

EXPLOSIVE CONTROVERSY

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of articles, charging that a "Watergate-type cover-up" had been engineered to conceal the truth about the danger of the chemical and that the industry admitted the facts only when they were about to be discovered by the public. Dr. Selikoff, NIOSH and the unions demanded that VC producers reduce the exposure level to zero.

However, OSHA, which was responsible for taking into account the technical and economic consequences of its regulations, decided to compromise on a temporary emergency standard of 50 parts per million, pending further study. This level, the equivalent of a teaspoon of vinyl chloride in a room 20 by 20 feet, went into effect on April 5.

Then the government was embarrassed by another discovery. In mid-April, the Manufacturing Chemists Association, which had sponsored tests at the Industrial BioTest Laboratories in Northbrook, Ill., reported that two angiosarcomas had been produced in mice at the 50-ppm exposure level adopted by OSHA. That agency immediately proposed a change to a "non-detectable" level. But it decided before putting that standard into effect to hold public hearings to collect all available evidence.

Meanwhile, PVC producers, who had been keeping a low profile ever since announcement of the Goodrich deaths, were becoming alarmed at the adverse publicity and the threat of excessive Washington action. Industry spokesmen answered charges of labor and health groups that they were derelict in failing to act on the warnings of the European research by pointing out that these findings did not wave a red flag because all the liver cancers reported had occurred in animals. It wasn't until disclosure of the Goodrich deaths that it became apparent that the cancer could occur in human beings.

Makers of VCM and PVC agreed that they had an obligation to tighten safety standards. Via the Society of the Plastics Industry, they proposed as an alternative to zero-level exposures that they be permitted to reduce average levels over a three-year period to five ppm in VCM plants and 10 ppm in PVC ones. They also suggested an initial time-weighted average exposure of 25 ppm, with a ceiling level of 40 ppm, to be effective from October 5, 1974.

Meanwhile, throughout the country fabricators became worried that their business would be seriously affected, if producers were forced to shut down or curtail their supplies, owing to "unreasonable" government regulations. Fabricators bombarded the Labor Department with letters, warning of the hardships that would ensue from such action.

Spokesmen for the phonograph record business wrote that polyvinyl chloride is vital to their product and they couldn't survive if producers cut their supplies. A medical equipment manufacturer wrote that devices it provided for heart surgery and kidney dialysis treatment used PVC as a vital ingredient, and it could be forced to shut down if it couldn't get the resin.

Public Hearings

Amidst this tense atmosphere, OSHA opened its public hearings in Washington on June 25. They lasted through July 11, generating over 200 oral and written submissions, adding up to 4,000 pages of testimony. On the first day, Dr. Herman Kraybill, of the National

Cancer Institute, testified that OSHA's temporary standard of 50-ppm exposure was inadequate because at that level, according to recent studies, there was a high probability of causing cancer in man. On the other hand, Dr. Paul Kotin, former head of the National Institute of Environmental Health Services and a special consultant to Air Products & Chemicals Inc., argued it was inappropriate to set a standard for humans on the basis of animal experiments. Other representatives of Air Products said the firm had hopes of achieving an average time-weighted exposure of 20-25 ppm of VCM in their plants by October 1974. However, they stressed that it would be impossible to do better without significant improvements in current control technology.

A team from Dow Chemical testified that the firm had already gotten its level down 10 ppm, on an eight-hour time-weighted average, in most of its operations.

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Tenneco Chemicals testified it might be forced to close its vinyl chloride plants if OSHA insisted on a zero level. The firm supported the industry's plan for a three-year program, but said it hoped to be able to achieve the final goal sooner in a new plant it is building in Texas.

Dr. Selikoff testified that, while the only prudent course was to provide a zero-level, if he were convinced the industry was making every effort to reduce exposure as fast as possible, he would be as "patient as Job" in requiring the ultimate standard. Peter Bommarito, president of the United Rubber Workers, argued that if PVC cannot be used safely, the industry ought to shut down. He observed that the country got along without the material for 200 years and could do so again if necessary.

Report Ignored

After the hearings concluded, OSHA, to help it arrive at a decision, contacted Foster D. Snell, a division of Booz, Allen, Hamilton, to undertake a study to determine what the consequences to the industry would be if standards were to be applied at various levels, ranging from zero exposure up to 50 ppm. In late August, Foster Snell reported its conclusions that it would not be technologically feasible to mandate a zero-level. It recommended that OSHA set gradually phased requirements for reaching its goal, to permit collection of additional data and fuller assessment of newer medical findings as they become available.

On October 4, OSHA published its ruling. Ignoring the Foster Snell report and the arguments presented by the industry at the hearings, it decreed that beginning January 1, 1975, the limit of exposure must be set at one part per million of VCM (or virtually a zero-level) as measured over an eight-hour working day, with a ceiling of 5 ppm measured over any period no longer than 15 minutes. To help achieve this standard, respirators will be required for all employees exposed to chemical inhalation in excess of these limits, except that until January 1, 1976, the use of such respirators will be discretionary for employees whose exposure is at a 25-ppm level or under. In addition, monitoring and measuring programs must be initiated in plants to determine whether exposure levels exceed 5 ppm; tests must be made monthly or quarterly.

Moreover, medical exams must be given every six months to workers who have had 10 or more years exposure at a plant, and annually to all others. Warning signs, posters and labels in plants must carry the inscription: "Cancer Suspect Agents"; they must be shown on all packages of PVC. Although the new ruling will apply to the producers of VCM and PVC and to the packaging, repackaging, transportation storage of the chemical, it won't include the handling or use of end products.

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Political Pressure

Needless to say, producers were shocked by the ruling. They thought that they had presented a strong case in pointing out that no animal—let alone human—death has been reported at under 50-ppm exposure. Some trade observers believe that the OSHA regulation was issued under heavy political pressure from unions and industrial health crusaders. Others feel that OSHA proposed the most severe standards possible, figuring that the industry would challenge the ruling in court and that the latter would then have the responsibility of resolving the issue.

Actually, OSHA wrote a loophole into its exposure regulation. This provides that while trying to get down to the one-part level with engineering modifications, the industry could meet the deadline by supplying workers with respiratory equipment. However, producers claim that such devices are in short supply. Even if they were plentiful, PVC makers contend that they are dangerous to use. At the OSHA hearings, government witnesses conceded that respirators, worn full time on the job, would be "instruments of torture." People with less than normal pulmonary functions can't breathe properly in them; 32% of the male population over 35 falls into this category.

Faced with the task of complying with a virtual zero-exposure level and a shortage of respirators, producers have warned that they may be forced to shut down all or a substantial part of their operations. SPI hired the Arthur D. Lit-

tle consultant firm to assess the impact on the U.S. of a total shutdown of VCM and PVC facilities. Surveying all the industries dependent on such materials, Little concluded that a complete shutdown would result in a loss of 1.5 million-2 million jobs and losses of at least \$60 billion in production and sales.

Serious Consequences

No one, of course, expects a total shutdown of the PVC industry—even if the OSHA

ruling is not delayed or modified by the courts. But just a partial shutdown or slowdown could have serious consequences. Hence, leading PVC makers are taking vigorous steps to try to adjust to the situation. Goodrich has announced that it will spend \$42 million over the next three or four years to reduce worker exposure to the lowest level possible in the six plants that make or process the resin.

Diamond Shamrock, a major resin maker with two new plants, already has reduced its exposure levels to a range of 5 to 25 ppm; it hopes to improve operations further with the use of respiratory equipment. The firm is going ahead with construction of a 200-million pound facility, which is expected to come on stream next year.

Robintech, a resin and polyvinyl pipe fabricator, says it plans to apply new engineering techniques in its Painesville, Ohio, plant, and a Japanese process it has acquired for a new plant in Texas. But for the industry as a whole, the future is filled with uncertainty.

DUAL-PURPOSE FUNDS

Friday, December 6, 1974

Following is a weekly listing of the unaudited net asset values of dual-purpose, closed-end investment funds' capital shares as reported by the companies as of Friday's close. Also shown is the closing listed market price or the dealer-to-dealer asked price of each fund's capital shares, with the percentage of difference.

	Cap. Shs.	N.A. Val	%
	Price	Cap. Shs.	Diff.
Am DualVest	3 1/2	3.47	- 9.9
Gemini	5	6.59	-24.1
Hemisphere	12	0.00	2
Income and Cap	3 1/2	3.31	- 5.6
Leverage	4 1/2	4.82	- 6.6
Pegasus Inco&Cap ..	4 1/2	-0.79	2
Putnam Duo Fund ..	2 1/2	2.22	+29.5
Scudder Duo-Vest ..	3 1/2	7.10	-33.8
Scudder D-V Exch .	15	15.73	- 4.6

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Memo		BFGoodrich	
TO:	<i>A. Vittone</i>	DEPT.	BLDG.
☐ FOR YOUR APPROVAL ☐ FOR YOUR SIGNATURE ☐ TAKE APPROPRIATE ACTION ☐ RETURN WITH MORE DETAILS ☐ INVESTIGATE AND REPORT ☐ NOTE AND SEE ME ABOUT THIS ☐ RETURNED YOUR CALL		☐ PER YOUR REQUEST ☒ FOR YOUR INFORMATION ☐ PREPARE REPLY FOR MY SIGNATURE ☐ ANSWER ☐ NOTE AND RETURN TO ME ☐ NOTE AND FILE ☐	
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