87th ANNUAL MEETING

OF THE

NATIONAL PAINT AND COATINGS ASSOCIATION, INC.

November 4-6, 1974
Hyatt Regency
Atlanta, Georgia

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Attachment I – Address by Congressman Ben B. Blackburn

Opening General Session
Monday, November 4, 1974

E.C. Larsen: Ladies and gentlemen, it's a great pleasure for me to preside over this opening session of the 87th Annual Meeting of the National Paint and Coatings Association. Will you please now stand for the playing of our National Anthem.

National Anthem:

If you will remain standing, Rabbi Alvin Sugarman of the Temple will give the invocation.

Invocation:

As you know, our Association enjoys cooperative and productive relationships with a number of allied organizations. It's an honor to have many of their officers here today, and I would like to introduce them to you at this time. Gentlemen, if you will please remain standing and--if you will hold your applause until the end--we can give them a warm welcome. First, from the Federation of Societies for Paint Technology, the President, Mr. Michael Malaga, the President-Elect, Mr. J.C. Leslie, The Executive Vice President, Mr. Frank Borrelle.

From the National Decorating Products Association, Mr. Phil Lenox, President, Mr. Robert E. Petit, Executive Vice President.

From the Painting and Decorating Contractors of America, Mr. Arlo Fairbanks, President, Mr. Glen Craven, Executive Director.

From the Paint and Wallpaper Dealers Association of Greater New York, Mr. Jack Faber, Executive Director.

From the Canadian Paint Manufacturers Association, Mr. A.M. Hector, President, and Mr. Eric Barry, Executive Vice President.

The Executive Director of the Australian Paint Manufacturers Federation, Mr. Kevin Duffy.

I hope you enjoy the three days of our meeting. Will you please give them a warm welcome.

It's now time for the yearly report of the President, and what a year it has been.

E.C. Larsen (President's Report):

When you elected me President of your Association, I was concerned about what can be accomplished during a short term of office which would contribute substantively to NPCA's ongoing programs and long range objectives.

This year's Annual Meeting theme, "Focus on the Future," is especially appropriate for concluding that term of office, because my primary goal has been to better prepare our Association to meet those problems of today which we know will continue in the future. And, more importantly, to provide NPCA with the tools to handle the problems of the future which we can anticipate now.

I would like to discuss with you what some of these new, future-oriented programs are and how you will be able to benefit from them as an industry and in your own operations. And, I would like to share the podium during this discussion with your Executive Vice President, Bob Roland. With the exception of other Association Past Presidents, I can think of no one here who is more appreciative of the value and competence of your Washington staff than I am. And since it is the effective blending of the staff with our industry representatives which has produced NPCA's successes, I think it is more than fitting that Bob and I share this report with you today.

If one impression describes this past year--it is that it was--a blur of activity. If you think about it--the onslaught of problems was unrelenting--raw material and energy shortages, lead, mercury, product safety, and, some of those older problems were almost lost in the entirely new one--vinyl chloride.

A new federal agency flexed its muscle on us--the Consumer Product Safety Commission. It banned vinyl chloride and ordered aerosol manufacturers to repurchase products containing it in spite of industry objections to the repurchase provision.

Air, water and solid waste concerns did not abate, and consumerism became a more prominent part of our plans.

Let me test your memories. When was the paint industry decontrolled from Phase IV Wage, Salary and Price Controls? That happened on March 14, and the agency responsible, the Cost of Living Council, is no longer in business.

And yet, from December to March, the NPCA strategy to achieve decontrol was a high priority for your Executive Committee and staff. Decontrol resulted from an NPCA petition filed in late December.

Importantly, the lesson we learned from this action was that there were large gaps in our knowledge about paint industry economics, the flow of raw materials through our industry, and our impact on end-user markets. Had we had this kind of in-depth information, chances are we could have been decontrolled long before we were.

So much for hindsight. Responding to this weakness in our data, Bob Roland recommended to the Board of Directors that NPCA develop an economic data bank. I am pleased to report to you that not only was the concept approved, but the work has been completed by the Stanford Research Institute which was awarded the contract.

Bob--since this important project stemmed from you, I'll let you complete the details.

R.A. Roland: Thank you, Lars. What do we see in the future which provides a mandate for an economic data bank? Very simply, this information is essential for NPCA to assess and respond properly to the many regulatory, legislative and consumer developments which have impacted, and will continue to impact on us. We are heavily involved in the environment, in raw material shortages, and in product safety and consumer protection matters. If your Association is to make realistic recommendations to government, to the industry itself and to the public, we must have accurate facts about the impact of these many actions on our industry, and our industrial and consumer customers.

What has the SRI study achieved? (1) We determined the total consumption of the major chemical raw materials in our paints and coatings by product category. (2) We determined the sources for the raw materials. (3) We determined the paint industry's share of these raw materials compared with competing industries and other end uses. And finally, we determined the disposition of these raw materials by end use market.

The data is much too complex for me to detail here, but let me just show you one example of how a typical solvent has been treated. (Roland goes through a typical solvent.) You can see how persuasive this data can be, and how the data bank will be the basic planning vehicle, not only for NPCA, but for the industry companies, as well.

The SRI report is now under study by the Executive Committee and other Association groups to determine how we will employ this intelligence. We are also deciding how the information can best be disseminated to NPCA members for their use.

The lead-in-paint controversy is a good example (and there are many others) of an important industry issue where we could have used this economic impact data early in our deliberations with government.

Speaking of lead, it looks as though the Consumer Product Safety Commission is supporting our position that the current one half percent level is safe. In a surprise announcement on October 18 at the end of testimony we presented to the Commission, CPSC Chairman Dick Simpson stated, and I quote his words, "There is absolutely no justification for lowering the amount of lead below 0.5%."

Chairman Simpson said that he had received no information from any other parties which challenged the current lead level. While Mr. Simpson's comments can only be considered a preliminary opinion until the Chairman gives his final recommendation to Congress in December, we feel reasonably confident that the half percent level will prevail. Parenthetically, I would like to add that Mr. Simpson also said that even if he decided to go to a lower level, he would allow the industry sufficient time to adjust their operations for making lower lead level products. This latter comment obviously was in response to a petition we submitted recently asking for a one-year extension of the half percent level.

E.C. Larsen: Bob, I think it is important to point out that the completion of NPCA's lead ingestion study by Midwest Research Institute helped immeasurably to support our position.

And, the importance of good technical and toxicological data cannot be understated. Product and worker safety matters will be pre-eminent in the future. It is no longer sufficient to say that we not think there is a problem with our products. We must be able to prove it as we did in this study.

This means that the vital work of NPCA's Industrial Metals, Occupational Health and Occupational Safety Task Forces will increase substantially in the coming months and years. The research we started two years ago on all paint industry industrial metals will prepare us to meet some of the product safety challenges which will be raised.

Bob, there are important proceedings occurring right now on mercury and I think an updating would be helpful.

R.A. Roland: You should be aware that the Environmental Protection Agency contends that all mercury uses, including the phenyl mercuric compounds used in paints, should be terminated. Responding to an EPA order to this effect, mercury supplier companies challenged EPA on this attempt to ban mercury. Subsequently, NPCA became a party to the proceedings. The industry position is similar to the lead issue. That is--this important ingredient should not be denied to us unless and until phenyl mercurials have been shown to be a hazard to the public or to the environment. We don't think any information has been presented to justify a ban.

The proceedings are now before an Administrative Law Judge in Washington. The EPA and the paint industry are both providing extensive witnesses. The Hearings will not be concluded until after the first of the year. It's premature for me to forecast the outcome, but you can rest assured that the team working on this matter is giving maximum effort to retain this important raw material.

E.C. Larsen: I know it's difficult for many of us in management to keep up with the deluge of problems crossing our desks, particularly when they involve specialized areas in our companies. But, let me point out some specialized actions which will have a substantial management impact requiring your attention.

They involve your transportation, distribution and traffic functions. The regulations for the transportation industry and for those who ship have primarily evolved from economic considerations. Shipping rates, schedules and the like. There has been a profound change. The emphasis is now strongly on the safety of our shipments. The Department of Transportation has one rulemaking and two proposals pending which affect every one of us here today. They concern the Hazardous Materials Shipping Regulations and are known as D.O.T. Dockets HM-102, 103, and 112. The issues presented in all three of these actions are complex. I will highlight them for you, so that if you haven't given them your attention, you will.

HM-102 redefines the scope of the Hazardous Materials Regulations to include all liquids having a flash point below 200°F. It creates a new category of hazardous materials known as "combustible liquids" and enlarges the traditional "flammable liquids" category. These two changes substantially increase the number of paint products that come under the regulations. The new D.O.T. regulations also change the flash point test method. Incidentally, the details on these actions will be discussed on Tuesday afternoon during the Packaging, Labeling and Distribution Update.

R.A. Roland: The Transportation and Distribution Committee has been working diligently to change these regulations. We have petitioned D.O.T. to reconsider parts of the HM-102. So far, the Department has concurred with our flash point range suggestion. And, we are now informed that our request for extension of the compliance data has been granted. The new deadline is July 1, 1975. We may be permitted to use the seta flash test method, as well. These are victories which will significantly ease your implementation costs.

HM-103 and 112 are considerably more complex. Essentially, 103 is the D.O.T. hazard information system and involves labeling, marking, documentation and placarding. NPCA has objected to a number of areas within this proposal.

HM-112 concerns itself with the consolidation and, hopefully, the clarification of hazardous materials regulations. D.O.T. is attempting to achieve uniformity and simplification by consolidating air, water and surface transportation regulations into one volume. We have said that we support this idea, but we think D.O.T. has gone far beyond this intent. NPCA has asked that the extensive changes in HM-112 be deferred to a later date. Specifically, NPCA has objected to the revisions of the marking and labeling requirements for flammable liquids. Moreover, a new section of the regulations sharply curtails marking and labeling exemptions which have traditionally been available for paints and coatings, and we have objected to this action as well.

E.C. Larsen: I urge all companies to study these regulations and support the Association's petitions. NPCA's Legal Division will be glad to help.

While we are on the subject of labeling systems, all companies should have received the new Industrial Labeling Guide which was published earlier this year as supplement number one to NPCA's Paint Industry Labeling Guide.

R.A. Roland: Environmental concerns continue to be high. As in many regulatory actions, it takes diligent, hard work to ensure that the industry's voice is recognized, heard and acted upon in many of these proceedings. Good examples of many are the successes NPCA has enjoyed in both Texas and New Jersey. Proposed air quality guidelines for both of these jurisdictions were changed by the Air Quality Task Force.

The formation of our new Waste Disposal Task Force will put us in a good position to respond to future federal regulations.

At this point I want to interject a strong word of caution to the industry. In environmental and other matters, the marketing of our products must be done within the framework of their limitations as well as their advantages. Many times, government agencies have had the erroneous belief that because a new material or process is being introduced or used--that an existing situation can be eliminated with little or no effect on the entire industry. We faced this problem in lead and mercury--and in air and water pollution matters. As you know, that just is not the case, for many reasons. I urge you to be candid about the state of our technical art, so that correct information is given to our regulators. Above all, let's have the courage and integrity to stick to our guns on these matters. It's the only way reasonable and accurate regulations will evolve.

E.C. Larsen: We've been discussing problems for some time. But we have a new program which presents valuable marketing opportunities for the paint and coatings industry. It is a future-oriented program which takes a positive, constructive approach to consumerism.

Our new consumerism program, developed by the Trade Sales Marketing Committee and approved by the Executive Committee, is being implemented now. The objective of this program is to help our customers to make better buying judgments. Through a national survey of paint buyers, we found out that consumers do not always make the right paint product choices. Nor do they always have the best help in making that buying decision.

In fact, we have actually been confusing our customers with our own language, let's take the term "coverage," for example. The paint industry defines it as square footage per gallon. 80% of your customers define that term as--"Does it cover the wall," or "Does it hide the marks." In other words--hiding power. So, we must think more like consumers, and do a much better job of educating them on the selection and proper use of our products. NPCA is providing the education tools.

Parts of the new program are already completed. A new paint selection book was written and is now in the hands of a New York publisher who will print the book in paperback form and market it nationwide. It's called the "Household Paint Selector." The book will be available for purchase by member companies and retailers.

A consumer glossary of common paint terms is part of this book, because we must use a common language to describe our products. In preparation by the Scientific Committee, is a more comprehensive glossary of terms that will be used by the industry.

A third completed project is a new publication entitled, "Paint Industry Advertising Guidelines and Background Information." It's a product of the Communications Committee, and is designed to provide you with the resource material you need to have about advertising laws and regulations, current advertising practices and advertising self-regulation actions. It will be sent to you in December.

Other consumerism projects are underway. One is the development of a standardized format for the consumer information section on the back of paint labels. This format will aid the consumer in finding product information and will assist him in making product comparisons.

The paint buyer survey also identified paint characteristics or attributes which were important to consumers for both interior and exterior paints. We ranked these various attributes according to the consumer's definition of their importance. Knowing what attributes the consumer wants in paint, we asked the Scientific Committee to develop uniform test methods for these performance characteristics. The development of the test methods is nearly complete.

The final step is to develop a performance characteristic evaluation system for labels to help consumers make better buying judgments.

R.A. Roland: Let me hasten to add, Lars, that we are not developing, not advocating paint standards. This is precisely what we are trying to avoid. This consumerism program is extremely important. It places our industry in a leadership position in assisting the consumer in the market place. We know that government at the national, state and local levels is moving toward product selection guides and standards. We know that if we don't develop this system in our way, it will be developed in their way.

I want to talk now about our captive insurance company, Verlan Limited. Simply stated, Verlan has come of age. It is a financial success, and a growing, dividend producing business. Under its original concept, Verlan was to provide the following: a broad scope of insurance coverage; a reasonable premium rating schedule specifically for the coatings industry; a capacity to cover the bulk of coatings plants and other miscellaneous property; and an engineering program designed solely for our industry. It has met and exceeded this concept.

For instance, while underwriting more than 315 million dollars worth of plant and equipment, Verlan's average loss ratio for its four-year operation is only 15% compared with figures of 35 to 45% in other insurance companies. That outstanding record is due to Verlan's loss control engineering program.

Perhaps even more important to eligible NPCA members is that insurance from other companies will become more expensive and more difficult to get in the coming months. This is because of inflation and a severe economic crunch in the insurance industry at large.

Verlan, however, is in an excellent financial position, and it is in that position because of its loss control programs. I think it is important to note, that since its beginnings Verlan subscribers have received rate reductions of over one quarter of a million dollars. Also, the average rate for subscribers has been reduced to 50% of the industry average rate prior to the existence of Verlan. That is certainly a boost to cash flow. In other words, they help you prevent catastrophies, which helps Verlan maintain its strength.

I urge you to look up Harry House and his capable staff in Suite 1116. It is truly an investment in your future.

E.C. Larsen: A word about world economics and markets is necessary. The energy and raw materials crisis convinced us that we do business in a world environment. I have long thought that this Association needs closer, formal ties with our counterparts in other natic To that end, I asked Bob Roland to develop working relationships with our overseas friends. In May, we both attended the Fifth European Economic Congress for Manufacturers of Paint, Printing Ink and Artists Colors. Because of that exposure, Bob was invited to Venice in September to brief the European Committee of Paint, Printing Ink and Artists Colors Manufactueres Associations on NPCA's organization, programs and services. European representatives in this group were from all the European free countries.

As we prepare for our future, these contacts are essential to gain a broader understanding of our world markets.

Finally, the future of our industry rests not only with the National Paint and Coatings Association. It is a shared responsibility with NPCA, the Federation of Societies for Paint Technology, the National Decorating Products Association, the Painting and Decorating Contractors of America, and one other important group--the International Brotherhood of Painters and Allied Trades. The various associations have long enjoyed a close working relationship, and this year the Brotherhood and NPCA initiated closer ties. In fact, for the first time ever, your Executive Vice President was invited to address the Brotherhood's general convention in September. We are and will be working closely on programs of mutual interest. Undoubtedly, the first of these involves worker and product safety matters. We are most pleased with this revitalized relationship to work together for the overall betterment of the paint and coatings industry.

Ladies and gentlemen, that is our "Focus on the Future." We are better prepared, but the job is never done. I will end by saying I have utmost confidence that this great Association will meet and surmount its challenges.

If Mr. Phil Newton of the Dixie-O'Brien Corporation will come forward, he will lead us in a prayer of remembrance for those honored members who have passed on during the last year.

Philip T. Newton (Memorial Prayer):

Mr. President, Ladies and Gentlemen: In your registration kits you found a brochure listing the names of members of our industry who have died in the last year.

We would like to take a few moments now to honor these men and women who have dedicated their careers to our industry. Their efforts and devotion contributed greatly to its development and progress, and we are grateful to them for their endeavors. We remember them today with sadness, for they were our friends and we mourn their passing.

Our deepest sympathies are extended to their families, friends and associates. Let us now stand and observe a moment of silence in their memory.

Now, I would like to call on our Treasurer, Mansel Wiley, of Celanese Coatings and Specialties Company, to give us his report.

Mansel Wiley (Treasurer's Report):

I am happy to report to you that your Association, for the first nine months of our calendar year, had income of $1,103,118. Expenses for the nine months were $1,018,092, leaving excess income over expenses of $85,026. It is anticipated that we will finish the calendar year with a surplus.

Our surplus on September 30, 1974, was $882,468, of which $441,347 is cash, savings and treasury bills. The balance of our assets is in securities, accounts receivable, building, etc.

The statement as herein given is an interim statement. The Accounts of the Association will be audited by Ernst & Ernst at the end of the calendar year. Their audit report will be included in our published Annual Report and mailed out to the membership.

Thank you!

The Association's Nominating Committee has the responsibility of seeing that capable, dedicated industry leaders are nominated for Association offices and the Board of Directors. The slate must represent a balanced cross-section of the industry. I would like to call on its Chairman now, Bill Kinsell of Glidden-Durkee, to present the recommendations for this year.

W.D. Kinsell (Nominating Report):

Mr. President, Gentlemen: The By-Laws of your Association require that the preliminary report of the Nominating Committee shall be presented at the first business session of our 87th Annual Meeting. Therefore, your Nominating Committee has the honor to present the following ticket for the elective officers in question:

For a one-year term:

President: John L. Armitage
John L. Armitage Co., Newark, N.J.

Vice President: Mansel O. Wiley
Celanese Coatings & Specialties Co., Louisville, Ky.

Treasurer: Raymond D. Stevens, Jr.
Pratt & Lambert, Inc., Buffalo, N.Y.

Regional Vice Presidents:

New England Zone: A. Bernard Shore
Bonded Oil System, Boston, Mass.

Eastern Zone: Martin Trenkle
Alcatraz Paint Co., Richmond, Va.

East Central Zone: B.J. Gooel
Standard Detroit Paint Co., Detroit, Mich.

West Central Zone: Harry Oliver
Revilo Paint Co., Kansas City, Mo.

Southern Zone: Larry Hecht
Southern Protective Products Co., Atlanta, Ga.

Southwestern Zone: Robert H. Arnold
Cook Paint & Varnish Co., Houston, Texas

Western Zone: Charles W. Finegan
Ameritone Paint Corp., Compton, Calif.

For a three-year term - Board of Directors:

Class A:

James H. Davis
Porter Paint Co., Inc., Louisville, Ky.

E.C. Larsen
PPG Industries, Inc., Pittsburgh, Pa.

Ralph W. Lettieri
Benjamin Moore & Co., Montvale, N.J.

Robert S. McKay, II
The Dean & Barry Co., Columbus, Ohio

Paul W. Neidhardt
Glidden-Durkee Div. of SCM Corp., Cleveland, Ohio

George A. Nichols
DeSoto, Inc., Des Plaines, Ill.

Louis A. Ruckgaber, Jr.
The Egyptian Lacquer Mfg. Co., Newark, N.J.

Joseph S. Scher
Enterprise Paint Div. of Insilco Corp., Chicago, Ill.

Glenn Wilson
N L Industries, Inc., New York, N.Y.

Class B:

Richard J. Kerr
Union Carbide Corp., New York, N.Y.

D.H. McClure
Exxon Chemical Co. U.S.A., Houston, Texas

Bruce Ocko
Monsanto Company, St. Louis, Mo.

For a one-year term - Board of Directors:

Class A:

Walter H. Rhoades
Standard T Chemical Co., Inc., Chicago, Ill.

Mr. President, no action is required by the 87th Annual Meeting at this time. The final report of your Nominating Committee will be presented at the closing session on Tuesday.

This report is respectfully submitted by: W.D. Kinsell, Jr., Chairman, Glidden-Durkee Div. of SCM Corp.
Wm. R. Barrett, Sr., Inmont Corp.
Frank X. Dwyer, Tenneco Chemicals, Inc.
Richard J. Kerr, Union Carbide Corp.
B.A. Malm, DeSoto, Inc.
Maurice C. Workman, Benjamin Moore & Co.
E.C. Larsen, PPG Industries Inc. (ex-officio)

Anyone desiring to present resolutions before this Annual Meeting should propose them in person, to the Resolutions Committee before the Business Luncheon tomorrow. This Committee is chaired by Bernie Malm of DeSoto. Other members on the Committee are Billy Hood of Indurall Coatings, and Bill Barrett of Inmont Corporation.

And now, the highlight of this morning's general session, the Keynote Address by the Honorable Peter G. Peterson, Chairman of the Board, Lehman Brothers, Incorporated, and former Secretary of Commerce. As we all know too well, today's economic situation leaves a lot to be desired. Mr. Peterson's address, is entitled, "Some Aspects of the New Global Economy." Mr. Peterson was elected Chairman of the Board of the international investment banking firm of Lehman Brothers in August, 1973. Just prior to joining the firm, Mr. Peterson served as Ambassador and personal representative of President Nixon. In a report called, "The Year of Our Friends," he outlined a negotiating strategy encompassing security, political, trade, energy, aid, and investments with Europe, Japan, and Canada. Mr. Peterson was named Secretary of Commerce by President Nixon in January 1972. At that time, the President asked him to assume the Chairmanship of his National Commission on Productivity which was comprised of leaders from business, labor, the public sector, and the Secretaries of Treasury, Labor, Commerce and the Director of the Office of Management and Budget.

Mr. Peterson first joined the White House Staff in February of 1971, as the Assistant to the President for International Economic Affairs. In that role, he authored the reports, "The U.S. in the Changing World Economy" and a "Foreign Economic Perspective," which outlined a series of recommended policies and an agenda for a work program on international economic policy.

Prior to his work in the White House, Mr. Peterson was Chairman of the Board of Bell and Howell. During his association with the Company, corporate sales more than doubled and earnings more than quadrupled. That's certainly a goal we can all strive for.

His business career began in 1948, with Market Facts, a Chicago firm specializing in marketing counsel and product research. He was a Director of the advertising firm of McKann-Erickson. Mr. Peterson is a former Chairman of the Commission on Foundations and Philanthropy, Trustee of th University of Chicago and a Trustee of the Committee for Economic Development.

More recently, he has been elected to the Board of Directors of the Council on Foreign Relations.

Ladies and gentlemen, it is a pleasure to present, the Honorable Peter G. Peterson.

Peter G. Peterson (Keynote Adress): (Not available due to technical difficulties.)

Thank you Mr. Peterson for your most significant remarks. And now, ladies and gentlemen, with the morning session complete, it is time for us to adjourn. We will reconvene at the Annual Awards Luncheon at 12:30 in the Phoenix Ballroom, which is the same room with the sliding doors open and a new name. Thank you very much.

Final Business Session
Tuesday, November 5, 1974

E.C. Larsen: Gentlemen, if you will come to order please. Welcome to the Final Business Session of our Annual Meeting.

It gives me great pleasure to introduce the Local Association Presidents who are with us this afternoon. Local associations serve in a dual capacity. They keep the members informed about important national and state developments, and at the same time, facilitate the information flow about local problems to the National Headquarters. They oversee a variety of programs which are unique to local associations and can only be carried out effectively at the local level. Like sponsoring local and regional educational seminars and providing grass roots political intelligence and political support for the National Association. I ask that the Presidents remain standing and that you hold your applause until the end. Starting on my left from:

Atlanta - Larry Hecht, Southern Protective Products Co.
Baltimore - Harry Dahl, Inland Oil & Chemical Corp.
Birmingham - Steve Gester, Hanna Chemical Coatings
Buffalo - John Hart, Essex Chemical Corporation
Chicago - Herbert Champlin, Reliance Universal Inc.
Cincinnati - Philip Darr, Sherwin-Williams Chemicals
Cleveland - Ned Kelley, Sprayon Products, Inc.
Dallas - Rex Hitt, Standard T Chemical Co.
Florida - John Benson, Gable-Tite Products Company
Golden Gate - Robert Cole, Abbot, Cole & DeGraf
Houston - Thomas Landshof, Conchemco, Inc.
Kansas City - Morton Myers, Morton-Myers Co.
Louisville - Fairleigh Lussky, Progress Paint Mfg. Co.
Memphis - Nick Longsworth, Lilly Industrial Coatings
New York - Michael Quaid, Benjamin Moore & Co.
Oklahoma - Everett Harcum, S.E.B. Paint Co., Inc.
Philadelphia - E.W. Kaufmann, E.W. Kaufmann Co.
Pittsburgh - Bob Swaney, PPG Industries, Inc.
Portland - Don Rearden, Imperial Paint Co.
Puget Sound - Robert Zeissler, Cowman-Campbell Paint Co.
St. Louis - Edward Piel, The Sherwin-Williams Company
So. California - Merrill E. Evans, Lilly Industrial Coatings, Inc.
Toledo - Paul Peters, Toledo Paint & Chemical Co.
Virginia - Harold Smith, Reynolds Metals Co.
Wisconsin - Arthur Fulton, PPG Industries

Gentlemen, let's have a warm welcome.

I'd now like to call on Harry House, President of Verlan Limited, our captive insurance company for his report.

Harry House (Verlan Report):

Thank you, Lars! It's a pleasure to be here with you today and Verlan is pleased to be represented here in this group.

Business insurance is not a purchase but an investment. Like other investments, every dollar spent on premiums must be considered an outlay made in expectation of future benefit or advantage More important than price--or even the policy itself--is the total or long term expenditure that results from the contract. Insurance has to be more than an exchange of money. It's goal must be the reduction or elimination of your expenditure for risk or loss. Its method must be one for controlling loss, not merely paying for it.

We believe that issuing a policy is nothing more than a beginning: our opportunity to show our policyholder how the company's talents and techniques and expertise can help prevent and control loss.

The original concept of the Verlan Plan was to provide:

a. A broad scope of coverage;
b. A reasonable rating schedule for the coatings industry;
c. A capacity to cover the bulk of coatings plants and other miscellaneous property; and
d. An engineering program designed solely for our own industry.

That's what Verlan was built on and still provides today, four years after its birth--service designed to lower the ultimate cost of your business insurance for the coatings industry.

1973 provided us with a year of operations where growth and claims were significant factors. Premiums increased only 11.5%, yet total claims incurred amounted to only $19,676 or a loss ratio of only 5%. This is an unbelievably low figure.

For the first eight months of 1974, premiums written have increased $102,482 or 21% yet with the tornadoes during the spring our incurred losses amounted to $56,808.14 or a loss ratio of 17%.

To date Verlan has insured 71 companies whose facilities involve more than 250 locations with insurable values exceeding $315,000,000.

For the future we can foresee a major involvement in product safety control. With the advent of Consumer Product Safety legislation each manufacturer must become involved. For us this means control of product liability losses.

Control of products liability losses--for any business--starts at the top, not with design and engineering, not with quality control, not with manufacturing, or service, or any other single operation among the thousands that can generate a product liability claim. There's one thing we're sure of: every successful control system for product safety has its foundation in top management.

That's no secret. It's the reason the chairman of the Federal Consumer Product Safety Commission has said that any national effort to achieve product safety must comefrom America's boardrooms, not just its engineering departments. That's why any system installed for product liability control always must begin with executive management.

The problem doesn't start there--but the solution does!

Verlan is committed to loss control as one of its basic concepts. However, we are not now writing coverage other than for loss of property and loss of earnings though we are providing input through engineering to enable two major commerical U.S. carriers to insure products liability and other casualty coverage in a package approach for NPCA members. No doubt our contribution to this program will enlarge in the near future as the need continues to grow.

Your continued support will be appreciated as we become further involved with the insurance needs of the NPCA membership.

We thank you for your support and we hope you will take the opportunity to visit with some of our staff before you go home. Thank you!

Thank you, Harry, for a fine report.

The next order of business concerns resolutions. Are there any to present at this time? (There were none.)

If Bill Kinsell, Chairman of our Nominating Committee, will come forward, with the final recommendations.

Bill Kinsell (Nominating Report):

Mr. President, members of the Association: Your Nominating Committee has the honor to present its final report to our 1974 Annual Meeting.

Inasmuch as no further nominations have been made, we present at this time the slate of the elective officers to be filled as originally presented at the opening session of the Annual Meeting as follows:

For a one-year term:

President: John L. Armitage
John L. Armitage Co., Newark, N.J.

Vice President: Mansel O. Wiley
Celanese Coatings & Specialties Co., Louisville, Ky.

Treasurer: Raymond D. Stevens, Jr.
Pratt & Lambert, Inc., Buffalo, N.Y.

Regional Vice Presidents:

New England Zone: A.Bernard Shore
Bonded Oil System, Boston, Mass.

Eastern Zone: Martin Trenkle
Alcatraz Paint Co., Richmond, Va.

East Central Zone: B.J. Gooel
Standard Detroit Paint Co., Detroit, Mich.

West Central Zone: Harry Oliver
Revilo Paint Co., Kansas City, Mo.

Southern Zone: Larry Hecht
Southern Protective Products Co., Atlanta, Ga.

Southwestern Zone: Robert H. Arnold
Cook Paint & Varnish Co., Houston, Texas

Western Zone: Charles W. Finegan
Ameritone Paint Corp., Compton, Calif.

For a three-year term - Board of Directors:

Class A:

James H. Davis
Porter Paint Co., Inc., Louisville, Ky.

E.C. Larsen
PPG Industries, Inc., Pittsburgh, Pa.

Ralph W. Lettieri
Benjamin Moore & Co., Montvale, N.J.

Robert S. McKay, II
The Dean & Barry Co., Columbus, Ohio

Paul W. Neidhardt
Glidden-Durkee Div. of SCM Corp., Cleveland, Ohio

George A. Nichols
DeSoto, Inc., Des Plaines, Ill.

Louis A. Ruckgaber, Jr.
The Egyptian Lacquer Mfg. Co., Newark, N.J.

Joseph S. Scher
Enterprise Paint Div. of Insilco Corp., Chicago, Ill.

Glenn Wilson
N L Industries, Inc., New York, N.Y.

Class B:

Richard J. Kerr
Union Carbide Corp., New York, N.Y.

D.H. McClure
Exxon Chemical Co. U.S.A., Houston, Texas

Bruce Ocko
Monsanto Company, St. Louis, Mo.

For a one-year term - Board of Directors:

Class A:

Walter H. Rhoades
Standard T Chemical Co., Inc., Chicago, Ill.

Mr. President, this report is respectfully submitted by:

W.D. Kinsell, Jr., Chairman, Glidden-Durkee Div. of SCM Corp.
Wm. R. Barrett, Sr., Inmont Corp.
Frank X. Dwyer, Tenneco Chemicals, Inc.
Richard J. Kerr, Union Carbide Corp.
B.A. Malm, De Soto, Inc.
Maurice C. Workman, Benjamin Moore & Co.
E.C. Larsen, PPG Industries Inc. (ex-officio)

Mr. President, I move the election of the entire ticket as presented by your Committee and that the Secretary, Allan Gates, be instructed to cast one ballot for their election.

Allan Gates: As Secretary of the Association I am pleased to cast a unanimous ballot for the officers and members of the Board of Directors as just presented.

Thank you, Bill and Allan.

I'd like to take this opportunity to commend the officers, board members and staff for their fine cooperation and support they have given me over this last year. Our committee members and local associations have also done much to make this a very successful year. I am very proud to have had the privilege of serving as President of this outstanding Association. I would like to extend my own personal thanks to each of you for your loyal support and assistance during the past year. And, now, as I turn the gavel over to the new President, I do so knowing that he will lead the Association to new dimensions of achievement. John, we are all behind you and we wish you well as President for the coming year.

John L. Armitage: Thank you Lars, Gentlemen, thank you for this great honor. I pledge to you that the achievements reached under Lars' leadership will be continued and expanded.

Tomorrow, we will honor both you, Lars, and your wife, in recognition of your unselfish service to the Association. Gentlemen, the new members of your Board of Directors will be introducted to you tomorrow, but it gives me a great deal of pleasure to introduce the officers who will serve with me during the coming year. Your new Vice President, Mansel Wiley, and your new Treasurer, Ray Stevens.

We are fortunate to have with us, today, Congressman Ben B. Blackburn, who represents the Fourth District of Georgia. Congressman Blackburn was first elected to the United States House of Representatives in November, 1966, and was re-elected to the 91st, 92nd, and 93rd Congresses. Today, as you know, is Election Day, and we know that Congressman Blackburn will be returned to the 94th Congress. Congressman Blackburn serves on the Committee on Banking and Currency of the House and the Joint Economic Committee. He is the ranking minority member of the Subcommittee on International Trade of the Bank and Currency Committee as well as a member of the Subcommittees on Housing and Domestic Finance. On the Joint Economic Committee, he serves on the Subcommittees on Economic Progress, Priorities and Economy in Government, Interamerican Economic Relationships and Urban Affairs.

Congressman Blackburn was born in Atlanta. He earned his B.A. in Political Science from the University of North Carolina. He attended the School of Law at Emery University, receiving his L.L.B. in 1954. Congressman Blackburn served two years on the staff of the Attorney General of the State of Georgia. He then became a partner in the Atlanta law firm of Peak, Wiley and Blackburn, and remained an active member of that firm until his election to the 90th Congress in 1966.

The Congressman is married and has four children, and is a member of many professional, civic and fraternal organizations. Gentlemen, it is a pleasure to present to you at this time, a friend of the paint industry, Congressman Ben B. Blackburn.

Congressman Blackburn's speech: - See Attachment I

Gentlemen, we are looking forward to hosting you at the reception this evening at 7:00 p.m. in the Phoenix Ballroom. Also remember, after this lunch, there are several important sessions which I'm sure will interest you. One is the Chemical Coatings Forum: Profitable Operations for the Chemical Coatings Industry in the Mid-70's; a Scientific Forum: New Trade Sales Products for the Future; and a Legislative and Regulatory Update Session. If there is no further business to conduct, this meeting is adjourned.

Address by: The Honorable Ben B. Blackburn
Member of the 93rd Congress
Fourth District (Atlanta) Georgia
(Tape Transcription)
Final Business Session
NPCA 87th Annual Meeting
Tuesday, November 5, 1974

I want to extend my own personal welcome to those of you who have not visited our city before. Actually, this particular hotel is not in my district. My district is just a little bit to the east of us. That always poses a problem for me, because when I stand before a group like this, people feel, well, he's a congressman so he's supposed to be an expert on something. It poses a dilemma for me because as you know, an expert's just an ordinary fellow who's a long way from home. Well, I'm ordinary enough, but I'm not far enough.

I did bring you good news and bad news from Washington. The good news is that the Congress is not in session so you're safe in your possessions and your liberties, temporarily. Of course the bad news is we'll go back. But everything's not dead in Washington. One of my colleagues is giving swimming lessons down in the Reflecting Pool these days.

Let me spend just a few moments being serious with you, because we are living in rather serious and difficult times. We're all aware of the economic problems that we're experiencing. Some industries are experiencing it more than others. The housing industry which is the biggest single employer and consumer of goods and services in my congressional district is today in serious circumstances. I personally am not overly optimistic for any long-term solution in the near future. In fact, the best that I can hope for is perhaps four to six months before something in the nature of a restabilized housing industry appears. In the meantime, an awful lot of people are going to be out of work, and a lot of people are going to lose everything that they've earned over a lifetime. So this calls for serious thought.

We hear a lot of talk today about what's wrong with our country. We hear a lot about concentration of effort on our environmental problems and our consumer problems. You name this problem and that problem and some of my colleagues have got more problems than most of us even know about.

Let's think for a minute about what's right about America. What's made this country what it is? What has made it the mecca of freedom-loving people around the world? Let's decide what it is we can do to keep what's right about it and prevent some things from going wrong that I see going wrong today that we don't want to see going wrong.

Well, what is it that's made America great? It's individual freedom. It's just that simple. It's the freedom of each of you and each of us to exercise our own ambitions to the ultimate degree that our talents and vain fortune will permit in order to achieve our individual goals in life.

BLACKBURN

When we speak of this magic number that we refer to as gross national product in economic terms, it's not a mysterious figure at all. Gross national product is nothing more and nothing less than the sum total of the contributions that each of us makes in trying to achieve our individual ambitions. So long as each of us, and each of you is free to exercise your talent, use your initiative, use your management techniques to improve your method of delivering whatever goods and services you're seeking to deliver in the economy, then the possibility of ever-continuing growth and greatness in our economy is there. But, we've hit a snag. What's brought this about?

Well, there are some international problems that, really, there's not a great deal that we can do about but adjust to them. We're familiar with the dramatic increases in petroleum prices that's been brought about by the consortium of the oil-producing nations and about the best we can do about that right now is adjust to it.

We all recognize that there is a shortage of foodstuffs throughout the world, and as we sit here and enjoy our French wines and eat more foods actually than we should (if most of you are like me, we do). Yet we can watch on television and see people dying of starvation in other parts of the world. It should serve as a sober reminder that there are some people in the world who are much less well-off than we, and we should be grateful that we do have the comforts that we do have.

But, in my opinion, the biggest threat to our economic system today and to our individual freedoms is too much government, too much government in both economic terms and too much government in the terms of regulation of business and individual activities. I think the issue is being rapidly joined in this country as to whether or not we are to continue to be free men and make our own errors in judgment and suffer for our own errors in judgment, or make our own wise decisions and gain the benefit of those wise decisions.

We're seeing a whole plethora of bills being offered to put the government between the consumer and the producer so that the producer is no longer primarily concerned with catering to the wishes and needs of the consumer, but will then be more concerned with meeting the demands of his government regulators. I don't think that's healthy for our economy, because the premise of this kind of legislation is this: that the average consumer is a fool and the average businessman is a thief. I don't think that either premise holds true.

It surprises me that someone in my position who feels so strongly that our system of economics based primarily upon individual freedom -- the freedom to make wise decisions as well as unwise decisions -- has brought us to these heights of accomplishment, must now find it necessary to even defend this concept of individual and economic freedom as well as political freedom. I think that the time has come for very deep and serious thought as to whether or not individual freedom as we understand it in the political term, in the sense of freedom of speech, can be continued if economic freedom does not survive. I think not. I think not.

BLACKBURN

I would invite the attention of many of you to the works of a man now deceased named von Mesis. I believe he was Austrian. He did a very thoughtful work and the whole premise of his work was that political freedom cannot survive without economic freedom.

I, as a spokesman in government, can talk about these things. I can point out what I feel to be some of the inherent dangers in present trends in government, but that's really about all I can do. It's up to people at your station in life to do the other things that are necessary. You've got to recognize, if you did not recognize it earlier -- I hope you recognize it now -- that business does not operate in a vacuum from the political trends of a democratic society. Business can be buffeted, it can be killed by improper and unwise political trends.

So if I have a request to make of you today, it is this: you must help me to carry the thought of the necessity for continued economic freedom, not for my benefit and not for your benefit, but for the benefit of your children and their children to come hereafter. For if we should fail in this contest and as I mention, I think the issue is joined today, because those peoples in America who do not think that our economic system is serving us well and who feel it should be totally controlled by Washington, are very much on the move today. If anyone of you needs to be reminded, should I remind you of such charming organizations as OSHA and EPA and EEOC and about half a dozen other regulatory agencies. They aren't going to stop there.

So gentlemen, my message to you is simple and that is, that our system must be preserved because there's no other place that our children or grandchildren can retreat to to build another system like this one.

I thank you for your time and I certainly wish you all the very best of success in your coming years.