., Providence.
Williamson, T. A., Charles H. Howell Company, Philadelphia.
Wilson, Ivan Y., Monsanto Petroleum Chemicals, Inc., Dayton.
Winstel, A. F.
Wishnick, Robert, Wishnick-Tumpeer, Inc., New York.
Wittenberg, A. J., Stroock & Wittenberg Corporation, New York.
Wolf, James S., Standard Varnish Works, New York.
Wood, J. Heath, Standard Varnish Works, Chicago.
Wood, K. H., Sherwin-Williams Company.
Woodlock, H. J., Schroeder Paint & Glass Company, Detroit.
Woolson, C. A., Periscal Company, New York.
Wright, Fred C., Barrett Varnish Company, Chicago.
Wurtele, V., Minnesota Linseed Oil Paint Company, Minneapolis.

Y

Yarnell, Walter P., Yarnell Paint Company, Philadelphia.
Yoder, W. W., Norfolk, Virginia.

Z

Zappert, T. H., Chemical & Pigment Company, Scranton, Pa.
Zimmerman, E. E., Pittsburgh.
Zinsser, Rudolph, William Zinsser & Co., New York.
Zinsser, W. H., William Zinsser & Co., New York.
Zinti, W. M., E. I. duPont deNemours & Co., Wilmington.
Zoller, Myles M., Eagle-Picher Lead Company.

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