AGENDA
MEETING OF THE MCA BOARD OF DIRECTORS
10:00 a.m., Tuesday, September 9, 1975
Mount Vernon Room, The Madison, Washington, D. C.

I. Opening Remarks and Introduction of Guests

II. Minutes of Meetings of June 11 and June 12, 1975

III. Business Items:
   (a) Approval of Directors' Alternates (Attachment)
   (b) Report of Membership Committee
      McGean Chemical Company, Inc.
      Sterling Organics, Division of Sterling Drug Inc.
   (c) Program Committee Report:
      25th Semiannual Meeting, November 25, 1975
   (d) Proposed Joint Research on Plastics Combustion Products and Their Toxicity funded under the Plastics Financial Package (Attachment)
   (e) Appointment of Committee Members (Attachment)

IV. Report of Director of Government Relations

V. Preliminary Status Report by Staff Counsel on Litigation Involving MCA

VI. Reports of Committees:
   (a) Industrial Relations Advisory Committee
      John J. Radigan, Chairman
   (b) Labels and Precautionary Information Committee
      Charles J. (Charlie) O'Connor, Chairman
   (c) Tax Policy Committee
      Frederick T. (Fred) Barbour, Vice Chairman

VII. Report of the President

Next Meeting of the Board of Directors - 10:00 a.m., Tuesday, October 14, 1975, The Statler Hilton (Pan American Room), Sixteenth Stre t at K and L Streets, N.W., Washington, D. C.

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Sept. 9, 1975 - June 10, 1976

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NUMBER VOLS. THIS TITLE [illegible] MANUFACTURER ASSOC

MINUTES of the two hundred forty-second meeting of the Board of Directors of the Manufacturing Chemists' Association, Inc., held in the Mount Vernon Room, The Madison, Washington, D. C., on Tuesday, September 9, 1975, at 10:00 a.m.

Directors:	Harry D. McNeeley, Chairman	
	Dieter H. Ambros	Richard E. Heckert
	Earle B. Barnes	Ralph M. Knight
	E. E. Chipman	Raymond H. Marks
	John S. Coey	John K. McKinley
	John T. Connor	Andrew J. McNeill
	William J. Driver	Adolph Monsaroff
	J. Morris Evans	H. Barclay Morley
	Thomas S. Farmer	Donald D. Pascal
	J. H. Gardner	Robert T. Powers
	Edward J. Goett	Harvey J. Taufen
	Robert D. Goodall	Konrad M. Weis
	John R. Hall	Robert J. Whitesell
	John W. Hanley	
Alternates:	Robert P. Barnett (for Edward J. Goett)	
	J. Earl Burrell (for Joseph A. Neubauer)	
	Charles R. Carson (for John F. Welch, Jr.)	
	Richard Fleming (for Edward J. Donley)	
Outside Counsel:	Lloyd N. Cutler	
	Daniel K. Mayers	
Staff Counsel:	Bruce M. Barackman	
Secretary-Treasurer:	George E. Best	
By Invitation:	Frederick T. Barbour, Rohm and Haas Company	
	Albert C. Clark, MCA	
	Robert M. Morris, Velsicol Chemical Corporation	
	Charles J. O'Connor, Stauffer Chemical Company	
	V. H. Peterson, MCA	
	John J. Radigan, Merck & Co., Inc.	
	Hugh M. Robinson, MCA	
	Luther S. Roehm, Merck & Co., Inc.	
	John E. Slavick, MCA	
	William M. Stover, MCA	
	David C. Williams, MCA	

Chairman McNeeley opened the meeting by calling for self-introduction of those present in turn.

I. MINUTES OF JUNE 11 and 12, 1975 MEETINGS

Minutes of the June 11th and 12th meetings, as distributed, including the financial statement for twelve months ended May 31, 1975, were duly approved.

II. REPORT OF THE SECRETARY-TREASURER

Exhibit A

III. BUSINESS ITEMS

(a) Approval of Directors' Alternates The Alternates designated by their respective Directors, as listed in Exhibit B, were duly approved.

(b) Report of Membership Committee As chairman, Mr. Hall reported the committee's having examined the qualifications of the two applicants named below and recommending their election.

ON MOTION, duly made and seconded, it was

VOTED: That McGean Chemical Company, Inc. and Sterling Organics, Division of Sterling Drug Inc. be elected to membership in the Association.

(c) Report of Program Committee: 25th Semiannual Meeting, November 25, 1975 As committee chairman, Dr. Taufen reported satisfactory progress in development of the program which, as last year, is to consist of single sessions in the morning and afternoon. The former on the subject of capital formation is to be moderated by Mr. William S. Sneath (Union Carbide) and the latter on world trade and investment by Mr. Edward J. Donley (Air Products and Chemicals).

Mr. Connor announced Allied Chemical's traditional cocktail party to take place the evening before, and Mr. McNeeley responded with appreciation for this continuing hospitality.

(d) Proposed Joint Research on Plastics Combustion Products and Their Toxicity funded under the Plastics Financial Package A description of the proposed research was distributed in advance with the tentative agenda.

ON MOTION, duly made and seconded, it was

VOTED: That the program and its funding as described in Exhibit C be approved.

Mr. McNeeley reported discussion within the Executive Committee emphasized only limited findings could be expected from such a relatively small program, also that it would be desirable to include natural substances as well as plastics.

(e) Appointment of Committee Members   Appointments were approved as listed in Exhibit D.

IV. REPORT OF DIRECTOR OF GOVERNMENT RELATIONS

Mr. Stover's report is attached as Exhibit E.

V.

PRIVILEGED MATERIAL REDACTED

VI. REPORTS OF COMMITTEES

Reports were presented by the following committee representatives:

Mr. John J. Radigan, Chairman
Industrial Relations Advisory Committee — Exhibit F

Mr. Charles J. O'Connor, Chairman
Labels and Precautionary Information Committee — Exhibit G

Mr. Frederick T. Barbour, Vice Chairman
Tax Policy Committee — Exhibit H

* * *

As a courtesy to a former director and as prearranged at his request, Mr. Morris was accorded an opportunity to describe briefly his company's resistance to EPA's suspension notice on chlordane and heptachlor and his concern about the principles for determining carcinogenicity being espoused by EPA in this connection. He then distributed envelopes individually addressed to those Directors who were present containing papers amplifying his remarks.

* * *

VII. REPORT OF THE PRESIDENT

Supplementing his prepared Staff Report, attached as Exhibit I, Mr. Driver summarized the final results of MCA's survey on environmental management in chemical manufacturing as given on a sheet distributed to those present. He continued with reference to energy conservation data furnished by 100 MCA member companies showing an aggregate 5% saving per unit of output for the year ending June 30, 1975, compared with the base year (1972), reported to the Department of Commerce and the Federal Energy Administration. This saving was believed to be less than would have been achieved at full operating levels, as a consequence of the business recession. He commented on continuing efforts concerning pending toxic substances legislation, and finished with the second in the planned series on the functioning of the organizational elements of the MCA staff and the associated committees, in this instance referring to the Technical Department. This was illustrated with slides, and reproduced on sheets distributed to those present.

George E. Best
George E. Best
Secretary-Treasurer

Certified correct:

Harry D. McNeeley
Harry D. McNeeley
Chairman of the Board

Exhibit A

REPORT OF THE SECRETARY-TREASURER

September 9, 1975

Dollar amounts rounded from tabular details
($000)

				Percent of Budget
INCOME & EXPENSE				
June 1, 1975 - August 31, 1975 - 3 Months (25%)				
Income	- Membership Fees	$2,741		101.144%
	- Other	94		26.857%
			$2,835	92.647%
Expense	- Operations	$ 550		22.573%
	- Projects	38		10.777%
			$ 588	21.065%

ASSETS		
(As of August 31, 1975)		
Cash	$ 153	
Investment	5,701	
Miscellaneous	3	
		$5,856

MANUFACTURING CHEMISTS ASSOCIATION

STATEMENT OF FINANCIAL POSITION

August 31, 1975

BALANCE SHEET

Assets

Cash		
National Savings & Trust - Commercial Account	$ 143,874	
National Savings & Trust - Payroll Account	6,000	
Imprest Funds	2,800	$ 152,674
Investments		
Bank Certificates of Deposit	$ 500,000	
Bank Repurchase Agreements	950,000	
U. S. Government Securities	1,195,277	
U. S. Government Agency Securities	2,050,516	
Corporate Securities	1,005,300	5,701,093
Deposits		
U. S. Government Printing Office	$ 200	
American Airlines	425	625
Account Receivable		
Travel Advances		1,950
		$5,856,342

Liabilities & Fund Balances

Liabilities			
D. C. Use Tax			$ 146
Reserve			
Deferred Compensation			87,500
Fund Balances			
Restricted (Schedule I (e))		$2,351,499	
Unrestricted - From Previous Fiscal Years	$1,170,474		
- Current Fiscal Year	2,246,723	3,417,197	5,768,696
			$5,856,342

INCOME & EXPENSE

INCOME		
Membership Dues & Entrance Fees		$2,741,231
Income from Investments		60,678
Publication Sales		19,441
*(1) Meeting & Special Funds (Schedule I (d))	$ -	
Overhead Reimbursement/Subscribed Projects (Schedule I (d))	13,350	13,350
Miscellaneous		-
Total Income		$2,834,700
EXPENSE		
Management		$ 142,578
Technical - General		168,002
Technical - Chemtrec		38,026
Public Relations		98,480
Government Relations		74,258
Information Service		18,011
Office Administration		48,622
Total Expense *(2)		$ 587,977
Income less Expense		$2,246,723

FOOTNOTES:

*(1) Net Income on Completed Projects

*(2) Total General Program Expense

Fiscal Year 1975-75 Budget Program Expense (above)	$ 587,977
Expenditures from Project Funds carried over from previous Fiscal Year (Schedule I (c))	33,500
	$ 621,477

CMA 036584

August 31, 1975

SCHEDULE I - RESTRICTED FUNDS & MEETING ADVANCES

	Balance June 1, 1975 (a)	Current Fiscal Year Receipts (b)	Current Fiscal Year Expenditures (c)	Current Fiscal Year Transfers To Income (d)	Balance August 31, 1975 (e)
Carry-Over of Budgeted Funds					
GR-1 Economic Study	$ 2,844	$ -	$ -	$ -	$ 2,844
Tech X-9 Economic Impact/Toxic Substances	35,000	-	33,500	-	1,500
Total - Carry-Over Budgeted Funds	$ 37,844	$ -	$ 33,500	$ -	$ 4,344
Non-Budgeted Funds & Meetings					
Meetings, Workshops & Symposia	$ 81,519	$ 17,718	$ 47,382	$ -	$ 51,855
Tank Car Mileage Compensation	24,348	-	457	-	23,891
TEC Audio/Visual Aids	(2,138)	2,751	120	-	493
CPC Audio/Visual Aids	(28)	28	-	-	-
Vinyl Chloride Research - Inhalation	114,282	-	18,625	786	94,871
Vinyl Chloride Research - Epidemiological	56,458	-	23,625	179	32,654
Vinyl Chloride Research - Dow Studies	178,603	-	-	179	178,424
Vinylidene Chloride Monomer - Research	504,547	-	146,735	1,470	356,342
Styrene Monomer - Research	255,494	105,587	-	-	361,081
Acrylonitrile Monomer Research	-	212,504	142	-	212,362
Trichloroethylene Research	-	-	41	-	(41)
Ethylene Dichloride Research	84,725	28,620	304	817	112,224
Phosgene Safety Research	68,478	15,000	4,997	3,103	75,378
Fluorocarbons Research	677,847	236,812	221,764	6,816	686,079
Phthalate Esters Research	9,766	-	-	-	9,766
Loss Data Bank Project	4,434	2,285	14	-	6,705
Patents Monitor	243	-	-	-	243
Chemical Industry Trade Advisor	2,278	7,000	8,910	-	368
Total - Non-Budgeted Funds & Meetings	$2,060,856	$ 628,305	$ 473,116	$ 13,350	$2,202,695
Plastics Group Financial Package	$ 85,924	$ 58,886	$ 350	$ -	$ 144,460
Total	$2,184,624	$ 687,191	$ 506,966	$ 13,350	$2,351,499

August 31, 1975

SCHEDULE II - EXPENSE

BUDGET PROGRAM

	MANAGEMENT EXPENSE	MANAGEMENT BUDGET	TECHNICAL General EXPENSE	TECHNICAL General BUDGET	TECHNICAL Chemtrec EXPENSE	TECHNICAL Chemtrec BUDGET	PUBLIC RELATIONS EXPENSE	PUBLIC RELATIONS BUDGET
Employees (Actual	11		22		7		12	
Employees (Authorized		12		21		7		12
OPERATING EXPENSE								
Salaries & Related Expense	$ 72,175	$ 78,100	$106,356	$106,325	$ 28,933	$ 29,762	$ 55,497	$ 55,013
Retirement Plan & Group Ins.	(752)	16,487	(1,144)	18,788	-	4,275	(555)	6,938
Hosp. Ins. & Health Plan	1,545	800	2,609	1,562	316	175	1,757	788
Legal Fees & Expense	52,448	32,500	-	5,000	-	-	-	-
Consultants&Investment Serv.	-	700	-	-	-	-	-	-
Audit	2,500	625	-	-	-	-	-	-
Rent & Premises Expense	5,340	4,438	9,075	7,413	2,287	1,925	5,767	4,700
Taxes & Insurance	2,074	2,962	4,068	5,000	1,396	5,675	2,569	2,913
Supplies & Gen. Office Exp.	1,650	1,750	6,046	5,000	930	850	2,137	2,375
Furniture & Equipment	501	625	211	500	-	500	-	62
Printing	649	900	-	250	-	250	-	1,050
Telephone & Telegraph	1,794	1,538	4,720	3,325	4,059	5,400	2,030	2,212
Postage	977	875	6,191	5,875	65	250	9,861	11,250
Travel & Entertainment	1,464	2,000	3,934	6,500	36	500	4,829	6,250
Meeting Expense	-	3,000	77	225	-	-	14	25
Periodicals, Books, etc.	188	125	288	400	4	100	476	412
Organizational Memberships	-	700	1,125	650	-	25	89	250
Contingency	25	1,250	-	-	-	-	-	-
Operating Expense Totals	$142,578	$149,375	$143,556	$166,813	$ 38,026	$ 49,687	$ 84,471	$ 94,238
PROJECTS								
Technical								
Air Quality			$ -	$ 12,500				
Trade Advisor			5,000	12,500				
Water Resources			-	5,075				
Multi-Committee/Transportation			-	1,350				
Multi-Committee/Publications			19,446	15,000				
Public Relations								
Community Relations							$ -	$ 5,325
Consumer Informations							2,808	7,750
Environmental Quality							4,385	11,175
Internal Publications							-	6,500
Media Relations							721	2,450
College & Hi School Teacher Awards							1,813	3,575
Education Exhibits							220	1,000
Education Publications							4,062	5,000
Project Totals	$ -	$ -	$ 24,446	$ 46,425	$ -	$ -	$ 14,009	$ 42,775
COMBINED TOTALS	$142,578	$149,375	$168,002	$213,238	$ 38,026	$ 49,687	$ 98,480	$137,013

	GOV'T RELATIONS EXPENSE	GOV'T RELATIONS BUDGET	INFO SERVICE EXPENSE	INFO SERVICE BUDGET	OFFICE ADMIN EXPENSE	OFFICE ADMIN BUDGET	TOTAL TO DATE 3 MONTHS EXPENSE	TOTAL TO DATE 3 MONTHS BUDGET
Employees (Actual	10		3		12		77	
Employees (Authorized		9		3		11		75
OPERATING EXPENSE								
Salaries & Related Expense	$ 42,097	$ 43,838	$ 13,810	$ 14,137	$ 36,732	$ 32,825	$ 355,600	$ 360,000
Retirement Plan & Group Ins.	(229)	6,150	(229)	4,875	(359)	1,862	(3,268)	59,375
Hosp. Ins. & Health Plan	961	650	445	275	1,805	725	9,438	4,975
Legal Fees & Expense	10,889	6,250	-	-	-	-	63,337	43,750
Consultants&Investment Serv.	-	-	-	-	-	-	-	700
Audit	-	-	-	-	-	-	2,500	625
Rent & Premises Expense	3,924	3,274	2,374	1,950	7,443	6,100	36,210	29,800
Taxes & Insurance	1,992	2,363	745	787	2,200	2,250	15,044	21,950
Supplies & Gen. Office Exp.	3,047	1,750	127	200	148	2,375	14,085	14,300
Furniture & Equipment	1,036	625	-	25	93	75	1,841	2,412
Printing	-	200	-	-	1,365	375	2,014	3,025
Telephone & Telegraph	2,100	1,650	381	375	1,518	1,300	16,602	15,800
Postage	2,052	1,625	132	200	(2,772)	400	16,506	20,475
Travel & Entertainment	1,639	3,750	67	275	424	50	12,393	19,325
Meeting Expense	96	1,375	-	-	-	-	187	4,625
Periodicals, Books, etc.	4,444	2,500	159	413	-	25	5,559	3,975
Organizational Memberships	210	575	-	13	25	25	1,449	2,238
Contingency	-	-	-	-	-	-	25	1,250
Operating Expense Totals	$ 74,258	$ 76,575	$ 18,011	$ 23,525	$ 48,622	$ 48,387	$ 549,522	$ 608,600
PROJECTS								
Technical								
Air Quality							$ -	$ 12,500
Trade Advisor							5,000	12,500
Water Resources							-	5,075
Multi-Committee/Transportation							-	1,350
Multi-Committee/Publications							19,446	15,000
Public Relations								
Community Relations							-	$ 5,325
Consumer Informations							2,808	7,750
Environmental Quality							4,385	11,175
Internal Publications							-	6,500
Media Relations							721	2,450
College & Hi School Teacher Awards							1,813	3,575
Education Exhibits							220	1,000
Education Publications							4,062	5,000
Project Totals	$ -	$ -	$ -	$ -	$ -	$ -	$ 38,455	$ 89,200
COMBINED TOTALS	$ 74,258	$ 76,575	$ 18,011	$ 23,525	$ 48,622	$ 48,387	$ 587,977	$ 697,800

CMA 036686

Exhibit B

New Alternates designated by
Directors in accordance with
the Bylaws, for approval.

Charles K. Allen, Phelps Dodge Refining Corporation (for Howard Barkell)

Robert P. Barnett, ICI United States, Inc. (for Edward J. Goett)

Allan R. Bennett, Mobay Chemical Corporation (for Konrad M. Weis)

Robert Clabault, W. R. Grace & Co. (for Robert D. Goodall)

F. X. Dwyer, Tenneco Chemicals, Inc. (for Raymond H. Marks)

J. P. Flannery, Uniroyal Chemical, Uniroyal, Inc. (for Andrew J. McNeill)

Richard Fleming, Air Products and Chemicals, Inc. (for Edward J. Donley)

Brian D. Forrow, Allied Chemical Corporation (for John T. Connor)

Douglas H. Freeman, Union Carbide Corporation (for William S. Sneath)

Vincent L. Gregory, Jr., Rohm and Haas Company (for Robert J. Whitesell)

Ben C. Hayton, Texaco Inc. (for John K. McKinley)

Edward R. Kane, E. I. du Pont de Nemours & Company, Inc. (for Richard E. Heckert)

John J. Lenahan, II, Hooker Chemicals & Plastics Corp. (for John S. Coey)

Elwood W. Phares, II, Dart Industries Inc., Chemical Group (for Ralph M. Knight)

Toy F. Reid, Eastman Kodak Company (for Harry D. McNeeley)

Dale J. Shimer, Philadelphia Quartz Company (for J. Morris Evans)

Tom K. Smith, Jr., Monsanto Commercial Products Co. (for John W. Hanley)

R. A. Winslow, Exxon Chemical Company (for Donald O. Swan)

MCA
BD-9/9/75

Exhibit C

Proposed Joint Research on
Plastics Combustion Products
and Their Toxicity
funded under the
Plastics Financial Package

Government actions and publicity during the past year concerning the effects of burning plastics materials on public health strongly indicate the need for research to determine the products of combustion and the toxicity of these products.

Accordingly, the Plastics Committee recommends a program of research, expected to be completed in 13 months, to provide for quantitatively determining the combustion products from flaming and nonflaming burning conditions; and to measure the toxicity of products through a program of evaluating laboratory animal performance tests.

With staff concurrence, the Plastics Committee recommends that MCA, jointly with The Society of the Plastics Industry (SPI), support a research program to be conducted by The University of Michigan on "The Analysis and Toxicity of the Combustion Products of Natural and Synthetic Materials." MCA's portion (50%) of the funding would be $39,670, provided from the budgeted unallocated reserve of the Plastics Financial Package.

This proposal has been reviewed by members of the Executive Committee.

*

MCA

BD - 9/9/75

Exhibit D

APPOINTMENT OF COMMITTEE MEMBERS

(a) Education Activities Committee
John D. Grupe, Celanese Corporation
Reid G. Fordyce, Monsanto Company

(b) Patent and Trademark Committee
James R. Hoatson, Jr., Universal Oil Products Company
William L. Krayer, United States Steel Corporation
John G. Premo, Nalco Chemical Company

(c) Plastics Committee
Donald E. Debacher, General Electric Company

(d) Public Relations Committee
Harold A. Harty, Universal Oil Products Company

(e) Safety and Fire Protection Committee
Robert J. Brant, ICI United States Inc.
Joseph C. Caporossi, American Cyanamid Company
John H. Dolbear, Reichhold Chemicals, Inc.
Russell W. Frank, Ferro Corporation
Orville W. Henderson, Hooker Chemicals & Plastics Corp.
Dale J. Schillinger, Mallinckrodt, Inc.

(f) Tax Policy Committee
A. William Gallagher, Chevron Chemical Company

Exhibit E

REPORT BY THE DIRECTOR OF GOVERNMENT RELATIONS

WILLIAM M. STOVER

SEPTEMBER 9, 1975

CONGRESS RETURNS TO HEAVY BACKLOG

WITH THE AUGUST RECESS BEHIND IT, THE MEMBERS OF THE 94TH CONGRESS RETURNED to a lengthy agenda of uncompleted legislation. Despite brave words from some Congressional leaders, the record of accomplishment has been spotty at best. And in the crucial energy field, months of debate and confrontation have produced little substance.

The second half of the session will be devoted to such issues as energy policy, tax reform, budget control, foreign economic and military assistance, and a Federal consumer agency, to name but a few. Presumably, the Members have "tested the waters" with their constituents and are a bit better prepared to address this considerable workload.

One factor which will continue to make itself felt is the balance of power between President Ford and the heavily-Democratic Congress. Early in 1975 it was predicted that the Democratic majorities in both the House and Senate would not only move their own legislative proposals at will, but would muster sufficient votes to override Presidential vetoes, thereby confronting the President with a "veto-proof Congress". Thus far, that scenario has failed to materialize. Not only have the Democrats consistently failed to override vetoes, (seven vetoes have been upheld, with one overridden and two yet pending) but the Democratic leadership has failed to develop a cohesive program which could draw unified support from party members.

ENERGY IN THE SPOTLIGHT

ENERGY MATTERS WILL CONTINUE TO BE A CENTRAL CONCERN for the rest of the year. In this area, especially, the deadlock between the White House and Congress is evident. Of the four major energy bills cleared for the White House thus far, three have been rejected by the President and a fourth faces the promise of a veto today.

Several factors appear to have entered into this record of indecisiveness, including the extreme complexity of the energy question, and the fact that little in the way of a national consensus has emerged. The lack of consensus is due, at least in part, to regional differences. Various sections of the Nation feel differing effects of the energy pinch and, as one legislator put it, "most everybody in the United States wants a policy tailored to their particular problem, and it cannot be done." These regional differences became clear earlier this summer as the House voted on elements of the President's oil decontrol plan. Blocs of Republicans from oil-consuming states voted against the President's plan while Democrats from Louisiana, Oklahoma and Texas crossed party lines to support decontrol.

An added complication is the structure of Congress and a committee system which demands piecemeal consideration of these massive issues. Proposals for special committees or task forces to focus on inter-related problems have drawn little support. The result has been jurisdictional squabbles, duplication and delay.

THE DECONTROL OF DOMESTIC OIL PRICES is the central bone of contention at the present. President Ford's compromise proposal for a 39-month phase-out of controls was rejected by the Congress in late July when it passed S. 1849, extending the existing oil price controls for six months. The President promptly indicated that he wouldn't sign the bill and the veto message is expected today. There has been recent talk of a possible compromise, but a September 4th caucus of Senate Democrats produced a unanimous resolution calling for the Congress to override the veto. Senate Majority Leader Mansfield has scheduled the override vote for September 10 and the outcome is expected to be close. If the

Senate obtains the necessary two-thirds votes, the House is expected to quickly follow suit, thus enacting the bill over the President's objections. If the veto is sustained, it appears probable that some type of compromise phase-out would emerge.

As this struggle is taking place, existing oil price controls formally expired August 31. The expired controls applied to oil from wells drilled prior to 1973, and holding about two-thirds of domestic production at the 1972 price of $5.25 per barrel. "New" oil has been selling at about $12.00 per barrel.

INDUSTRIAL ENERGY CONSERVATION is another issue soon to be addressed by the Congress, but its consideration has now been delayed pending the outcome of the oil decontrol battle. The Senate has already approved S. 622, the Standby Energy Authorities Act, hastily improvised by its Interior Committee and containing provisions which are both ambiguous and objectionable. The measure calls for FEA standards and specific programs to increase industrial energy efficiency to be administered by states which have conservation programs meeting Federal specifications. FEA would carry out the program in those states without Federally approved plans. Federal grants would be available to states with approved programs. The bill offers the likelihood that differing and confusing plans would be adopted from state to state around the country. The bill sets no goals nor outlines criteria for establishing conservation guidelines, leaving these decisions largely to FEA discretion.

The likely conference counterpart of S. 622 is H.R. 7014, the "Dingell bill", a wide-ranging and extremely controversial bill which was being debated on the House floor prior to the August recess. Its further consideration has been postponed until the oil decontrol/veto question is resolved. Title IV of H.R. 7014 establishes an industrial energy conservation program with energy efficiency targets for the 2,000 largest energy consuming manufacturers. The targets are aimed at improvements in energy efficiency of 15% by 1978 and 20% by 1981, as compared to energy consumption in the base year 1972. The bill would also specifically list a number of plant processes and equipment for which FEA would publish guidelines for achieving maximum energy efficiency. Annual reports from manufacturers would be required and penalties imposed for failure to provide information.

A third bill, S. 1908, awaits markup in the Senate Commerce Committee. Though less objectionable than the previously-mentioned proposals, it nevertheless contains several elements which are undesirable. The bill is aimed at industrial users consuming more than one-half trillion BTUs per year (approximately 500 million cubic feet of gas or 84,000 barrels of oil annually). It sets national goals for industrial conservation of 20% by 1980 and 35% by 1985, compared to a base year of 1972. Though the goals are "voluntary" and individual targets are to be set for related industries, specific company reporting is mandatory. One positive feature is that S. 1908 would place authority for industrial energy conservation programs within the Department of Commerce rather than in FEA -- an approach favored by most of industry. It is possible that the Senate Commerce Committee could take action on S. 1908 this month.

The danger in all of these proposals is that they might ultimately result in a government agency having the power to make operating, technical and economic decisions for U. S. manufacturing facilities, and that during periods of shortage review procedures could become the basis for allocating energy according to operating efficiency standards.

HOUSE COMMITTEE BEGINS TAX REFORM MARKUP

THE HOUSE WAYS AND MEANS COMMITTEE began its markup sessions on tax reform legislation immediately upon returning from the August recess. Chairman Al Ullman (D.-Ore.) has suggested a schedule which would permit the Committee to complete action on a bill by late October. The schedule calls for consideration of the foreign income area beginning September 30 and running through the first week in October. Capital formation, another item of major interest to the chemical industry, will be taken up around October 15. Most observers consider this timetable as extremely tentative since the Committee's deliberations could be interrupted by consideration of a windfall profits tax on oil. Congressional recesses in mid-October and late November must also be taken into account.

Industry favors the enactment of tax incentives necessary to increase capital investment. These include a permanent 12% investment tax credit, capital recovery allowances to encourage modernization and expansion, lower tax rates on re-invested earnings, decreasing taxation of assets held for longer periods, and elimination of the so-called double taxation of corporate earnings.

Prospects for meaningful improvements in this area, however, are cloudy at best. Treasury Secretary William Simon met with a cool response when unveiling Administration proposals during Committee hearings.

The business community has a great deal at stake in the decisions which Congress will reach during the coming weeks. Every effort should be made to communicate the views of your company to Members of the Ways and Means Committee, and to Congressmen in whose districts you have plant locations.

PATENT REVISION LEGISLATION

MARKUP OF A PATENT LAW REVISION BILL was completed in July by the Senate Judiciary Subcommittee on Patents, Trademarks and Copyrights and four of the five Senators on that Subcommittee thereupon introduced a "clean" bill. The new bill, S. 2255, was reported to the full Judiciary Committee on July 31, where consideration is expected around the first of October.

S. 2255 is a compromise between the Administration proposal, S. 1308, sponsored by Senator Hugh Scott, S. 23, introduced by Senator John McClellan, and S. 473, introduced by Senator Philip Hart. While it is an improvement over the earlier Administration version, it contains a number of features concerning disclosure, subpoena powers, deferred examinations and opposition proceedings which are burdensome, likely to increase the time and cost of obtaining patents and to lead to more patent litigation.

On the recommendation of our Patent and Trademark Committee, MCA proposes to communicate opposition to S. 2255 to all Members of the Senate Judiciary Committee, and to recommend that the bill be returned to subcommittee for further study and amendment.

Exhibit F

MCA Industrial Relations Advisory Committee Report
to the
Board of Directors
September 9, 1975
John J. Radigan, Chairman

1. Trends in Labor Relations

Although in the eyes of the general public the past year may not have been critical from a labor relations standpoint, I think we must all agree that the contract settlements made in our industry clearly reflected the tremendous inflationary factors that existed over the past couple of years and, as of today, seem to be continuing. In my opinion "pace-setting" agreements, such as in the oil, auto, and steel industries, unfortunately become the base point from which all other agreements are negotiated. This does not mean that contracts are not settled below these "patterns", but the bulk of settlements made are definitely influenced by these pace-setters. I foresee continued heavy wage increases in the face of the inflationary trend, and to those who point to unemployment as a mitigating factor, I say "forget it." In the fringe benefit area, we have seen in the past year continued breakthroughs, particularly in the dental plan area. This fringe and others, such as programs covering legal fees, auto insurance, etc., will become commonplace over the next few years.

The labor movement, if anything, will become more militant, and although statistics may show that the bulk of the "work force" is not organized, if any of us stopped treating unorganized workers as well as we do the "organized", those statistics would change rapidly. The average working person today is union-minded. Who among us would have forecast twenty years ago that teachers, chemists, doctors, other professional people, policemen, firemen, etc., would be striking and demonstrating just as violently, and in some cases more so, than the typical blue collar unionite?

With respect to unions active in our own industry, as of now the negotiations for the merger of the Oil, Chemical, and Atomic Workers Union (OCAW) and the United Rubber Workers appear to have broken down. The United Steelworkers' drive to organize our industry, which started during the latter part of 1973, is continuing, with Du Pont the primary initial target. During 1974, they achieved affiliation endorsements from 13 independent union boards at 12 Du Pont locations; but during 1975, there have been no additional endorsements. No affiliation votes or

NLRB elections involving employees have occurred to date. Organizing efforts subsided considerably during the recession, but are expected to increase during the last quarter of this year and on into 1976.

The Young Executive Problem

I do not intend to upset your digestive juices by all this doom and gloom, but before I go on with a report of the committee's activities there is another area which I think needs mentioning, and that is the glut of young executives, as it was termed by the Wall Street Journal recently, who are becoming more and more restless. I predict that, unless we do verything humanly possible through whatever programs are available to us and through one-to-one discussions, etc., to honestly tell them the facts of life relating to their opportunities, we may have an industrial relations problem the like of which we have never seen before. As indicated by the article mentioned, this glut is the effect on our industries of the post-World War II baby boom, further complicated by our well-intentioned desire that all of our young people receive a college education and the idea, unfortunately fostered by many of us in industry, that unless a young person has at least an MBA, he or she cannot expect either (1) to be hired or (2) to advance within the organization. The Department of Labor has indicated that by 1980 the number of people between the ages of 25 and 34 will represent 27 million of our work force. I urge that considerable attention be given to this current and future problem.

1974-75 College Recruiting

Current statistics show that, as compared with the 1973-74 college recruiting season, 1974-75 volume of recruiting dropped 24% at the bachelor's level, 18% at the master's and 37% at the doctoral level. Final figures reveal that most categories were hit equally hard. At the bachelor's level, for example, the market for engineering candidates declined as the year progressed. In March, engineering volume was down 6%. By the end of the year, however, the decrease in offers had grown to 27%.

In the engineering areas, the average dollar values of offers continued to move upward. Increases in engineering dollar averages for the year ranged from 8.4% for engineering technology majors to 14.8% for chemical engineering candidates.

This gain pushed the chemical engineering average to $1,196 a month, the highest at the bachelor's level.

Equal Employment Opportunity

Reporting for the Equal Employment Opportunity Commission has become considerably more detailed and time-consuming with changes in the regulations and their interpretations.

It has become more difficult to get approval of some affirmative action plans. In many instances, this is due to the unacceptability to the Office of Federal Contract Compliance (OFCC) of union-management agreement clauses relating to seniority rights in layoffs, transfers, or preferential jobs. The OFCC in many cases is requiring major modification concerning heavily minority or heavily non-minority work groups.

Equal opportunity for women received additional emphasis in regulations, enforcement, and discrimination cases. Many of these involved restrictive policies of pregnancy leave. A number of new cases involving sick pay for pregnancy were decided by court action or agreed to by companies under pressures from government or women's groups.

The number of discrimination charges filed against employers has continued to increase. While many of these are successfully dismissed as being without merit, they none-the-less impose additional burdens on the employer.

Many companies felt an EEO impact as a result of the business recession. This generally took the form of layoffs of the least senior employees, which group generally has a higher percentage of blacks than the overall company population.

Occupational Safety and Health Administration (OSHA)

In June, John Stender vacated his post as Assistant Secretary of Labor. John Dunlop, Secretary of Labor, has assumed direct responsibility for OSHA and has appointed two Deputy Assistant Secretaries to aid him. There is some speculation that Dunlop will retain direct control over OSHA and not appoint an Assistant Secretary until early 1977. Dunlop has announced he intends to reorganize OSHA and improve its administration. Under Dunlop's personal direction, industry can expect an increased, more effective level of activity.

Appointed in April, Dr. John Finklea is making his presence felt as Director of the National Institute of Occupational Safety and Health (NIOSH). The speed with which things are done has been and is accelerating. NIOSH has promised to publish a list of one hundred chemical compounds suspected to be potential carcinogens in the near future. This departs from the former practice of dealing with such substances on an individual basis. The chemical industry will be asked to supply to NIOSH all available information on the list of compounds. Dr. Finklea has also promised to speed up publication of criteria documents and upgrade NIOSH's research program and its program for identifying carcinogenic chemicals.

Solicitor of Labor Kilberg and NLRB General Counsel Nash have agreed in writing that the NLRB will defer initial handling of safety issues to OSHA. Both OSHA and the Taft-Hartley Act protect employees who protest unsafe working conditions. For example, Section 7 of the Taft-Hartley Act and Section 11 of the Safety and Health Act would protect an employee from discharge for complaining about unsafe working conditions. Under the agreement, when an unfair labor practice charge filed with the Board also involves issues covered by Section 11 of the Safety Act and a complaint has been filed with OSHA, the NLRB General Counsel will now defer or dismiss the charge. If no complaint is filed with OSHA, then the NLRB General Counsel will, after urging the employee to go to OSHA, take the employee's case.

International Labor Organization (ILO)

The ILO Chemical Industry Committee is to meet in Geneva in February 1976 on a tripartite basis (business, labor, government). Such industry committee meetings are scheduled every few years, the last one for the chemical industry having taken place in 1969.

Preparations for the February 1976 meeting dominated the agenda at the April 1975 meeting of the International Chemical Employers Labour Relations Committee in Florence, Italy. The Committee is, basically, the caucus of chemical employers for the purpose of functioning effectively in the ILO, but also serves to facilitate the exchange of ideas and experiences in the field of industrial relations among chemical employers. At the Florence meeting there were representatives of 12 European countries plus the United States and Canada. The American delegation represented MCA and two member companies.

The topics for the February 1976 meeting will be the working environment in the chemical industry and the role of the chemical industry in the developing countries. At Florence, Europe-based task forces were established to prepare for these discussions.

A new crisis for the ILO has developed with the demand by the AFL-CIO that the United States give notice of its withdrawal. The AFL-CIO action resulted from a vote by the ILO General Conference this past summer granting observer status to the Palestine Liberation Organization (PLO).

Chemical Industrial Relations Conference

MCA's Chemical Industrial Relations Conference was held at Houston in May and attracted some two hundred participants from 47 MCA member companies. Dr. Herbert H. Northrop of the Wharton School keynoted the Conference on the subject, "New Dimensions of Union Power" and Dr. Luther Holcomb, Vice Chairman until last year of the Equal Employment Opportunity Commission, discussed new perspectives in this important area. Other subjects discussed were managing in a changing environment, alcoholism in industry, innovations in work schedules, and the effect of national health insurance legislation on company medical care plans.

This was the seventh conference on industrial relations arranged by our Committee.

Exhibit G

REPORT TO THE BOARD OF DIRECTORS
MANUFACTURING CHEMISTS ASSOCIATION

CHARLES J. O'CONNOR, CHAIRMAN
LABELS AND PRECAUTIONARY
INFORMATION COMMITTEE

SEPTEMBER 9, 1975

Label Standard

A year ago the Chairman reported to you that the Labels and Precautionary Information (LAPI) Committee had undertaken the preparation of a labeling standard acceptable to the American National Standards Institute. The acceptance process requires MCA to submit the label manual to about 40 organizations for their comments and approval.

These groups include:

- trade associations such as The Chemical Specialties Manufacturers Association (CSMA), and the American Petroleum Institute (API);
- government agencies such as the General Services Administration (GSA), and the Department of Defense (DOD);
- labor groups include the Oil, Chemical & Atomic Workers Union, and the AFL/CIO;
- insurance groups include Factory Mutual.

We have submitted the manual to these organizations and you should be aware that we have had some negative votes and a total lack of response from all labor groups. LAPI is currently attempting to resolve those votes. Once this is achieved the path toward uniformity will be improved.

Our future plans fall into two major areas -- domestic and international.

Domestic Plans

We are concerned with the regulatory changes issuing principally from the Department of Transportation (DOT), Labor (OSHA), Health, Education & Welfare (FDA, EPA) and numerous state and local bodies. In addition, such groups as the National Fire Protection Association (NFPA), Association of American Railroads Bureau of Explosives, and the International Air Transport Association (IATA) are of concern because of their input to government.

The basic line of continuity among these regulatory agencies is an extension of control by a registration-label requirement, distribution limitation, or both.

It is thus mandatory that we establish and maintain excellent input positions with these agencies and organizations. In cooperation with MCA's Chemical Packaging Committee, Transportation and Distribution Committee, Transportation Equipment Committee, and Safety & Fire Protection Committee, LAPI is prepared to provide such support. Dr. Warren H. Jones, M.D., of Eastman Kodak Company, is Vice-Chairman of LAPI. He is uniquely qualified to strengthen this inter-committee task group and will represent LAPI in this group.

We plan to invite members of such associations as the Bureau of Explosives (AAR), IATA, and NFPA, to attend our meetings on a scheduled basis. Leaving aside the technical issues, our most pressing need is for consensus support from both industry members and related trade associations.

Law Suit

Along another line, as you are probably aware, a number of our members have been named in a suit brought by some 423 individual workers claiming damages of about $423 million due to improper labeling and instruction. It is not a class action suit.

MCA has been named a party to this action by reason of MCA's "Guide to Precautionary Labeling of Hazardous Chemicals," the Sixth Edition, which is alleged to establish "Standards" for labeling various chemicals. (In 1970, MCA published an updated Seventh Edition.)

The claim against MCA states in essence that MCA's Guide did not adequately warn the user of the dangers of prolonged inhalation of vapors of solvents and related products nor sufficiently emphasized the requirements of adequate ventilation.

This case is in an early stage. The facts, on both sides, have yet to be determined and it may be two or three years before trial.

Manual Revision

We believe a re-examination of MCA's Label Guide must be undertaken, not only in light of this law suit, but because of the expanding consumer protection philosophy of our regulators.

It could be we would want a review by an independent organization such as the Industrial Health Foundation of any anticipated manual revision.

International

Turning to the international area, we find we must pay increased attention to the relevance of international regulations. For example, within the recent past the U.S. Department of Transportation adopted the UN system for the labeling of hazardous materials handled and shipped within the U.S.

While LAPI has been monitoring the international scene for some time, it is our plan to increase contact with counterpart groups in various marketing regions of the world.

Within the last month, member companies have had difficulty in a number of areas. For example:

- The Port of Rotterdam refused landing to goods not labeled with the newly required Class 6 label;
- Mexico announced the requirement for dual language labeling for registration and marketing of chemical products;

- The Administrator General of Ports for Argentina has required labels and shipping papers to show the actual chemical name of the product being imported.

Within our own country the question of dual language labeling is pertinent with regard to minority language groups.

Although for discussion purposes we separate domestic and international affairs, on a practical level they intermix on a daily basis. Last month the United States Department of Transportation offered for public consideration three labeling schemes of foreign origin: Canadian Rail; ADR/RID (International Agreements for Transport and Labeling for Road and Rail in Europe); and IATA (International Agreements for Labeling and Transport by Air Worldwide).

Parenthetically, but not incidently, MCA, Union Carbide, and Air Products and Chemicals Corporation have also proposed label systems.

Metrication

Metrication is being monitored in cooperation with MCA's Engineering Advisory Committee (EAC). C. S. Hines, Chairman of the EAC is also Chemical Sector Chairman of the National Metric Council. LAPI is sending a representative to assist in its area of expertise.

Budget

Finally, the accomplishment of the tasks we have set will undoubtedly call for increased MCA budget allowances. For example, an independent review of MCA's Labeling Guide would cost approximately $25,000, increased communication and travel expenses for MCA staff might be between $4,000 and $5,000.

Our goal is to develop harmony among the various international and domestic labeling groups in cooperation with other MCA segments. We feel such an accord is necessary in order to prevent our member companies' profits from being lost through adverse court decisions, fines, and loss or delay of marketability.

Exhibit H

REPORT TO THE BOARD OF DIRECTORS
OF
THE MANUFACTURING CHEMISTS ASSOCIATION

BY
FREDERICK T. BARBOUR
VICE CHAIRMAN, TAX POLICY COMMITTEE

September 9, 1975

The Chairman of our Tax Policy Committee, Matthew P. Landers, last reported to you on the activities of the Tax Policy Committ e in November 1974. In the past 10 months this Committee has continued to be actively concerned in tax legislative and regulatory matters affecting the chemical industry.

As we predicted last November, no major tax bills were enacted in the closing days of the 93rd Congress. However, legislative activity in the tax area so far in the first session of the 94th Congress has been intense. Both the Administration and the Congress have assigned the highest priority to tax measures aimed at stemming inflation, sparking the economy, and dealing with the crisis of inflation and recession.

One of the first major bills considered by Congress this year was the Tax Reduction Act of 1975, which was passed in March and became P.L. 94-12. This measure was aimed at assisting the economic recovery by providing some tax relief for both individuals and corporations. In the latter area, the Administration recommended that the investment tax credit be increased to 12% for one year.

On the recommendation of the Tax Policy Committee MCA addressed letters to the Chairmen of the House Ways and Means Committee and Senate Finance Committee supporting the increase in the tax credit, but urging that the increase be made permanent rather than temporary.

The House passed this measure with a provision increasing the investment tax credit to 10% for a two year period. The Senate version of this bill increased the credit to 12% for two years, but also included a provision adopted on the floor of the Senate which would have required current taxation of unremitted earnings of foreign subsidiaries of U. S. corporations. On the recommendation of the Tax Policy Committee, Mr. Driver addressed telegrams to all members of the House-Senate conference urging that this provision of the Senate bill be deleted from the legislation. As finally agreed upon by the Congress and passed by both Houses, the House provision of a 10% credit for two years was adopted but the provision proposed in the Senate requiring current taxation of foreign source income of foreign subsidiaries was eliminated; although the existing subpart F rules were somewhat tightened, including the elimination of Section 963, the minimum distribution provisions.

The action of the Senate in overwhelmingly passing its version of the Tax Reduction Act with the provision foreign corporations is illustrative of the bias against United States business carried on abroad of a substantial number of Members of the 94th Congress. Disturbed by this trend the Tax Policy Committee arranged a tax orientation seminar in May for the legislative representatives of MCA companies to alert them to this situation. Our committee was particularly concerned that provisions relating to the foreign tax credit, timing of taxation of undistributed earnings and the Domestic International Sales Corporations (DISC) would come under attack whenever the Congress considered various tax legislative proposals. The value of these provisions to industry and the need to take action to protest them were stressed at the seminar.

In a related move, the Tax Policy Committee and the Economic Policy Review Committee assigned a task force to conduct a survey to evaluate the impact of various tax proposals on jobs in the chemical industry. Questionnaires were sent to the 35 companies represented on these two committees. Twenty-seven companies, accounting for close to 40% of U. S. chemical industry sales, completed the questionnaires. This survey has been completed and the survey report is being distributed to all MCA companies. In our opinion this report can be used effectively, demonstrating to Members of Congress the damaging impact which certain tax proposals can have on the U. S. chemical industry.

CMA 036605

In June and July of this year the House Ways and Means Committee conducted hearings on tax reform. On July 9 Matthew P. Landers, Treasurer of Pfizer, Inc. and Chairman of our Tax Policy Committ e testified on behalf of MCA at these hearings. Mr. Landers stressed the need for larger capital cost allowances and for the retention of present provisions relating to the taxation of foreign income. Specifically, he urged that the increase in the investment tax credit be made permanent and that the foreign tax cr dit and DISC be retained without change. He also recommended that the earnings of controlled foreign corporations be taxed only when they are re-

The Ways and Means Committee has completed its tax reform hearings and is scheduled to begin mark up of a tax bill within the next few days. We will watch the committee's deliberations and will alert the MCA membership if further effort appears to be called for to support or oppose any tentative decisions of that Committee.

If and when the House passes a tax reform bill, the Senate Finance Committee can be expected to undertake consideration of the measure in short order. At that time, we believe it would be desirable for MCA to request to testify before that panel.

Incidentally, the tax reform measure now under consideration by the Ways and Means Committee covers only certain tax areas. Committee Chairman, Al Ullman of Oregon, has announced that this is but the first phase in a series of tax reform hearings to be conducted. The second phase is expected to begin in November. While we do not know at this time what subjects will be covered in the second phase, the Tax Policy Committee will be prepared to recommend an Association Position on any matters taken up at that time.

In the regulatory area, the Treasury Department still has under consideration regulations relating to the allocation and apportionment of deductions to gross income to determine taxable income from sources within and without the United States. MCA was active a year or so ago in opposing various provisions of these deductions to foreign income and would lead to a substantial loss in foreign tax credits. Recently, the Department of Commerce has become interested in these regulations. In the latter part of June representatives of our Tax Policy Committee met with Commerce Department officials to urge support of the industry viewpoint. Apparently we were successful, as we now understand that the Treasury Department, at the request of Commerce and some other Executive agencies, has agreed to defer further action on these regulations and to refer them to a task force of the Economic Policy Board for further study. We believe that we will have an opportunity to submit our views to this study group in the near future.

Gentlemen, I believe that I have covered most of the significant activities of the Tax Policy Committee of the past year and a preview of what we see ahead.

I would like to conclude with the observation that our Committee has maintained liaison with the Economic Policy Review Committee and the Government Relations Committee on tax legislative issues of interest to the Association. Considering the makeup of the 94th Congress, this liaison will become even more important in the months to come if the Association is to be effective in encouraging the passage of legislation helpful to industry and the economic well-being of the country.

Exhibit I

STAFF REPORT

by

William J. Driver

September 9, 1975

The House Ways and Means Committee completed hearings on tax reform on July 31 and plans to begin markup this month. Matthew P. Landers, treasurer of Pfizer and chairman of MCA's Tax Policy Committee, testified for the Association on July 9. He urged the adoption of tax provisions which would assist business to generate sufficient funds internally to meet capital requirements, and he strongly recommended retention of the foreign tax credit, Domestic International Sales Corporation (DISC), and the present provisions relating to the taxation of unremitted earnings of controlled foreign corporations.

Ways and Means Committee Chairman Al Ullman (D-Ore.) announced just before Congress began its August recess that the first order of business for the committee when Congress returned would be consideration of windfall profits tax legislation. He hoped to complete action on this measure by September 12 and begin markup on September 16. This time-table may be overly optimistic.

* * *

The job impact survey that was undertaken by a task force from the Tax Policy Committee and the Economic Policy Review Committee has been completed. Copies of the survey report have been sent to Executive Contacts and to members of the House Ways and Means Committee and the Senate Finance Committee. The survey indicates that tax proposals that would repeal the investment tax credit, asset depreciation range, DISC and similar provisions would have a serious adverse impact on employment in the U. S. chemical industry.

* * *

One hundred member companies reported an energy savings of five percent per unit of output for the 12-month period July 1, 1974 through June 30, 1975. The amount of reduction was reached after making an adjustment for the increased energy consumption required by environmental and OSHA regulations. Without this adjustment, consumption of energy was reduced by 5.7 percent.

In March, the 26 member companies participating in a trial run of the energy conservation reporting plan reported a savings of 7.5 percent, which would have been eight percent if the occupational safety and health and environmental regulations had been excluded. The drop in reported energy savings is the result of many chemical companies operating at less than optimum capacity during the recession.

* * *

The House Subcommittee on Consumer Protection and Finance concluded hearings on toxic substances control legislation July 11th. Testifying on behalf of MCA were Dr. C. Boyd Shafer of American Cyanamid, George S. Dominguez of CIBA-GEIGY, Dr. Joseph Nemec Jr. of Foster D. Snell, Inc., and Daniel Mayers of Wilmer, Cutler & Pickering.

We opposed the legislation, H.R. 7229, in its present form and urged eight specific changes. We also presented in our testimony the results of the Foster D. Snell study on the economic impact of such legislation. The study estimated that the Toxic Substances Control Act of 1975, if enacted as proposed, could cost the U. S. chemical industry more than $1.3 billion a year. That figure could go higher depending on the extent of testing required and whether longer-term, more costly testing is needed.

The subcommittee plans markup sessions in October, using H.R. 7229 as a foundation.

The House Small Business Committee has received joint jurisdiction on toxic substances control legislation and plans to initiate hearings in response to small chemical companies complaining of the economic impact.

The Senate began markup in the latter part of July and should continue around mid-September. At this point, there appear to be no changes in the working draft of S. 776. Minority members of the Senate Commerce Committee do plan to introduce amendments, but these have not been drafted.

* * *

The Senate and House subcommittees dealing with Clean Air Act amendments will continue markup sessions when Congress reconvenes. Opposition to the stringent requirements of new Clean Air Act legislation continues to mount, and this legislation will face severe challenges in both the Senate and the House.

* * *

The Senate Judiciary Subcommittee on Patents, Trademarks and Copyrights completed markup of a patent law revision in July. Four of the five senators on the subcommittee then introduced a "clean" bill, S. 2255, which was reported to the full Judiciary Committee on July 31. The Judiciary Committee is expected to consider the bill around the first of October. S. 2255 is a compromise between the Administration proposal and the bill introduced by Senator Philip Hart (D-Mich.). It is an improvement over the Administration bill, but is clearly inferior from the industry viewpoint to S. 214, Senator Hiram Fong's bill. MCA's Patent and Trademark Committee has recommended that MCA send letters opposing S. 2255 to all members of the Senate Judiciary Committee and is preparing these letters.

* * *

Research activity of the Technical Panel on Fluorocarbon Research expanded appreciably over the summer, as seven contracts amounting to more than $500,000 were signed.

The new research is being conducted by the University of California at Riverside; University of Denver; Battelle Memorial Institute (Pacific Northwest Laboratories); Environmental Research & Technology, Inc.; Xonics, Inc.; Washington State University, and York University in Ontario.

* * *

I have approved an amendment of $625 to the budget for preparation of an article on "Guidelines for Epidemiology Studies." Such an article was recommended by the Occupational Health Committee to help member companies prepare for epidemiology studies and to help determine which employee records to retain. Dr. W. R. Gaffey of Tabershaw/Cooper Associates, a well-known authority in this field, has been engaged to develop the guidelines. Publication in a suitable journal is anticipated.

* * *

The Interstate Commerce Commission on July 21 ordered the railroads to increase tank car allowances to private companies by 25 percent, pending the outcome of a comprehensive rulemaking proceeding on compensation for such cars. The decision meant that the railroads would pay tank car owners $43 million above the present $173 million in annual allowances. MCA member companies expected to receive about half the increase.

Early in August, however, the railroads petitioned the ICC for a review and analysis of the source materials and working papers used in arriving at its decision. The commission agreed on August 19 to supply the information requested. This is not, however, an open-ended postponement of the original order. Once the additional information is disclosed, the effective date of the July order and the deadline for filing petitions for reconsideration of the order will be 30 days from the date of the disclosure.

* * *

S. L. Watts, assistant technical director--chemical transportation and distribution, attended the August 1-15, 1975 meeting in Geneva of a U. N. working group on the transportation of dangerous goods as an advisor to the U. S. delegation. The group develops recommendations regarding international standards on packaging, labeling and markings.

Items on the agenda included the development of international standards for intermodal containers and development of an international hazard information system.

* * *

Three persons have been appointed to the MCA professional staff. Thomas J. Gilroy is our press relations specialist, Samuel M. Williams our legislative representative, and John C. Van Horn is assistant technical director--special projects.

* * *

Handout at Sept. 9, 1975, Board Meeting
See VII. Report of the President.

ENVIRONMENTAL MANAGEMENT IN CHEMICAL MANUFACTURING
(All data for chemical manufacturing operations only)

FINAL

U.S. SUMMARY - July 15, 1975

130 Companies (70% of MCA's U.S. Membership)

CAPITAL INVESTMENT

Installed original cost of facilities, specifically for environmental control, continuing in use	LINE	Air Pollution Control (000)	Water Pollution Control (000)	Solid Waste Disposal (000)	Total (a)(b)(c) (000)	% of Total	Total Capital Investment for Chemical Manufacturing Facilities, Including Environmental (000)
Total through calendar 1971	1	(a) $ 432,658	(b) $ 601,025	(c) $ 72,512	$ 1,106,195	04.4	(d) $ 25,205,695
Actual added in 1972	2	(a) $ 82,157	(b) $ 181,846	(c) $ 12,927	$ 276,730	12.4	(d) $ 2,242,613
1973	3	(a) $ 122,395	(b) $ 191,559	(c) $ 14,849	$ 328,803	11.6	(d) $ 2,833,151
1974	4	(a) $ 187,919	(b) $ 236,070	(c) $ 20,190	$ 444,179	10.0	(d) $ 4,429,729
Total Through 1974	5	(a) $ 825,129	(b) $ 1,210,300	(c) $ 120,478	$ 2,155,907	06.2	(d) $ 34,711,188
Additions projected for future years, estimate as now available - year by year 1975	6	(a) $ 273,041	(b) $ 495,330	(c) $ 40,843	$ 809,214	11.3	(d) $ 7,132,818
1976	7	(a) $ 254,517	(b) $ 566,373	(c) $ 58,872	$ 879,762	11.9	(d) $ 7,376,784
1977	8	(a) $ 221,777	(b) $ 464,812	(c) $ 72,512	$ 759,101	10.0	(d) $ 7,573,896
TOTAL PROJECTED		(a) $ 749,335	(b) $ 1,526,515	(c) $ 172,227	$ 2,448,077	11.1	(d) $ 22,081,894
TOTAL THROUGH 1977		(a) $ 1,574,464	(b) $ 2,736,815	(c) $ 292,705	$ 4,603,984	08.1	(d) $ 56,793,082

ANNUAL OPERATING AND MAINTENANCE COST

Including corporate as well as plant staffs, laboratory, engineering, and supervisory personnel; replacement parts, utilities, monitoring, and other direct and indirect costs for environmental control	LINE	Air Pollution Control	Water Pollution Control	Solid Waste Disposal	Total	% of Total	Total Operating & Maintenance Costs for Chemical Manufacturing Facilities, including Environmental
1973	9	(a) $ 116,959	(b) $ 221,604	(c) $ 53,313	$ 391,876	03.1	(d) $ 12,750,732
1974	10	(a) $ 151,562	(b) $ 291,727	(c) $ 58,481	$ 501,770	03.0	(d) $ 16,545,199
TOTAL 1973 and 1974		(a) $ 268,521	(b) $ 513,331	(c) $ 111,794	$ 893,646	03.1	(d) $ 29,295,930
Monitoring costs for 1974 (Indicate as percent of line 10 above)	11	(a) 12.4 %	(b) $ 14.3 %	(c) 6.6 %	33.3 % Av. 11.1%		

ENVIRONMENTAL CONTROL RESEARCH COSTS

Contracted and in-house	LINE	Air Pollution Control	Water Pollution Control	Solid Waste Disposal	Total	% of Total	Total for All Chemical Research
Annual rate for 1974	12	(a) $ 23,893	(b) $ 26,061	(c) $ 5,324	$ 55,278	0.43	(d) $ 1,272,822

MANPOWER REQUIREMENTS

All personnel so assigned including corporate, plant operations, engineering, administrative, maintenance, research, legal, etc. (including contracted services)	LINE	Air Pollution Control	Water Pollution Control	Solid Waste Disposal	Total Man-Years (a)(b)(c)	Total Number of Employees in Chemical Manufacturing
Annual rate as of 1974	13	(a) 2,596 man-years	(b) 4,544 man-years	(c) 1,284 man-years	8,424	(d) 459,382 number
		(31% of Total)	(54% of Total)	(15% of Total)	(1.8% of Total employees)	

(Estimate to nearest 0.1 only if less than one man-year)

ENERGY REQUIREMENTS

Energy used during 1974 for pollution control in billion Btu's	LINE	Air Pollution Control	Water Pollution Control	Solid Waste Disposal	Total
Total:	14	(a) 25,231	(b) 31,437	(c) 4,963	= 61,631 bil Btu's
Petroleum	15	(a) 11%	(b) 15%	(c) 29 %	Av.= 18% of total
Coal	16	(a) 4%	(b) 3%	(c) 5 %	Av.= 4% of total
Purchased Electricity	17	(a) 53%	(b) 57%	(c) 37 %	Av.= 49% of total
Natural Gas	18	(a) 27%	(b) 20%	(c) 27 %	Av.= 25% of total
Other	19	(a) 5%	(b) 5%	(c) 2 %	Av.= 4% of total
Energy used for environmental control as a percent of total energy used by firm in chemical manufacturing	20	(a) 2.7%	(b) 3.5%	(c) 1.1%	= 7.3%

CMA 036612

Hand-out at Sept. 9, 1975, Board Meeting. See Item VII - Report of the President

(For Board Meeting Sept. 9, 1975)

MCA -- ITS STRUCTURE & ACTIVITIES
(Summary of material distributed to date)

Board Meeting	Material
June 1975	Text on the Association and Chart of MCA Management

MCA --

Purpose:

- To promote the interests of the chemical manufacturing industry of the United States and Canada.

Objectives:

- To provide leadership to and representation of its members on matters affecting the industry.

- To develop and maintain a public understanding of the industry's importance and contributions to the national welfare.

- To facilitate the industry's service to the public by developing and promoting safe and clean practices in the manufacture, transportation, handling and use of chemicals and chemical products.

- To conduct legitimate activities which benefit or effect savings to members where individual company effort would not accomplish the desired result.

Organization:

- Management of the business and affairs of the Association is vested in a Board of Directors elected by the member companies. Board officers are a Chairman and a Vice Chairman.

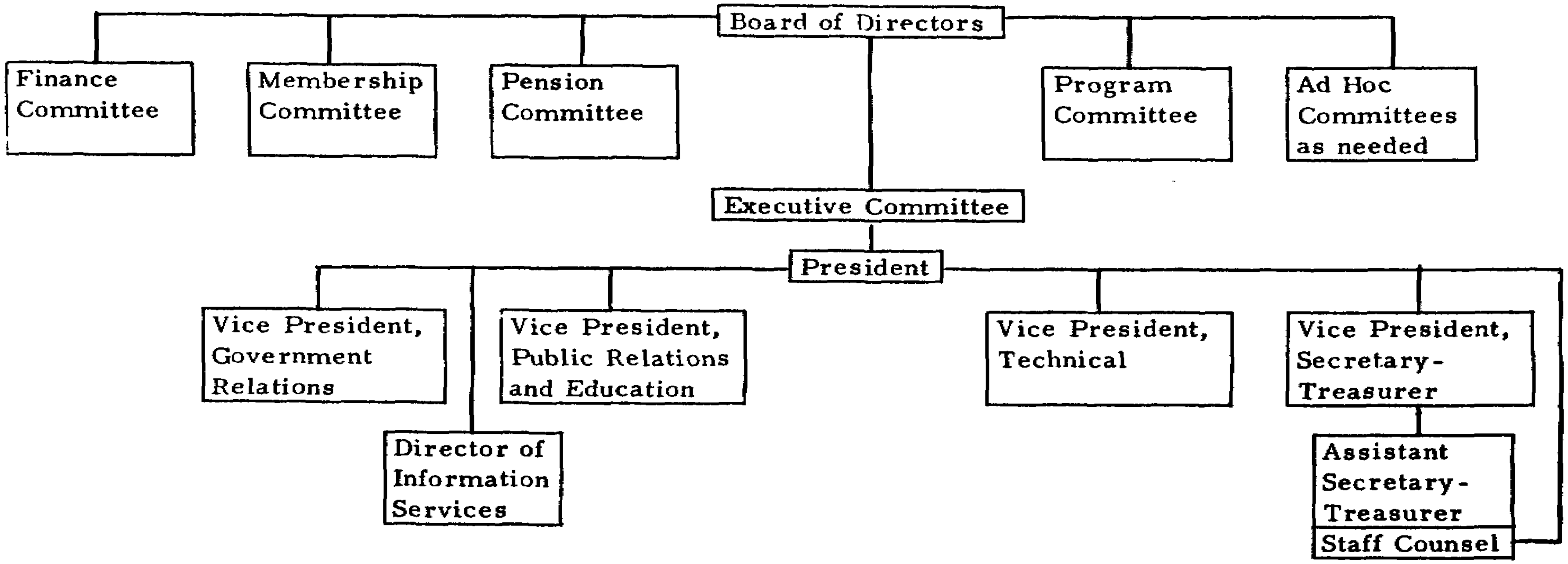
- The Executive Committee, headed by a Chairman, acts as a screening group and recommends action to the Board. It can act, by majority vote, on certain matters when it would not be possible to convene the Board or survey it by wire or telephone.

- The President is the chief operating officer. Reporting to him are four officers, all operating Vice Presidents.

- The professional and supporting staffs carry out day-to-day operations, working closely with about 25 technical and functional committees composed of several hundred member company representatives. Many committees have subcommittee and other sub-units. Each committee has a staff member as a secretary. Program activities develop through committee deliberation and recommendation, subject to Board approval.

- There is outside as well as staff legal counsel.

MCA MANAGEMENT



TECHNICAL DEPARTMENT

The Technical Department is responsible for the administration of 15 functional and technical committees (see attached list), and other technical activities and programs as it may be delegated. Included in the latter are special projects, currently numbering ten, sponsored by manufacturers and users of certain chemicals interested in collectively supporting research programs primarily to develop toxicological information on those chemicals.

The Department also operates the Chemical Transportation Emergency Center (CHEMTREC) -- to provide immediate information and assistance to persons at the scene of a transportation incident involving chemicals. The Center operates around the clock to receive direct-dial toll-free calls from any point in the United States.

In addition to the routine administrative functions related to committee operations, the Technical Department staff is responsible for developing and maintaining liaison with counterparts in Government agencies and serving as the focal point for coordinating liaison at the technical level with professional societies and other trade associations.

The key to MCA's leadership in technical matters related to the chemical industry is provided through the expertise of its technical committee members who provide experience coupled with considered judgment in dealing with the many and complex problems of the industry. The spectrum of Technical Department committee operations is broad, ranging from safety and health in the workplace, community environment, precautionary labeling, protective packaging, safety in transportation, engineering design, and international trade. Many of the committees' projects, developed through subgroup or intercommittee activities, result in recommended practices to assure safety in chemical operations and transportation. Others involve the development and preparation of MCA proposals for amending regulations and responses to regulations proposed by Government agencies. When appropriate, the technical bases of MCA statements to the Congress are provided.

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TECHNICAL DEPARTMENT

Technical and Functional Committees

Air Quality

Chemical Packaging

Engineering Advisory

Food, Drug, and Cosmetic Chemicals

Insurance

International Trade

Labels and Precautionary Information

Nuclear

Occupational Health

Plastics

Safety and Fire Protection

Solid Wastes Management

Transportation and Distribution

Transportation Equipment

Water Resources

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* - Major Inter-Committee Groups
** - Special Projects -- Voluntarily Funded

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TECHNICAL DEPARTMENT

- TECHNICAL DIRECTOR
  - Admin. Asst.
  - PLASTICS
  - ASSISTANT TECHNICAL DIRECTORS
    - ENGINEERING ADVISORY; FOOD, DRUG, AND COSMETIC CHEMICALS; NUCLEAR
    - LABELS AND PRECAUTIONARY INFORMATION
      - *Chemical Hazards Evaluation
      - **Phosgene
    - OCCUPATIONAL HEALTH
      - **Vinyl Chloride
      - **Vinylidene Chlor.
      - **Ethylene Dichlor.
      - **Trichloroethylene
    - SAFETY AND FIRE PROTECTION
      - CHEMTREC
  - INTERNATIONAL TRADE
    - **Phthalate Esters
    - ASSISTANT TECHNICAL DIRECTORS
      - WATER RESOURCES
      - SOLID WASTES MANAGEMENT
        - *Toxic Substances
        - **Styrene
        - **Acrylonitrile
      - AIR QUALITY
        - **Fluorocarbons
      - CHEMICAL PACKAGING; TRANSPORTATION EQUIPMENT
      - TRANSPORTATION AND DISTRIBUTION; INSURANCE
        - **Loss Data Bank

AIR QUALITY COMMITTEE

PURPOSE

The purposes of the Air Quality Committee are to:

1. Inform the chemical industry concerning events and trends bearing on air pollution and its prevention, abatement, and control;

2. Assist member companies in planning for effective air quality management;

3. Promote the development and exchange of technical information on atmospheric emissions, their effects, treatment, and control;

4. Ascertain and disseminate the views of MCA on matters pertaining to ambient air quality and its control; and

5. Cooperate with other committees, organizations, and governmental agencies in formulating air pollution control programs and in other matters relating to the quality of the ambient atmosphere.

ORGANIZATION

The Committee's authorized membership is 35. Aside from the "housekeeping operations" overseen by the Administrative and Membership Subcommittees, the work of the Air Quality Committee is accomplished in three technical subcommittees.

The Technology Subcommittee is responsible for developing and evaluating technical data required to guide the Committee in its recommendations to the Association, including the proposing of research necessary for this purpose. Currently, it has active task groups working on Hazardous and Toxic Emissions, Emissions Standards and Criteria, Control Equipment Performance Standards, Emissions Sampling, Analysis, and Monitoring Methodology, and Atmospheric Chemistry.

The Communications Subcommittee is responsible for maintaining liaison between the Committee and other trade associations, and with the various professional and scientific societies concerned with air pollution.

The Regulatory Affairs Subcommittee, with the cooperation and support of MCA's Joint Subcommittee on Environmental Law, is charged with the task of reviewing legislative and regulatory proposals and assessing their potential impact upon the chemical industry.

ACTIVITIES

Prepared extensive comments on two sets of EPA's proposed regulations to prevent significant deterioration of air quality, and on proposed regulations to implement section 111 (d) of the Clean Air Act. (Section 111 authorizes the federal agency to establish "standards of performance" for emissions control facilities of selected categories of new plants, and imposes upon the states a requirement to control the corresponding emissions from existing plants of these categories.)

For fiscal 1976, the Committee will monitor for MCA a research project involving a critical review of the standards for photochemical oxidants. As the mid-1975 deadlines for the attainment of ambient air quality standards passed with many parts of the country failing to achieve the standard for oxidants, the state agencies are being pressured to impose very restrictive rules upon the only sources of oxidant precursors subject to their control -- industrial emissions of organic vapors -- without regard for the lack of evidence of the effectiveness of such controls in the attainment of the standard. It will be the goal of this study to identify and justify, if possible, alternative statements of an oxidant standard that would provide equivalent degrees of p otection to health and the environment, but that would be more feasible of achievement. Such possible alternative standards might differ from the present one in the oxidant level, the permitted frequency of occurrence, and/or in the duration of elevated concentrations that might be tolerated without violating the standard.

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AIR QUALITY COMMITTEE

35 Members

- MANAGEMENT SUBCOMMITTEE
- MEMBERSHIP SUBCOMMITTEE
- COMMUNICATIONS SUBCOMMITTEE
  - LIAISON WITH
    - Public Relations Department
    - Safety and Fire Protection Committee
    - Scientific and Professional Groups
    - Trade Associations
- REGULATORY AFFAIRS SUBCOMMITTEE
  - LIAISON WITH
    - Government Relations Department
    - Joint Subcommittee on Environmental Law
    - Environmental Protection Agency
    - State Agencies
- TECHNOLOGY SUBCOMMITTEE
  - TASK GROUPS
    - Atmospheric Chemistry
    - Toxic/Hazardous Emissions
    - Emissions Standards and Criteria
    - Equipment Performance Standards
    - Emissions Monitoring

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