

cans and lids. Our total volume of sales during 1967 was approximately \$15,000,000 and accordingly, the chemical porcelain is slightly more than 10%. This figure compares to our situation in 1946 just after the end of World War II when our business was 90% in chemical porcelain.

Through extensive research and development efforts and the plowing back of earnings into the business, new items have been added from time to time so that even with its continual, slow growth, the percentage of chemical porcelain has steadily declined over the years.

Profitability

Throughout this period of growth, however, the chemical porcelain phase of the business has remained profitable and returns approximately 9% of its own sales volume. Because of the continuing introduction of new products, the profitability of the company as a whole has not been this good and although it varies rather widely from year to year because of the developmental nature of some of the projects which are undertaken, the average for the last ten years has been less than 3% after taxes on over-all sales. This picture would certainly not allow for any reductions in prices of chemical porcelain to meet foreign competition in the case that protective tariffs were lowered.

Fiscal policies

The Coors Porcelain Company is a wholly-owned subsidiary of the Adolph Coors Company, also of Golden, Colorado. The latter is a family owned and controlled corporation which has met the cash needs of its stockholders and its own expansion program from its own operation. Accordingly, it has not been the practice of the Coors Porcelain Company to declare dividends and none has been declared during the past twenty years. Any earnings that have been made are put back into the business in the way of expansion of facilities and research and development effort. Our research and development expenditures are undoubtedly as high or higher than any comparable type of operation, running at the present time at a rate of almost \$800,000 per year. This effort is aimed both at improving the operations which we have at the present time, including those of chemical porcelain, as well as in finding new products and new processes which will be of long range advantage to this company.

History

The Coors Porcelain Company was given its real start in life at the beginning of World War I when the Allied blockade of Germany stopped the importation into the United States of chemical porcelain along with all other kinds of scientific apparatus. This occurred in 1915 and up until that time, all of the chemical porcelain used in this country was imported from Germany. This importation was stopped so completely that work in all chemical laboratories, governmental, educational and industrial, was disastrously affected. The situation was so serious that the United States Government made an appeal to any factories producing chinaware at that time to undertake the manufacture of chemical porcelain. This company, along with approximately twenty-six others, started small scale operations to attempt to learn how to produce these items. Sticking to the goals of the highest quality standards, Coors soon established itself as one of the outstanding manufacturers of chemical porcelain in the world, and as mentioned above, is at the present time the only manufacturer left in the Western Hemisphere.

During the 1930's when German industry was again on the rise and imports started to flow back into this country, it was only possible for this company to survive as the result of the high protective tariffs. If they had not been in existence at that time, the Coors Porcelain Company would undoubtedly have been forced out of the manufacture of chemical porcelain and the United States would have again been left at the beginning of World War II with no supply of this valuable scientific product. The threat of imports is again becoming more and more present as we see manufacturers in both Europe and Japan concentrating on this line of endeavor. Again tariffs will play an extremely important part in keeping this operation alive to maintain a continuing supply of chemical porcelain to the scientists of this country in case of some international conflict in the future. In view of the previous two major wars and the world conditions today, it would be difficult for any of us to assume with any degree of reality that such a conflict could not possibly occur.