

YH.6747: P942 83 ✓

IMPORTATION OF FOREIGN EXCESS PROPERTY

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON
GOVERNMENT OPERATIONS
HOUSE OF REPRESENTATIVES
EIGHTY-FIFTH CONGRESS
SECOND SESSION



—————
JULY 28, 29, AND 30, 1958
—————

Printed for the use of the Committee on Government Operations



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1958

31486

EXHIBIT 3.—STATEMENT TO SUBCOMMITTEE ON EXECUTIVE AND LEGISLATIVE REORGANIZATION OF HOUSE COMMITTEE ON GOVERNMENT OPERATIONS ON BEHALF OF THE AMERICAN BRUSH MANUFACTURERS ASSOCIATION

I, Robert C. Fernley, secretary of the American Brush Manufacturers Association, wish to present the following statement to the Subcommittee on Executive and Legislative Reorganization, which we understand is reviewing certain provisions of Public Law 152.

By way of background information, I wish to advise that our association is the only nationally organized association of brush manufacturers in the country, and has been representing the interests of the brush-manufacturing industry for the past 42 years.

Our membership totals 182 companies, representing a very predominant portion of the brush-manufacturing capacity in this country, and the important suppliers of raw material used by brush manufacturers, such as bristles, synthetic filaments, etc.

We are mindful that section 402 of Public Law 152 provides that on and after July 1, 1949, a sale of foreign excess property by the United States Government or any agency thereof must contain a condition prohibiting its importation into the United States, unless the Secretary of Commerce, in the case of non-agricultural property, determines that the importation of such property would relieve domestic shortages or otherwise be beneficial to the economy of this country.

Our industry feels that this provision of Public Law 152 is exceedingly important, and that if this section is liberalized it could prove extremely harmful to American industry.

The shaving-brush manufacturers, who are an integral part of the American brush industry, recently experienced a situation which has a bearing on the legislation in question, and we believe the committee would find it helpful to be apprised of this situation.

It is our understanding that 3 times in the last 3 years the Secretary of Commerce has been requested to make a determination that the importation of shaving brushes would relieve domestic shortages or otherwise be beneficial to the economy of the country. Two of these applications were turned down; however, in one case an affirmative determination was made.

In this connection, we would like to respectfully point out that for the past decade the shaving-brush industry has been confronted with a decreasing demand for its products and has experienced constantly decreasing sales, excess productive capacity, and slow-moving inventory. If shaving brushes sold as surplus should be allowed to be imported back into this country, it could cause serious problems to the domestic shaving-brush industry, which is already in a very unstable position.

Basically, the following is a résumé of conditions as they currently exist in the shaving-brush industry:

1. The number of domestic manufacturers has declined rapidly due to the steadily reducing market for shaving brushes. The Public Health Service of the Federal Security Agency on May 1, 1950, identified the following 14 companies as domestic manufacturers of shaving brushes:

American Safety Razor Co., Brooklyn, N. Y.
 Ascher Stern Co., New York, N. Y.
 Baja Brush Manufacturing Co., New York, N. Y.
 Cass Brush Co., New York, N. Y.
 Duro Bilt Brush Manufacturing Co., Bronx, N. Y.
 Royal Brush Co., New York, N. Y.
 Rubberset Co., Newark, N. J.
 Hardright Brush Co., Belleville, N. J.
 James Lowe Erskine, Brooklyn, N. Y.
 Made Rite Brush Manufacturing Co., Bronx, N. Y.
 Pal Shaving Brush, Inc., New York, N. Y.
 Peerless Brush Manufacturing Co., Burlington, Vt.
 S. H. Schoenberg Co., New York, N. Y.
 Wontshed Brush Co., Troy, N. Y.

On September 1, 1952, the Public Health Service reported that 3 of the above-named companies, Baja Brush Manufacturing Co., Cass Brush Co., and S. H. Schoenberg Co., had been forced to give up shaving-brush manufacturing, leaving only 11 domestic manufacturers. At the present time, there are only 6 manufacturers, 3 of which, Leopold Ascher Brush Corp., Made Rite Brush Manufacturing Co., and A. S. R. Products Corp., share the major portion of this dwindling market.

To further explain the situation confronting the domestic shaving-brush industry, I am enclosing with this statement a letter from Elwood M. Jones, Jr., president of the Rubberset Co., East Newark, N. J., which explains their reasons for giving up the manufacture of shaving brushes. This decision was made by Rubberset on August 31, 1957. I would like to emphasize one paragraph from this very interesting letter of Mr. Jones: "In 1957, it became more and more apparent that the capacity of the industry to produce shaving brushes was many times the demand. In the case of the Rubberset Co., we had machine capacity capable of producing at least four times our output. Even with our labor force reduced to the barest minimum, it was uneconomical for us to operate the division. The time and expense of factory supervision, purchasing, and sales was obviously out of proportion to the return."

2. Increased competition of electric shavers and aerosol cream^s has been primarily responsible for this drastic decline in the shaving-brush manufacturing industry. According to the trade journal Drug Topics, electric-shaver sales have increased from 1952 to 1956 as follows:

Year	Amount	Percentage change from previous year
1952.....	\$62,240,000	-----
1953.....	81,830,000	+31.5
1954.....	93,890,000	+14.7
1955.....	106,380,000	+13.3
1956.....	125,170,000	+17.7

As you will note, 1956 sales of \$125,170,000 are almost exactly double sales for 1952 at retail prices. Complete 1957 figures are not yet available.

A similar picture presents itself for the years 1952 to 1956 on consumer sales of aerosol shaving creams as follows:

Year	Amount	Percentage change from previous year
1952.....	\$4,320,000	
1953.....	14,900,000	+245.2
1954.....	20,760,000	+39.3
1955.....	27,350,000	+31.7
1956.....	30,800,000	+12.6

As you will note, 1956 dollar sales were 7½ times as great as they were in 1952.

3. The competition from competitive shaving methods has drastically affected in an adverse manner the sales of shaving brushes. According to Drug Topics, dollar sales at retail prices for 1952 through 1956, inclusive, were as follows:

Year	Amount	Percentage change from previous year
1952.....	\$7,010,000	
1953.....	5,760,000	-17.9
1954.....	5,090,000	-11.6
1955.....	3,940,000	-22.6
1956.....	3,510,000	-10.8

As you will note, 1956 sales of roughly \$3½ million were just about one-half of retail sales for 1952 and a steady decline is shown in each successive year.

These retail figures are also corroborated by the census of manufacturers for the brush industry which were conducted in 1947 and again in 1954. In 1947, according to the census of manufacturers, domestic production of shaving brushes amounted to 306,000 dozen, representing a dollar value at the manufacturing level of \$3,789,000. By 1954, when the next census was conducted, production had dropped to 233,000 dozen shaving brushes, representing a manufacturing dollar value of \$1,641,000, a more than 50 percent decline in dollar value from 1947. Estimates of the three major producers still in existence, Made Rite Brush Manufacturing Co., A. S. R. Products Corp., and Leopold Ascher Brush Corp., indicate that this dollar value at the manufacturing level for 1958 will again decline to approximately \$1 million.

In conclusion, gentlemen, it is our feeling that the provisions of section 402 of Public Law 152 should not be liberalized, but be strictly administered. As we have emphasized above, when one considers a commodity such as shaving brushes, it is clear that the importation of brushes of this type from foreign countries, which have been declared surplus, would serve to severely disturb the domestic market.

Respectfully submitted.

ROBERT C. FERNLEY,
Secretary, American Brush Manufacturers Association.

RUBBERSET CO.,
East Newark, N. J., July 11, 1958.

Mr. ROBERT C. FERNLEY,
Secretary, American Brush Manufacturers Association,
Philadelphia, Pa.

DEAR BOB: In reply to your questions pertaining to our shaving brush business, and also more specifically the situation in the shaving brush industry during the latter part of 1957, here is our position and opinion of the conditions at that time.

To begin with, I do not have to tell you that Rubberset Co. manufactured shaving brushes almost continuously from 1873 until August 31, 1957, when we elected to liquidate the shaving brush portion of our business.

Basically, the reason we decided to withdraw from the field was that, in our opinion, the market was a dwindling one. Moreover, our opinion was verified by a gradual reduction in our actual sales to the trade. I might add also that we believed ourselves to be reasonably well diversified in that we sold the drug and department store trade under our own label, we did a fair amount of syndicate business and door-to-door sales business under private label.

Also, in 1957 it became more and more apparent that the capacity of the industry to produce shaving brushes was many times that of the demand. In the case of Rubberset Co., we had machine capacity capable of producing at least four times our output. Even with our labor force reduced to the barest minimum, it was uneconomical for us to operate the division. The time and expense of factory supervision, purchasing and sales was obviously out of proportion to the return.

Sales of all Rubberset shaving brushes, including Rubberset label and private label, declined from 1955 through 1957 as follows :

	<i>Percent</i>
1955-----	2.7
1956-----	21.1
1957-----	47.7

As previously mentioned, we elected to discontinue our shaving brush production on August 31, 1957, and we liquidated our inventories during the ensuing months. It took well into 1958 for us to dispose of the brushes we had in our stocks.

If this information is not specific enough, or if you wish additional detail, I'll be very glad to furnish it.

Cordially yours,

ELWOOD M. JONES, Jr., *President.*

RUBBERSET

TRADE MARK

Bristles gripped in hard rubber

Brought to you by:

oldschoolshavingbrushes.com

