

REPORT OF THE PRESIDENT
TO THE EXECUTIVE COMMITTEE

November 15, 1954

INTRODUCTION

As I am delivering my Annual Report to the convention this afternoon, I do not plan to read it at this time. I would, however, like to briefly outline the important highlights of several matters which have occurred since our last meeting.

While the recent elections changed party control of Congress, the Democrats won a bare working majority in the House and require the vote of Independent Senator Morse for a majority in the Senate. President Eisenhower has lost no time in establishing working cooperation with the party in power. We can safely conclude, therefore, that the elections have not resulted in a major change threatening the business economy of the country.

The optimistic outlook is spotlighted by the activity of the stock market, but we cannot look forward to any business boom of such proportions. All indicators point to a steady, healthy, unspectacular business year ahead. It means still greater efforts are required of us and with which I confidently predict the best year in our history for 1955.

GENERAL

MEETINGS: Since the last Executive Committee meeting, I have had several conferences in Washington; attended the following meetings:

Nominating Committee, Washington, D. C.
Trade Sales Steering Convention Program Subcommittee, Washington, D. C.
Scientific Section Subcommittee on Moisture, Washington, D. C.
Industrial Product Finishes Steering Committee, Rye, N. Y.
Industrial Product Finishes Technical Subcommittee, Rye, N. Y.
Los Angeles Paint, Varnish and Lacquer Association, Los Angeles, Calif.
Golden Gate Paint, Varnish and Lacquer Association, San Francisco, Calif.
Utah Paint, Varnish and Lacquer Association, Salt Lake City, Utah
Colorado Paint, Varnish and Lacquer Association, Denver, Colorado
Kansas City Paint, Varnish and Lacquer Association, Kansas City, Mo.
Joint Committee, National Lumber Manufacturers Association and
National Paint, Varnish and Lacquer Association, Washington, D.C.
Keep America Beautiful Board of Directors, New York, N. Y.
New England Paint, Varnish and Lacquer Association, Boston, Mass.
Capital District Council, Painting and Decorating Contractors of
America Convention, Washington, D. C.
National Paint Salesmen's Association Convention, Washington, D. C.
Toxic Materials Committee, Washington, D. C.
Buffalo Paint, Varnish and Lacquer Association, Buffalo, N. Y.

MEMBERSHIP: At the end of the fiscal year, September 30, our membership was:

Class A	889
Class B	275
Class C	466
Class D	9
Class E	123
Total	1,762

This represents a decrease from last year of five members.

INDUSTRY SALES: Total sales for the paint, varnish and lacquer industry for September, as reported by the Bureau of the Census were \$1114,934,000, a decrease of 5.5 percent from August and a decrease of 3.6 percent from September 1953.

Trade sales of \$72,009,000 were 5.9 percent under August and were 1.9 percent less than September 1953. Industrial sales of \$42,925,000 were 4.7 percent less than August and 6.3 percent under September of last year.

Accumulated sales for the nine months to date are \$1,056,621,000, which is 3.5 percent less than for the same period last year. Trade sales are .03 percent over 1953 with \$662,304,000, while industrial sales for the nine months are \$394,317,000, which represents a decline of 9.2 percent from last year.

LABELING: The New York City Board of Health has adopted a regulation requiring a warning label on paint containing more than 1% of lead (Pb). This new amendment to the Sanitary Code is effective immediately, but the enforcement date is set for May 1, 1955 to give the industry time to adjust labeling.

NAVY PAINT MANUFACTURE: Our work to eliminate paint manufacturing by the Navy is progressing. We have been assured that effective legislation against government competition with private business will be introduced when Congress reconvenes.

The Department of Commerce, through its Business and Defense Services Administration, has completed studies of several industries which face government competition. They consider paint a prime example of an unnecessary operation by the Navy. The Bureau of the Budget has made its own studies and I am advised the Bureau plans to issue a policy directive curbing government manufacturing operations. As you know, the President stated specifically at Denver, October 8th ... "Our government has been returning to private citizens activities traditionally belonging to private citizens. It is stopping the roasting of coffee, the baking of bread, the making of paint and clothes."

TECHNICAL

RAW MATERIALS: Linseed Oil - Our 1954 crop of linseed oil, while not as large as the earlier forecasts had suggested, will be one of the largest in our history, and probably five million bushels larger than the 1953 crop. Ample storage space on the farms seems to assure that little of this crop will move to market at prices below the current support price of \$3.41, Minneapolis. The CCC has disposed of practically all flaxseed left from the 1953 crop, but still has 100 million pounds of linseed oil which they are offering at a price equivalent to the 1954 support price of flaxseed, or the market, whichever is higher.

The soybean crop is the highest in the history of this country, but sustained domestic consumption and a continuing export demand have maintained prices at firm levels.

The recommendations of the Tariff Commission regarding limitations on the imports of tung oil have been transmitted to the White House, but neither the nature of these recommendations nor the action of the President on this matter is known at this time. The CCC has offered tung oil from their holdings for sale, but the prices and conditions of sale have not yet been announced. The freeze of last Spring appears to have damaged the crop severely, but CCC stocks are large enough to assure ample supplies even if imports are limited to 11 million pounds.

All other raw materials appear to be available in ample supply.

SCIENTIFIC SECTION: The Scientific Section Committee held a meeting, September 14, at which it considered extensive plans for future work. Much of this work requires special consideration by this committee.

Moisture Menace - Study to improve laboratory determination of water vapor transmission of paint films continues. Allied to this are the determination of blistering tendency of paint and a survey of commercial non-blistering paints. It is hoped to make a field study of the effectiveness of paint on interior walls in preventing blistering of exterior paint.

Fire Retardant Paint - In accord with the directive of the Executive Committee, refinements of the "Stick and Wick" test are being sought.

Miscellany - Samples of hardboard have been received from the Hardboard Association for use in preparation of recommendations for painting this material. We also have samples of extracted yellow pine siding which the producers hope will make this lumber hold paint better. Cooperative studies of methods of testing vegetable oils are being made with the American Oil Chemists' Society.

Publications - The fourteenth edition of U. S. Government Paint Specifications is off the press. Several refinements have been made. A circular, "Testing Scrubability and Cleansability of Latex Paint", is on the press. In preparation are circulars on "Bulking Value Tables", and "Natural Finishes for Exterior Wood."

TECHNICAL EDUCATION: An expanded program on technical education is being coordinated between our Association and the Federation. An exhibit has been prepared which will be on display during our convention and the Federation meeting. Promotion material is being prepared for further activity at the local level.

LEGISLATION

Federal - In the closing days of Congress, an Association supported bill authorizing the President to terminate government competitive operations passed the House and reached the Senate floor. Adjournment prevented its enactment.

State - None in session. New Jersey and New York have issued regulations for labeling of dangerous substances. The membership received copies.

Municipal - Mayor Wagner of New York has been asked to act in a conflict between the Fire Regulations and Sanitary Code regarding warning statements for combustible and flammable mixtures. A meeting will be held after the convention.

Conferences continue with Chicago Health Department officials regarding a label in that city for paints containing lead.

Conferences are being held with New York City representatives to eliminate city paint manufacturing activities.

Unfair Competition - The Federal Trade Commission will call mastic coatings manufacturers and applicators to a trade practice conference on December 3 instead of handling complaints on an individual basis. This action was taken although we advised the Commission the real wrongdoers were the applicators and not the manufacturers. The cost of separate investigations was a controlling factor in the Commission's decision. We will again urge our contention at the hearing.

DIVISION ACTIVITIES

INDUSTRY RELATIONS DIVISION: Black and white prints of the "Here's How" film have been made in a quarter-hour version and as a series of five-minute films. Requests have been received from 172 stations for showing on television in practically every state. In the cities where these television stations are located there are 29 million sets and the viewers reached exceed ten million. "The House in the Middle" film has been produced in color and in black and white. Prints are being supplied to all American Legion State Adjutants for showing to local posts and more than sixty stations have shown the film on television.

PUBLIC INFORMATION DIVISION: Released first article on Health-Education Program. Published article on decorating in November issue of the American magazine. New booklet for radio, "Fraternalities Turn 'Hell' Into Help", helps to channel energies of college initiations into constructive projects, pledges painting charitable and civic institutions, refinishing furniture, etc. Booklet for Christmas season on painting children's toys and furniture now being completed.

STATISTICAL DIVISION: Credits and Collections - Credits and Collections survey report was tabulated and sent to members for August, September and October. A study to ascertain the accuracy of credits and collections reports was completed.

Color Survey - Completed the tabulation and sent to members the color survey, "Percentage by Color of Paint Sold by Paint Manufacturers" - 1953.

"National Consumer Survey of Painting Habits" - Completed and sent to members.

Gallonge Figures - Worked with Bureau of the Census on gallonge figures and secured their release.

TRAFFIC DIVISION: The Interstate Commerce Commission has not yet ruled on our argument that the \$1.50 surcharge on small shipments in Central States Territory is illegal. A decision is expected before the first of the year.

The Commission has agreed to investigate increases in motor carrier rates in Middle Atlantic Territory. A hearing, at which we will appear, is scheduled for January.

We have petitioned the New England Motor Freight Bureau to establish LTL rates below class rates on paint products moving into that area from the New York-New Jersey territory. Arguments on this proposal will be heard next month.

The Post Office Department granted our request to permit the mailing of flammable paint products which have a flash point between 20° and 40°F. in one-pint metal containers. The Rail Uniform Classification Committee has authorized the use of 26-gauge steel in manufacturing 5-gallon pails for shipping products of our industry.

TRADE MARKS: A pamphlet, entitled "Trade Mark Selection and Protection" has been distributed to all members. This guide will be helpful in the selection of trade marks.

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