Not for Publication

REPORT OF THE PRESIDENT
TO THE EXECUTIVE COMMITTEE

July 28, 1954

INTRODUCTION

In my visits with members of the Association I find very few complaints of poor business and an exceptionally large number of reports of increasing sales.

It should be particularly encouraging to note the constant increase in new construction. Consumer income is still at a record peak, latest employment figures are above predictions and retail sales are only 2% behind last year's. This means good business for us.

I am confident our sales this year will exceed those of last year.

GENERAL

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

Southwestern Paint Executives, Dallas, Texas
Southwestern Paint Convention, Dallas, Texas
President Eisenhower's Conference on Occupational Safety
Executive Committee, New York Paint, Varnish and Lacquer Association, New York
Annual Meeting, New York Paint, Varnish and Lacquer Association, New York
Annual President's Day, Cincinnati Paint, Varnish and Lacquer Association, Cincinnati, Ohio
Louisville Paint, Varnish and Lacquer Association, Louisville, Ky.
Executive Committee, Chicago Paint, Varnish and Lacquer Association, Chicago, Ill.
Chicago Paint, Varnish and Lacquer Association, Chicago, Illinois
St. Louis Paint, Varnish and Lacquer Association, St. Louis, Mo.
Milwaukee Paint, Varnish and Lacquer Association, Milwaukee, Wis.
National Trade Sales Committee, Chicago, Illinois
Technical Subcommittee, Industrial Product Finishes Steering Committee, Chicago, Ill.
Industrial Product Finishes Seminars, Chicago, Illinois
Convention Hospitality and Entertainment Committees, Chicago, Illinois
Steering Committee, Industrial Product Finishes Division, Chicago, Ill.
District of Columbia Commissioner & Tennessee Senators, Clean Up - Paint Up - Fix Up
Trade Mark Committee, Washington, D. C.
Industry Suppliers' Committee, Washington, D. C.
U. S. Chamber of Commerce, Washington, D. C.
Subcommittee of Committee on Model Labeling, Washington, D. C.
Keep America Beautiful Directors, New York, New York
Cincinnati Agreement, Chicago, Illinois
Wood Finishes Manufacturers, Chicago, Illinois

President Eisenhower's Rehabilitation of America Program
American Legion Officials, Washington, D. C.
Officials National Lumber Manufacturers Association, Washington, D. C.
Scientific Section Subcommittee - U. S. Government Paint Specifications, Washington, D. C.
Subcommittee on Model Labeling, New York, New York
Scientific Section Subcommittee - Fire Retardant Paints, Washington, D. C.
Scientific Section Subcommittee - Test Methods, Washington, D. C.

INDUSTRY SALES: Total sales for the paint, varnish and lacquer industry for May, as reported by the Bureau of the Census, were $123,019,000, a decline of 1.3 percent from April and 6.1 percent less than May of 1953.

Trade Sales of $77,765,000 were virtually the same as April and 1.1 percent less than May of last year. Industrial sales of $45,254,000 were 3.3 percent less than April and 13.5 percent under last May.

Accumulated sales for the five months to date are $570,101,000 which is 4.4 percent less than for the same period last year. Trade sales are less than 1 percent under 1953 with $351,485,000 while industrial sales for the five months are $218,616,000 which represents a decline of 9.4 percent from last year.

CONVENTION: The 66th Annual Convention will be held at the Palmer House in Chicago, November 15, 16 and 17. The Federation will meet November 18, 19 and 20 at the same place. The Entertainment and Hospitality Steering Committees met in Chicago on June 3 and made plans for social and hospitality activities.

NAVY PAINT MANUFACTURING: At a meeting with Navy officials in June we offered the full cooperation of the industry to assure an adequate supply of quality paint. I suggested that a Committee composed of members of the industry and officials of the Navy Department be appointed to study quality control, inspection and other phases of paint procurement. In addition, I wrote Secretary of the Navy Thomas offering to place personnel of the Navy paint plants in our industry and to buy their paint manufacturing machinery, equipment and raw materials so as to assure disposal in an economic and orderly manner. The Department of Defense Directive requires the Navy to justify its continuance of Navy paint facilities not later than August 8.

GOVERNMENT PROCUREMENT: Average monthly obligations continue above three billion dollars with a slight tendency to rise. No reductions in this rate are contemplated at the present.

MEMBERSHIP: As approved by the Executive Committee at our last meeting, we have dropped twenty-one members because of non-payment of dues, or resignation. During this same period we gained fourteen new members, giving a net loss of seven members.

TECHNICAL

RAW MATERIALS: Linseed Oil - A 1954 Flaxseed crop of 50,359,000 bushels is forecast, 37 percent more than the 36,813,000 bushels produced in 1953 and 35 percent above average. If this forecast is correct the 1954 crop will be the second largest on record exceeded only in 1948. Yield per acre is expected to be higher than last year, 9.1 bushels compared with 8.4 bushels.

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CCC has sold 210,000,000 lbs. of linseed oil for export at 6¢ per pound, essentially cleaning up the surplus oil on hand from the 1952 and earlier crops. CCC owns about 7 million bushels of the 1953 crop, some of which is being toll crushed. None of this oil is currently offered for sale, except to the crusher at prices equivalent to the 1953 support price, $4.05, Minneapolis. At meal prices this is about 16¢ a pound. Stocks of oil at this price are ample to last until the 1954 crop comes to market. Price should then go to the equivalent of the 1954 support price. This will be about 13¢ at present support price.

Flaxseed is being offered for export sales by CCC at $2.27, Duluth, but it is unlikely that there will be much business at this price.

Recently GSA asked for bids on 32 tons, about 2500 gallons, of Red Lead Primer for rehabilitation of Korea. The paint is being purchased by Foreign Operations Administration. Bids were received from 31 American manufacturers and two foreign paint companies.

The award was made to a Dutch company on a low bid basis. It is not known that the successful bidder purchased linseed oil which CCC had exported at 7 cents per pound. However, at that time the American price was around 14 cents, which accounted for the approximately 28 cents per gallon spread in the cost of foreign paint as compared to American manufactured products.

Tung Oil - As a result of our request to President Eisenhower regarding an import quota of 10,858,000 lbs. of tung oil, he has directed the United States Tariff Commission to investigate the effects of tung nuts and oil imports on the domestic price support program. The Association will appear at a hearing scheduled for Washington on August 10.

The Senate Agricultural Committee, contrary to President Eisenhower's recommendation, voted to retain price supports on tung nuts between 60 and 90 percent of parity.

SCIENTIFIC SECTION: Subcommittees of the Scientific Section Committee to advise on specific projects have been appointed. Meetings have been scheduled and each subcommittee will meet prior to the main committee's meeting in September.

Fire Retardant Paint - Studies of test methods are underway to devise a small scale practicable portable test and also to develop more information about the Stick and Wick Test. These small scale tests make use of hiding power paper charts and other surfaces.

Moisture - The Hidden Menace - Study to improve laboratory methods of determining transmission of water vapor through regular and so-called breather paint films is in progress. The director spoke at Moisture - Hidden Menace meeting at Greensboro, North Carolina, in May. Two officials of the Public Housing Administration and the director inspected the paint jobs on defense homes at Aberdeen, Maryland, and found that the bad peeling was due to a combination of yellow pine siding and damp crawl spaces.

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Publications - Supplement 16 to Circular 751, U. S. Government Paint Specifications appeared in May. Circulars in preparation include: Storage of Paint; Latex Paint Testing; Caulking Compounds Manual; Clear Finishes for Exterior Woods; Relation Between Dispersion and Gloss; Complete Revision of the United States Government Paint Specifications; Revision of Index of Driers, Plasticizers and Chemical Specialities.

Miscellaneous - Investigation of problems of color measurement has accumulated considerable data. A series of publications on this subject will be prepared.

TECHNICAL EDUCATION: A technical educational bulletin for educational committees of the Association outlining successful local plans and display material to be used in high schools and simple paint tests for high school chemistry students is underway. More than 9000 copies of the present Educational Brochure have been distributed.

LEGISLATION

Federal - A bill authorizing a 1955 Census of Manufactures is now law but the House denied a supplemental appropriation requested by the President. It is unlikely the Census will be taken.

I have urged the Senate and House Committees on Government Operations to give early consideration to companion bills introduced by Senator Hendrickson and Representative Osmers to terminate or limit government competition with private industry. Representative Clare E. Hoffman, Republican, Michigan, Chairman of the House Committee, in a letter published in "Coatings" acknowledged support of my request and the Committee started hearings on the Osmers' bill, July 14. The Association testified in support of the bill and pointed out the need for an administrative agency to recommend positive action by the President on government-private enterprise matters. An amended bill, favorably reported July 21, and passed July 24, declares a policy of encouragement of private enterprise; designates the Secretary of Commerce to receive industry and public protests, and authorizes the President to terminate any government activity found after investigation to be competitive with private business. A similar bill will be introduced in the Senate.

The appropriation for the United States Office of Education contains permission to expend $900,000 for vocational education in distributive occupations instead of a previous $450,000 limitation. This will help increase our "Paint Power" activities.

State - Air polution control statutes authorizing the establishment of regulations were enacted in Massachusetts and New Jersey.

A Rhode Island bill requiring placarding of all trucks carrying flammable liquids was not passed.

A Louisiana general contractor's licensing bill is being investigated.

Introduction of a New Jersey toxic finishes bill, A-395, was accomplished. The bill, general in nature, amended the criminal code to make the use of lead paint on toys and children's furniture a crime. The bill would relieve manufacturers

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of criminal responsibility provided they guaranteed their finishes free of substances harmful to children. I expect the recommittal will delay action on the bill for this session.

The Michigan State Supreme Court ruled unanimously that painters' unions cannot ban the use of paint rollers in collective bargaining contracts.

Municipal - The New York City Department of Health has ruled that warning labels on paint products containing lead are required, but delayed any legislative action until after September 1 in order to permit the industry to submit suggested labels. The Association's Model Labelling Law Sub committee is working on this problem. A postponement of any official action to allow completion of our study is expected.

The New York City Fire Department regulations relating to products flashing below 300°F., and the necessity of warning labels are under discussion with city officials. Products marketed and labeled as paint, lacquer, enamel, lacquer thinner, varnish and turpentine are exempt from the warning label. Shellac, linseed oil, boiled oil, raw oil, white lead, red lead, shingle stain, oil stains, bulletin colors, colors in oil, toner colors and sign writer's colors are also exempt. Paint products packaged in pressurized containers and all other industry products including roof coatings and roof cements, waxes, polishes or polish removers which flash below 300°F. must carry the certificate and warning label. This information was sent to members.

Unfair Competition - The Federal Trade Commission decided to call mastic coatings manufacturers to a trade practice conference instead of handling complaints on an individual basis. The cost of separate investigations was a controlling factor in the Commission's decision. The proceedings will be followed by the Association's General Counsel.

The Federal Trade Commission postponed until fall a formal hearing on the complaint against Mary Carter Paint Organization, Linseed White Company and Plastiq Finishes Company.

DIVISION ACTIVITIES

INDUSTRIAL PRODUCT FINISHES DIVISION: The Annual National Industrial Product Finishes Seminars were held in Chicago, June 3rd. All Class A members were invited and attendance exceeded that of last year. Lacquer Subcommittee and Industrial Product Finishes Steering Committee quarterly meetings were in Chicago, June 2 and 4, respectively. The name of the Lacquer Committee, a subcommittee of the Steering Committee, was changed to "Technical Subcommittee" to indicate the broader functions of the subcommittee approved in September 1953. These are: "The functions of this committee are to include the technical aspects and the development of further uses and broader markets for air-drying, baking and all other types of industrial finishes including methods of application and raw materials."

Wood Finishes Manufacturers group met in Chicago, June 24.

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INDUSTRY RELATIONS DIVISION: Black and white prints of the "Here's How" film have been completed and are being furnished to television stations. It has already been seen on NBC network shows, "Tex and Jinx" and "Homerama". These programs have ten million viewers. More than 150 stations, including those serving farm areas, are making plans to use this as a public service film during the next year. Pamphlet for farm distribution is being prepared.

Department of Agriculture, at our request, has directed removal of the booklet "Painting on the Farm" from Government Printing Office stocks because it contained outdated information.

PUBLIC INFORMATION DIVISION: Special article on interior painting was prepared for the spring issue of the "Farmer". Articles now in preparation for "Progressive Farmer", "American Magazine", and "Better Living". Cooperating with "Country Gentleman", "Mechanics Today", and "Better Homes and Gardens" on special articles and features. Booklets "Indoor Painting" and "Outdoor Painting" listed in the "Best in Booklets" column of "Living for Young Homemakers". Distribution of these booklets now exceeds 150,000. Distribution of the "War Against Water" booklet now 425,000 and the booklet "How to Rescue Your Home from the Menace of Moisture" has reached 165,000. Special newspaper story counteracting unfavorable article released by Lumber Manufacturers on exterior painting has been widely published in newspapers throughout the country.

CLEAN UP - PAINT UP - FIX UP BUREAU: The film "The House in the Middle" is now being distributed throughout the country. The Bureau has made available on a loan basis twenty-five color prints and ten black and white TV prints. This film was recently shown at the annual convention of the National Fire Protection Association, and was extensively used in the promotion of the first comprehensive statewide Clean Up - Paint Up - Fix Up program in the state of Washington where 67 local campaigns were held. NBC is now screening this film for proposed use over 35 of their affiliated TV stations. A special folder has been prepared and is being distributed to our more than 5600 local committees. Special promotion material is being mailed to all TV stations.

Special plans for the "Keep America Beautiful" group, the Junior Chamber of Commerce of the United States, the General Federation of Women's Clubs and the American Legion are in progress.

The Pennsylvania State Chamber of Commerce will soon announce an impressive "Community Development Contest" open to the 989 cities, towns and incorporated boroughs of the state. Among incentives are cash awards totalling $15,000. Clean Up and Beautification Programs are highly recommended as projects for communities entering the contest.

STATISTICAL DIVISION: Credits and Collections - Credits and Collections survey report was tabulated and sent to members for May and June. A study to ascertain the accuracy of credits and collections reports is underway.

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Employee's Report - Released Employee's Report covering 340 reporting companies for the period, May 31, 1953 to November 30, 1953.

Industrial Injuries Report - Surveyed reporting members to determine the usefulness of this report and their suggestions for improving it. Majority found little use for the report as is since the Industrial Hazards Branch of the Bureau of Labor Statistics releases the same type of information with a larger sample. We will discontinue our collection of data and use BLS data available to us quarterly, tabulated on a monthly basis. Information in these reports will be published in "Coatings" and all members will be furnished an annual summary.

Color Survey - Completed the tabulation on the color survey "Percentage by Color of Paint Sold by Paint Manufacturers" - 1950, 1951 and 1952. Now tabulating 1953 survey.

"National Consumer Survey of Painting Habits" - Charts are 90 percent completed and our publication will be mailed to all members in August.

TRAFFIC DIVISION: The Association, in oral argument before the entire Interstate Commerce Commission, urged the adoption of the Examiner's Report and immediate cancellation of the $1.50 surcharge on shipments under 5,000 pounds in Central States Territory. A decision is expected within 90 days.

The Commission has denied our request to exempt paint products from cancellation on motor carrier LTL commodity rates in the New England, New York area.

Our request that arbitrary rates on flammable liquids shipped via motor carrier from New Jersey to New York City be removed resulted in a suspension order by the Interstate Commerce Commission and cancellation of the rates by the carriers.

The ICC denied our petition to suspend a 10 percent increase of all motor carrier rates in Middle Atlantic Territory and ordered an investigation. We will present testimony at the hearing this fall.

The Association has requested Central and Southern motor carriers to establish reasonable truck load rates on paint products in that area.

TRADE MARKS: A letter on trade mark listings will be sent to members asking them to review the marks they use currently and delete those which have been discontinued.

We are preparing a pamphlet for distribution to members outlining means to avoid use of similar marks and methods of choosing proper types of marks.

Future editions of the Trade Mark Directory will designate those marks which are registered in the United States Patent Office and will include the month and year of first use. In addition, members will be supplied information on marks which have been removed from the Bureau's files with the supplements to the Trade Mark Directory.

TRADE SALES DIVISION: Trade Sales Steering Committee and National Committee met in June. Plans are now underway for possible inauguration of Trade Sales "SALES SEMINARS" to be held regionally beginning in winter. Seventh season of Paint Power Sales Training programs now being planned and promoted. 27,471 copies of the book "Paint Power - And How to Sell It" have been distributed.

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