AGENDA
MEETING OF THE MCA BOARD OF DIRECTORS
3:00 p.m., Tuesday, November 22, 1976
Pinnacle Club (Rooms A, B & C), New York City

I. Opening Remarks and Introduction of Guests

II. Minutes of Meeting of October 12, 1976

III. Business Items
- (a) 26th Semiannual Meeting
- (b) Report of Membership Committee
  Alabama Western Chemicals Corporation
- (c) Report of Pension Committee
- (d) Proposed Allocation under the Plastics Financial Package for Contribution to American Society of Civil Engineers for Design Manual for Plastics Structural Components (Attachment)
- (e) Secretariat of ASTM Committee E-15 on Analysis and Testing Industrial Chemicals (Attachment)
- (f) December Board Meeting[1]
- (g) Appointment of Committee Members (Attachment)

IV. Report of Director of Government Relations

V. Reports of Committees: (Attachment)
- (a) Chemical Packaging Committee
  Joseph (Joe) Sandford, Jr., Chairman
  Discussion leader: Harvey J. Taufen
- (b) Public Relations Committee
  James E. (Jim) McKee, Jr., Chairman
  Discussion leader: John T. Connor
- (c) Tax Policy Committee
  Matthew P. (Matt) Landers, Chairman
  Discussion leader: William S. Sneath

VI. Information Items by Directors

VII. Report of the President

(1) December meeting subject to cancellation.
Next regular meeting thereafter: January 11, 1977, The Washington Hilton, 1919 Connecticut Ave., N.W., Washington, D. C.

1975

MINUTES of the two hundred fifty-third meeting of the Board of Directors of the Manufacturing Chemists' Association. Inc., held at the Pinnacle Club, New York, N. Y., Monday, November 22, 1976, at 3:00 p.m.

Directors:

Earle B. Barnes, Chairman
Edward Donley, Vice Chairman

| | |
|---|---|
| James G. Affleck | John K. McKinley |
| Dieter H. Ambros | Andrew J. McNeill |
| William H. Bricker | Robert L. Mitchell |
| John S. Coey | Adolph Monsaroff |
| John T. Connor | H. Barclay Morley |
| William J. Driver | Thomas B. Nantz |
| J. Morris Evans | George F. Polzer |
| John T. Files | Tom K. Smith, Jr. |
| Edward J. Goett | William S. Sneath |
| Robert D. Goodall | Eugene J. Sullivan |
| Richard E. Heckert | Harvey J. Taufen |
| John M. Henske | Konrad M. Weis |
| W. C. Krumrei | Robert J. Whitesell |
| Raymond H. Marks | |

Alternates:

Robert P. Barnett (for Edward J. Goett)
Werner C. Brown (for Harvey J. Taufen)
William J. Canavan (for John M. Henske)
Charles R. Carson (for John F. Welch, Jr.)
Robert Clabault (for Robert D. Goodall)
Peter H. Conze (for Robert L. Mitchell)
F. X. Dwyer (for Raymond H. Marks)
J. P. Flannery (for Andrew J. McNeill)
Richard Fleming (for Edward Donley)
Douglas H. Freeman (for William S. Sneath)
Vincent L. Gregory, Jr. (for Robert J. Whitesell)
Ben C. Hayton (for John K. McKinley)
Edward R. Kane (for Richard E. Heckert)
John J. Lenahan, II (for John S. Coey)
M. Donald McClusky (for Thomas B. Nantz)
Max A. Minnig (for Eugene J. Sullivan)
Elwood W. Phares, II (for Ralph M. Knight)
Charles A. Polachi (for George F. Polzer)
C. Robert Powell (for William H. Bricker)
Carl S. Smith (for Dieter H. Ambros)
N. B. Sommer (for James G. Affleck)
Paul R. Staley (for J. Morris Evans)

Outside Counsel: Daniel K. Mayers

Staff Counsel: Bruce M. Barackman

Secretary-Treasurer: George E. Best

By Invitation:

Warren M. Anderson, Union Carbide Corporation
Harry W. Buchanan, Virginia Chemicals Inc.
E. E. Chipman, Ferro Corporation
A. C. Clark, MCA
Thomas C. Dabovich, Morton-Norwich Products, Inc.
James C. E. Fuller, Armak Company
James M. Gill, Ethyl Corporation
H. E. Hirschland, M&T Chemicals Inc., Subsidiary of American Can Company
L. H. Johnstone, Phillips Chemical Company
Edward J. Klecka, MCA
Matthew P. Landers, Pfizer Inc.
John P. Logan, UOP Inc.
James E. McKee, Monsanto Company
Harry D. McNeeley, Eastman Kodak Company
Donald D. Pascal, National Starch and Chemical Corporation
V. H. Peterson, MCA
L. John Polite, Jr., Essex Chemical Corporation
Peter C. Reilly, Reilly Tar & Chemical Corporation
Hugh M. Robinson, MCA
Joseph Sandford, Jr., E. I. du Pont de Nemours & Company
Hans Stauffer, Stauffer Chemical Company
William M. Stover, MCA

With a special welcome to past directors and other guests, Chairman Barnes opened the meeting by calling for self-introduction of those present in turn.

## I. MINUTES OF OCTOBER 12, 1976, MEETING

With the addition of Mr. Whitesell to the attendance list, the minutes of the October 12th Board meeting, as distributed, including the financial statement for four months ended September 30, 1976, were duly approved.

## II. REPORT OF THE SECRETARY-TREASURER

Exhibit A

III. BUSINESS ITEMS

(a) 26th Semiannual Meeting (November 23, 1976)
Dr. Barnes reported an advance registration of 1,127 representing 145 member companies and 14 other organizations, the latter by invitation. The format is to be the same as for last year's meeting, namely, single morning and afternoon sessions, and an evening reception-buffet. Dr. Norman Hackerman, President, Rice University, will be the luncheon speaker.

(b) Report of Membership Committee As chairman, Mr. McNeill reported the committee's having examined the qualifications of the company named below and recommending its election.

ON MOTION, duly made and seconded, it was

VOTED: That Alabama Western Chemicals Corporation be elected to membership in the Association.

(c) Report of Pension Committee As chairman, Mr. Marks presented the committee's recommendations concerning changes in non-salary benefits for the Association's staff, to become effective December 1, 1976, the anniversary date of the Pension Plan and group insurance programs.

ON MOTION, duly made and seconded, it was

VOTED: That the recommendations detailed in the report of the Pension Committee dated November 22, 1976, attached as Exhibit B, be approved.

(d) Proposed Allocation Under the Plastics Financial Package for Contribution to American Society of Civil Engineers for Design Manual for Plastics Structural Components Favorably recommended by the Executive Committee, the proposal was distributed in advance with the tentative agenda.

ON MOTION, duly made and seconded, it was

VOTED: That the contribution described in Exhibit C be approved, utilizing $4,730 from budgeted unallocated reserve and

$7,270 from accumulated surplus, thus amending the Plastics Financial Package budget for the current fiscal year by the latter amount.

(e) Secretariat of ASTM Committee E-15 on Analysis and Testing Industrial Chemicals Favorably recommended by the Executive Committee, the proposal was distributed in advance with the tentative agenda.

ON MOTION, duly made and seconded, it was

VOTED: That a two-year extension of MCA responsibility for the secretariat of ASTM Committee E-15, as described in Exhibit D, be approved.

(f) December Board Meeting In the absence of any need to hold another Board meeting so soon, Dr. Barnes announced cancellation of the one scheduled for December 14, 1976.

(g) Appointment of Committee Members Appointments listed in Exhibit E were approved.

IV. REPORT OF DIRECTOR OF GOVERNMENT RELATIONS

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

V. REPORTS OF COMMITTEES

Reports presented by the following committee chairmen are attached as indicated:

| | |
|---|---|
| Mr. Joseph Sandford, Jr., Chairman<br>Chemical Packaging Committee<br>(Discussion leader: Dr. Taufen) | Exhibit G |
| Mr. James E. McKee, Jr., Chairman<br>Public Relations Committee<br>(Discussion leader: Mr. Connor) | Exhibit H |
| Mr. Matthew P. Landers, Chairman<br>Tax Policy Committee<br>(Discussion leader: Mr. Sneath) | Exhibit I |

## VI. REPORT OF THE PRESIDENT

Supplementing his Staff Report, attached as Exhibit J, Mr. Driver commented on (1) the Energy Conservation Committee's recommendation to accept the 16% energy saving goal (per unit of output) for the chemical industry to be achieved by 1980, compared to 15% by 1981 previously committed, (2) the more rigorous procedure being undertaken to minimize legal risk in issuing and revising MCA technical publications, (3) the current reorganization of the Occupational Health and Safety Administration and strengthening of MCA liaison therewith, and (4) preliminary indications from MCA's annual year-end sample survey of expectations for 1977.

George E. Best

George E. Best
Secretary-Treasurer

Certified correct:

Earle B. Barnes

Earle B. Barnes
Chairman of the Board

EXHIBIT A

# REPORT OF THE SECRETARY-TREASURER

November 22, 1976

Dollar amounts rounded from tabular details
($000)

INCOME & EXPENSE
June 1, 1976 - October 31, 1976 - 5 Months (42%)

| | | | | Percent of Budget |
|---|---|---|---|---|
| Income | - Membership Fees | $2,764 | | 100.492% |
| | - Other | 301 | | 61.429% |
| | | | $3,065 | 94.599% |
| Expense | - Operations | $1,024 | | 34.147% |
| | - Projects | 76 | | 14.720% |
| | | | $1,100 | 32.080% |

ASSETS
(As of October 31, 1976)

| | | |
|---|---|---|
| Cash | $ 20 | |
| Investments | 7,055 | |
| Miscellaneous | 7 | |
| | | $7,084 |

## MANUFACTURING CHEMISTS ASSOCIATION

STATEMENT OF FINANCIAL POSITION

October 31, 1976

### BALANCE SHEET

#### Assets

| | | |
|---|---|---|
| **Cash** | | |
| National Savings & Trust - Commercial Account | $ 15,513 | |
| National Savings & Trust - Payroll Account | 6,000 | |
| Imprest Funds | 800 | $ 22,313 |
| **Investments** | | |
| Bank Certificates of Deposit | $1,000,000 | |
| Bank Repurchase Agreements | 160,000 | |
| U. S. Government Securities | 2,621,375 | |
| U. S. Government Agency Securities | 552,664 | |
| Corporate Securities | 2,720,300 | 7,054,339 |
| **Deposit & Advances** | | |
| U. S. Government Printing Office | $ 500 | |
| American Airlines | 425 | |
| Postage Meter | 4,239 | |
| Travel Advances | 1,976 | 7,140 |
| | | $7,083,792 |

#### Liabilities & Fund Balances

| | | | |
|---|---|---|---|
| **Liabilities** | | | |
| D. C. Use Tax | | | $ 114 |
| **Reserve** | | | |
| Deferred Compensation | | | 87,500 |
| **Fund Balances** | | | |
| Restricted (Schedule I (e)) | | $3,329,189 | |
| Unrestreicted - From Previous Fiscal Years | $1,702,560 | | |
| - Current Fiscal Year | 1,964,429 | 3,666,989 | 6,996,178 |
| | | | $7,083,792 |

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### INCOME & EXPENSE

| | | |
|---|---|---|
| **INCOME** | | |
| Membership Dues & Entrance Fees | | $2,763,525 |
| Income from Investments | | 150,559 |
| Publications Sales | | 32,615 |
| *Meeting & Special Funds (Schedule I (d)) | $56,453 | |
| Overhead Reimbursement Subscribed Projects (Schedule I (d)) | 61,509 | 117,962 |
| Miscellaneous | | 12 |
| Total Income | | $3,064,673 |

| | |
|---|---|
| **EXPENSE** (Schedule II) | |
| Management | $ 298,540 |
| Technical - General | 291,243 |
| Technical - Chemtrec | 70,594 |
| Public Relations | 203,595 |
| Government Relations | 124,782 |
| Staff Services | 111,490 |
| Total Expense | $1,100,244 |
| Income less Expense | $1,964,429 |

FOOTNOTE:
*Net Income on Completed Projects

SCHEDULE I - RESTRICTED FUNDS & MEETING ADVANCES

October 31, 1976

| | Balance June 1, 1976 (a) | Current Fiscal Year: Receipts (b) | Expenditures (c) | Transfers To Income (d) | Balance October 31, 1976 (e) |
|---|---|---|---|---|---|
| **Non-Budgeted Funds & Meetings** | | | | | |
| Meetings, Workshops & Symposia | $ 86,435 | $ 50,471 | $ 93,827 | $ 56,453 | $ (13,374) |
| Tank Car Mileage Compensation | 60,548 | 760 | 21,781 | - | 39,527 |
| Vinyl Chloride Research | 106,620 | 152,060 | - | 3,260 | 255,420 |
| Vinylidene Chloride Monomer - Research | 247,085 | 4,800 | 79,527 | 6,093 | 166,265 |
| Styrene Monomer - Research | 178,940 | - | 67,117 | 2,310 | 109,513 |
| Acrylonitrile Monomer - Research | 432,139 | - | 93,164 | 732 | 338,243 |
| Trichloroethylene Research | 347,153 | 58,875 | 886 | 4,887 | 400,255 |
| Ethylene Dichloride Research | 104,763 | - | 62,000 | 2,285 | 40,478 |
| Chlorobenzenes Research | 9,860 | - | - | 1,452 | 8,408 |
| Phosgene Safety Research | 81,698 | 15,780 | 28,788 | 1,430 | 67,260 |
| Fluorocarbons Research | 1,505,076 | 183,987 | 390,450 | 34,836 | 1,263,777 |
| Allyl Cloride Research | 118,694 | 108,680 | 74 | 1,473 | 225,827 |
| Epichlorohydrin Research | 127,274 | 100,100 | 74 | 1,473 | 225,827 |
| Phthalate Esters Research | 31,817 | 4,000 | 11,197 | 1,278 | 23,342 |
| Loss Data Bank Project | 4,613 | - | 425 | - | 4,188 |
| Chemical Industry Trade Advisor | 5,841 | 15,000 | 16,188 | - | 4,653 |
| Total - Non-Budgeted Funds & Meetings | $3,448,556 | $ 694,513 | $ 865,498 | $ 117,962 | $3,159,609 |
| Plastics Group Financial Package | $ 118,542 | $ 58,604 | $ 7,566 | $ - | $ 169,580 |
| Total | $3,567,098 | $ 753,117 | $ 873,064 | $ 117,962 | $3,329,189 |

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SCHEDULE II - EXPENSE
BUDGET PROGRAM

October 31, 1976

| | MANAGEMENT | | TECHNICAL | | | | PUBLIC RELATIONS | | GOV'T RELATIONS | | STAFF SERVICES | | TOTAL TO DATE 5 MONTHS | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | GENERAL | | CHEMTREC | | | | | | | | | |
| | EXPENSE | BUDGET | EXPENSE | BUDGET | EXPENSE | BUDGET | EXPENSE | BUDGET | EXPENSE | BUDGET | EXPENSE | BUDGET | EXPENSE | BUDGET |
| Employees | 12 | | 22 | | 7 | | 12 | | 9 | | 14 | | 76 | 78 |
| OPERATING EXPENSE | | | | | | | | | | | | | | |
| Salaries & Related Expense | $129,545 | $133,402 | $200,302 | $206,626 | $ 52,943 | $ 54,058 | $ 97,426 | $ 98,894 | $ 78,403 | $ 93,699 | $ 79,718 | $ 82,061 | $ 638,337 | $ 668,740 |
| Retirement Plan & Group Ins. | - | 22,441 | - | 34,758 | - | 9,129 | - | 16,608 | - | 13,312 | - | 13,750 | - | 109,998 |
| Hosp. Ins. & Health Plan | 2,138 | 2,125 | 4,856 | 5,166 | 387 | 500 | 2,162 | 2,458 | 1,486 | 1,792 | 2,309 | 2,917 | 13,338 | 14,958 |
| Legal Fees & Expense | 129,757 | 117,498 | - | - | - | - | - | - | 8,339 | 10,417 | - | - | 138,096 | 127,915 |
| Consultants&Investment Serv. | - | 2,083 | - | - | - | - | - | - | - | - | - | - | - | 2,083 |
| Audit | 3,500 | 1,188 | - | - | - | - | - | - | - | - | - | - | 3,500 | 1,188 |
| Rent & Premises Expense | 8,661 | 9,117 | 12,617 | 13,312 | 3,140 | 3,337 | 8,249 | 8,596 | 5,417 | 5,762 | 13,959 | 14,541 | 52,043 | 54,665 |
| *(3)Taxes & Insurance | 4,507 | 5,121 | 7,077 | 9,650 | 2,606 | 36,408 | 4,198 | 5,229 | 3,267 | 4,188 | 5,140 | 5,508 | 26,795 | 66,104 |
| Supplies & Gen. Office Exp. | 2,780 | 3,437 | 9,963 | 13,083 | 1,077 | 2,037 | 7,471 | 8,212 | 3,915 | 4,787 | 5,520 | 3,775 | 30,726 | 35,331 |
| Furniture & Equipment | 340 | 1,021 | 1,295 | 2,750 | 2,306 | 1,250 | 74 | 104 | 62 | 833 | 138 | 250 | 4,215 | 6,208 |
| Printing | 4,553 | 2,083 | - | 417 | - | 500 | 4,767 | 2,083 | - | 333 | - | 667 | 9,320 | 6,083 |
| Telephone & Telegraph | 2,712 | 2,563 | 6,987 | 8,550 | 7,819 | 8,333 | 3,568 | 3,417 | 4,357 | 3,250 | 2,850 | 3,054 | 28,293 | 29,167 |
| Postage | 1,971 | 1,583 | 9,452 | 12,500 | 137 | 500 | 22,928 | 20,000 | 4,779 | 4,167 | 674 | 917 | 39,941 | 39,667 |
| Travel & Entertainment | 3,667 | 3,333 | 8,677 | 10,833 | 86 | 625 | 8,988 | 10,416 | 4,710 | 6,250 | 412 | 542 | 26,540 | 31,999 |
| Meeting Expense | 1,911 | 5,500 | 107 | 375 | - | - | - | 42 | 533 | 2,292 | - | - | 2,551 | 8,209 |
| Periodicals, Books, etc. | 268 | 250 | 664 | 833 | 93 | 250 | 801 | 750 | 4,274 | 3,333 | 690 | 750 | 6,790 | 6,166 |
| Organizational Memberships | 650 | 1,250 | 1,180 | 1,167 | - | 42 | 230 | 417 | 240 | 958 | 80 | 62 | 2,380 | 3,896 |
| Contingency | 1,580 | 2,083 | - | - | - | - | - | - | - | - | - | - | 1,580 | 2,083 |
| Operating Expense Totals | $298,540 | $316,078 | $263,177 | $320,020 | $ 70,594 | $116,969 | $160,862 | $177,226 | $119,782 | $155,373 | $111,490 | $128,794 | $1,024,445 | $1,214,460 |
| PROJECTS | | | | | | | | | | | | | | |
| Technical | | | | | | | | | | | | | | |
| *(4) Air Quality | | | $ - | $ 62,500 | | | | | | | | | $ - | $ 62,500 |
| Trade Advisor | | | 15,000 | 15,000 | | | | | | | | | 15,000 | 15,000 |
| Occupational Health | | | - | 4,166 | | | | | | | | | - | 4,166 |
| Water Resources | | | 11,500 | 13,124 | | | | | | | | | 11,500 | 13,124 |
| Multi-Committee/Transportation | | | - | 2,250 | | | | | | | | | - | 2,250 |
| Multi-Committee/Publications | | | 1,566 | 40,000 | | | | | | | | | 1,566 | 40,000 |
| Public Relations | | | | | | | | | | | | | | |
| Community Relations | | | | | | | $ 11,226 | $ 11,866 | | | | | 11,226 | 11,866 |
| Consumer Information | | | | | | | 5,561 | 18,604 | | | | | 5,561 | 18,604 |
| Environmental Quality | | | | | | | 11,463 | 12,404 | | | | | 11,463 | 12,404 |
| Internal Publications | | | | | | | - | 10,833 | | | | | - | 10,833 |
| Media Relations | | | | | | | 1,272 | 3,542 | | | | | 1,272 | 3,542 |
| *(2) Toxic Substances Control Legislation | | | | | | | 4,615 | 1,927 | | | | | 4,615 | 1,927 |
| College & Hi School Teacher Awards | | | | | | | 4,621 | 6,875 | | | | | 4,621 | 6,875 |
| Education Exhibits | | | | | | | 1,195 | 1,667 | | | | | 1,195 | 1,667 |
| Education Publications | | | | | | | 2,780 | 7,708 | | | | | 2,780 | 7,708 |
| Government Relations | | | | | | | | | | | | | | |
| *(1) Equal Employment Advisory Council | | | | | | | | | $ 5,000 | $ 2,083 | | | 5,000 | 2,083 |
| Project Totals | $ - | $ - | $ 28,066 | $137,040 | $ - | $ - | $ 42,733 | $ 75,426 | $ 5,000 | $ 2,083 | $ - | $ - | $ 75,799 | $ 214,549 |
| COMBINED TOTAL | $298,540 | $316,078 | $291,243 | $457,060 | $ 70,594 | $116,969 | $203,595 | $252,652 | $124,782 | $157,456 | $111,490 | $128,794 | $1,100,244 | $1,429,009 |

*(1) Budget Amendment by Board of Directors June 9, 1976, provides a contribution of $5,000 to the Equal Employment Advisory Council for 1976

*(2) Budget Amendment approved by President July 30, 1976, provides for "Toxic Substances Control Legislation-Advertising/Communications" $4,625

*(3) Budget Amendment by Board of Directors September 14, 1976, increases provision for Liability Insurance by $34,750

*(4) Budget Amendment by Board of Directors October 12, 1976, provides for Hydrocarbon Emissions Control Cost Analysis $95,500, and Oxident Level Control Study $54,500

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Exhibit B

Report of the Pension Committee
to the
Board of Directors
November 22, 1976

Pursuant to its responsibility concerning non-salary benefits for the Association's staff, the Pension Committee recommends approval of the following:

(1) Adjustment of Pension Payments to Retirees Two years ago, when the Pension Plan was revised, the principle of periodic adjustment of pension payments to past retirees in recognition of increased cost of living was accepted.

Since then, pension payments to former Federal employees have increased by nearly 18%, of which 15% was occasioned by rise in the Consumer Price Index.

It is proposed to increase pension payments by 4% per year in retirement since 12/1/74, the date of the only prior adjustment. This would amount to 8% for the five retirees and one surviving spouse who were then receiving benefits, and lesser percentages for the five employees who retired between 4/1/75 and 10/1/76.

The amortized annual cost of the proposed adjustment approximates $5,000.

(2) Term Life Insurance Coverage for Future Retirees For employees, MCA now provides term life insurance coverage of two times annual salary, but no continuation in retirement. The option to convert at personal expense is unattractive because of the high cost of attained-age premium. Continuation is not uncommon, however, but usually on a reduced and declining scale.

It is proposed to provide term life insurance for members of the staff retiring from MCA on or after December 1, 1976 as follows, designed for family protection rather than as an estate factor:

> For any MCA retiree who completed seven years of service, of which at least five during the ten-year period immediately preceding retirement were continuous, and who has legal dependents at death:
>
> > Amount equal to final annual salary, subject to a minimum of $10,000 and a maximum of $25,000 for the first two years in retirement;

Amount equal to 50% of final salary, subject to a minimum of $5,000 and a maximum of $12,500, for the third, fourth, and fifth years in retirement; and

$2,000 after the fifth year in retirement.

For any other MCA retiree who completed three years of service and who has legal dependents at death:

Amount equal to 50% of final salary subject to a minimum of $5,000 and a maximum of $12,500 for the first five years in retirement; and

$2,000 after the fifth year in retirement.

For any other MCA retiree:

$2,000

At the maximum benefit level ($25,000 first two years) and at current rate quotations, the peak cost of about $1,235 per individual would occur in the second year of retirement (age 66). Overall cost from age 65 through age 79 would total about $6,600.

MCA has five employees whose normal retirement dates occur between April 1977 and November 1981. Assuming all at the maximum benefit level, annual cost would begin at about $1,150 in the current year and build to about $4,000 in fiscal year 1981-82.

(3) Partial Substitution of Ordinary Life for Term Life Insurance
The cost of life insurance provided to an employee in excess of $50,000 coverage is supplemental income taxable to the employee. At higher salary levels, the two-times-salary term life insurance benefit provided by MCA imposes a considerable tax outlay.

IRS allows for a combination of term and ordinary life insurance under which the insurance company allocates the premium between the two. The imputed cost of any excess above $50,000 term plus the cost of the ordinary life is taxable income to the individual. Advantage lies in a level premium for the ordinary life portion at the starting age, making it more attractive for personal continuation on retirement, plus the accumulation of cash value.

It is proposed to divide the coverage equally between ordinary life and term for employees at or above the $35,000 salary level, namely, continue with one times salary of term and substitute the second one times salary with ordinary life. The estimated aggregate of increased cost to the several employees that would qualify -- at their current salary levels -- is about $9,800 to the time of retirement, whereas the aggregate cash value of their policies at retirement would be about $51,500, contrasting with no value at all from term insurance at whatever level.

The added cost to MCA in the current year would approach $6,000, dropping to less than $4,000 after retirement of the first employee who would qualify.

(4) Reduction of Qualifications for Term Life Insurance Coverage Formerly, there was a linkage in the funding of the pension plan and group term life insurance, thus making it logical to set the same age and service qualifications for enrollment. Concurrent with the revision of the pension plan two years ago, however, the funding arrangements of the two were separated and became independent of one another.

While it is legal for an age requirement to be stipulated as being the same as for pension coverage, as MCA now does, it has been learned it would be illegal to specify an age limitation as such. It is proposed to eliminate the age requirement (now 25 years) rather than retain it on a technicality.

Also, the present requirement of one year of service is an unusually long qualification period, one to three months being more common. It is proposed to lower the requirement to three months, this being the period now in effect to qualify for MCA's medical benefits.

The cost of these changes would be minimal. There are relatively few below age 25 on the staff, premium rates for the young are low, and their inclusion has an offsetting effect of lowering the average age of the covered group. The cost of the reduced service requirement would be modest, also, considering the low turnover rate among high-salaried employees.

*

Exhibit C

Proposed Allocation
under the
Plastics Financial Package
Contribution to American Society of Civil Engineers
for
Design Manual for Plastics Structural Components

The American Society of Civil Engineers (ASCE) has engaged a contractor to develop a design manual for plastics when used in structural applications. The manual will detail the knowledge and skills required for structural design using plastics. It will be principally based on existing technology and is intended to aid engineers concerned with structural design.

Budgeted at $145,000, the project is being financially supported by contributions from the Federal Government ($75,000) and several individual plastics materials manufacturers ($46,000). Additional funds in support of the project are being sought by ASCE.

It is the opinion of Plastics Committee members that the manual will serve as an important educational tool and will help fill the void in plastics design information. It will fill the gap between plastics producer and the designer.

Therefore, with staff concurrence, the Plastics Committee recommends appropriation of $12,000 in support of the ASCE project. Funding would be derived from the $4,730 remaining balance in the budgeted unallocated reserve plus $7,270 from accumulated Plastics Financial Package surplus, leaving surplus remainder of approximately $111,000.

*

MCA

EC - 10/12/76
BD - 11/22/76

Exhibit D

Secretariat of ASTM Committee E-15 on
Analysis and Testing of Industrial Chemicals

Authorization for the Association's furnishing the Secretariat of ASTM Committee E-15 on Analysis and Testing of Industrial Chemicals expires December 1, 1976. The Committee has requested continuation, and the staff recommends extension for another two years.

The Committee is providing a valuable service to the chemical industry, since the standard tests and recommended practices under the jurisdiction of this Committee provide cl arly described means by which the compliance or non-compliance of industrial chemicals with their purchase sp cifications can be determined by procedures that are acceptable to both buyer and seller, and that have found acceptance in the courts. The 1976 ASTM book of Standards will contain nearly fifty such methods.

The Committee develops the procedures, demonstrates th ir precision and accuracy by collaborative test programs, and maintains their currency by an ongoing program of surveillance and timely revision. The number of E-15 standards will continue to increase as needs for test methods for additional chemicals become apparent, or as improved analytical technology and new analytical instrumentation become available. Many other methods are under development.

Representatives of 32 MCA member companies, 46 other industrial firms, state and federal agencies, universities, and trade associations participate in the Committee.

The Secretariat requires about 12 days of a professional staff member's time and about 25 days of a secretary's time per year.

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MCA
EC - 10/12/76
BD - 11/22/76

Exhibit E

## APPOINTMENT OF COMMITTEE MEMBERS

(a) Chemical Regulations Advisory Committee
George S. Dominguez, CIBA-GEIGY Corporation -- As Chairman
Melford F. Tietze, ICI United States Inc. -- As Vice Chairman

(b) Economic Policy Review Committee
Sean F. Mooney, W. R. Grace & Co.
Philip L. Wickenden, M&T Chemicals, Inc.

(c) Engineering Advisory Committee
William T. McNair, Celanese Chemical Company
Bertrand B. Pearlman, Stauffer Chemical Company

(d) Labels and Precautionary Information Committee
Kathleen A. Logan, Pennwalt Corporation
A. T. Talcott, Dow Chemical U.S.A.

(e) Public Relations Committee
Richard F. Blewitt, FMC Corporation, Chemical Group
J. R. Law, Canadian Industries Limited

(f) Safety and Fire Protection Committee
H. D. Applequist, The Standard Oil Company (Ohio)
Richard O. Howard, Virginia Chemicals Inc.
P. W. Simmons, Dow Chemical U.S.A.

(g) Solid Wastes Management Committee
H. M. Brennan, Amoco Chemicals Corporation
J. W. Harris, IMC Corporation

(h) Transportation Equipment Committee
R. R. Cirillo, Texasgulf Inc.
H. M. Flenner, United States Steel Corporation
D. W. Haas, Tennessee Eastman Company
T. J. Moczulski, Hercules Incorporated
E. L. Walsh, FMC Corporation, Chemical Group

Exhibit F

REPORT BY THE DIRECTOR OF GOVERNMENT RELATIONS

WILLIAM M. STOVER

NOVEMBER 22, 1976

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CONGRESS LEFT UNFINISHED BUSINESS

The Second Session of the 94th Congress came to an end in the early morning hours of October 2, its 258 day duration making it the second shortest Congressional session since 1960. Of the more than 20,000 bills introduced, only about 450 survived to final enactment. Fifteen bills were vetoed, and four vetoes were overridden. During the Second Session the Senate took 688 recorded votes and the House 661, the total of 1,349 being a new record.

Amid the frantic flurry of last-minute activity, a number of bills of significance were moved on toward enactment, but the 94th Congress also left behind some unfinished business in the form of bills not completed, bills which are sure to reappear next year in one form or another.

Among the important new laws written during the closing days were:

- The Toxic Substances Control Act (PL 94-469), finally became law after five years of deliberation and controversy, thus establishing Federal controls over the manufacture, distribution and use of chemicals.

- Antitrust Enforcement (PL 94-435), survived two Senate filibusters and last-ditch House opposition; authorizes states attorneys general to bring class action type suits on behalf of citizens; requires large companies to notify government of planned mergers; strengthens Federal antitrust investigatory powers.

- Tax Revision (PL 94-455), was the product of three years work but fell far short of reforms promised by Democratic Congressional leaders; plans for major overhaul of taxation of U.S. multinational corporations were dropped from the bill, which in final form extended the investment tax credit for another four years, increased the minimum tax for business and altered somewhat the rules for corporate foreign tax credits.

- Solid Waste (PL 94-580), expands Federal and state programs with new authorizations and powers for EPA, a Federal regulatory program for hazardous wastes, a ban on open dumping within five years, and authorizations for state and local solid waste management and research programs.

However, election-year jitters, veto threats, internal squabbles and the pressure of an abbreviated Congressional session combined to forestall enactment of a number of other proposals -- virtually all of which are likely to surface again. These include:

- A bill to provide stricter regulation of lobbying, which died amid last minute parliamentary manuevering as Congress adjourned; Common Cause is a strong advocate, while Nader groups and the AFL-CIO supported only the House version; business is apprehensive over the prospect of heavier record-keeping and reporting requirements; dues paid to trade associations by corporate members could be subject to public disclosure under some concepts.

- Clean Air Amendments fell victim to a Senate filibuster as the Session ended; Senator Muskie has blamed the auto industry for killing the measure and may resist efforts for quick action on a stretch-out or relaxation of strict mobile emission standards set to take effect in 1978; the so-called non-attainment and non-degredation issues were also highly controversial and sure to be hotly debated in the next Congress.

- Water Pollution legislation died in conference; chief issues were degree of control over the nation's wetlands, expanded state authority in developing wastewater treatment facilities and delay of mid-1977 water quality deadlines for municipalities. The 95th Congress is expected to take a thorough look at the entire Federal Water Pollution Control Act, using as a starting point the report of the President's Commission on Water Quality.

- Natural Gas Deregulation legislation defied attempts to find a viable compromise although both the House and Senate passed versions of the bill; no conference was held and the bills died, thereby continuing the current artificially low regulated prices, and thus discouraging new exploration and production.

- Industrial Reorganization, the so-called Hart bill, never got beyond the early hearing stages; its chief sponsor, Michigan Senator Philip A. Hart, is retiring; the measure singles out chemicals manufacturing and other industries for possible breakup, creates a special commission to make divestiture investigations and a special court to compel dismantling.

- Petroleum Divestiture legislation would have required major oil companies to separate into single operations for production, refining-marketing, and transportation; another bill would have forced "horizontal" divestiture, thus keeping oil companies out of other energy source interests; though the "vertical" bill cleared a Senate committee it was never taken up on the floor.

- Corporate Chartering legislation failed to make much headway, but could arise again; oversight hearings were held in the Senate Commerce Committee; one concept would require a Federal charter of corporations, with annual reporting on the makeup of the board of directors, product line sales and voting stock ownership.

Among the numerous other bills which failed to achieve Congressional or Presidential approval were these:

- strict controls over strip-mining;
- land use controls;
- the outlawing of corporate bribes to foreign officials;
- common situs picketing in the construction industry;
- proposals to create a consumer protection agency;
- expanded powers and investigative authority for the Federal Trade Commission.

CARTER ADMINISTRATION PREPARING TO TAKE OFFICE

Using what pollster Lou Harris called "the old Roosevelt coalition" as the backbone of his campaign, Governor Jimmy Carter of Georgia has become President-elect, and is now hard at work on the massive task of organizing his Administration. Recent days have seen Mr. Carter closeted with such Ford Administration notables as George Bush (for a security briefing) and Henry Kissinger (to talk foreign affairs), and at 3:30 this afternoon he is in personal conference with President Ford to discuss the transition of the Government.

Washington bureaucrats, politicians and diplomats are giving Mr. Carter close scrutiny, perhaps motivated by uneasiness and uncertainty as much as by mere curiosity. After all, Jimmy Carter has run as an anti-establishment candidate for nearly two years. He has criticized both the form and substance of government in Washington, has vowed sweeping reforms and new programs, has fought bitter campaign battles with recognized leaders of his own party. However, on election night he made a quick transition from critic on the outside to manager on the inside. Jimmy Carter now IS the establishment.

And therefore he is now confronted with a dilemma of some delicacy: how to begin to direct and to motivate the people and the mechanisms he has so recently and soundly castigated. He must find and appoint cabinet heads and officeholders with the capacity to make the machinery of government work, and this would seem to indicate a need for experienced personnel; but at the same time he must avoid the appearance of making his appointments from the lists of known political figures and party professionals. He needs new faces, but he also needs the reliability and depth of background that only experience can provide.

There are signs that a number of Carter appointments may be revealed relatively soon, so that incoming officials will have maximum time for planning and coordination with departing officials of the Ford Administration. Observers around the world will be carefully watching these appointments for clues to the attitudes of the Carter Administration, the influence being wielded by various interest groups and power-brokers, and for indications as to the political wisdom of the President-elect himself.

Among the most delicate tasks confronting Mr. Carter, and one he appears to recognize clearly as such, is the establishing of communications links with -- and hopefully some measure of control over -- the Congress. His recent meeting with 16 Democratic Congressional leaders last week at the farm-estate of Georgia Senator Herman Talmadge was surely an effort to hold out the olive branch and to begin to build support for key programs. The discussions were reportedly broad in nature, touching on matters relating to the strength of the economy and reorganization of Government.

Some observers believe, however, that the new President may encounter considerable difficulty with the Congress, despite the fact that both ends of Pennsylvania Avenue are now firmly in Democratic hands. They reason it this way: Congressional leaders and Committee chairmen, while criticizing the "stalemate government" of Presidents Nixon and Ford, have obviously enjoyed the independence and status which the years of confrontation have produced. They have had an important role in punishing one President and in making his successor appear ineffectual, and are therefore likely to covet their independence of action. Moreover, bills and programs delayed by attention to Watergate or stalled by Ford vetoes are already in fairly polished form, and are not likely to be dropped readily by their sponsors in favor of Carter alternatives. Yet another factor will be the attitude of the White House itself, and long-time Carter watchers point out that he adopted a tough, no compromise attitude toward the Georgia legislature during his term as Governor.

THE NEW PRESIDENT AND HIS VIEWS

Much of official Washington is now speculating on the future directions of policy and programs in the Carter Administration. However, from speeches and statements by the President-elect, and from the Democratic Party Platform itself it is possible to reach some preliminary judgments.

With respect to the economy, Governor Carter appears firmly in favor of creating more jobs and providing stimulus to the national economy. The prospect of a one-shot tax cut is being seriously discussed. The formation of a national youth corp to hire and train young people from urban areas is another Carter aim, and is consistent with his support for direct job creation with emphasis on public service employment. He also favors moderate interest rates, continued support of investment credits, strong anti-trust enforcement and a strengthening of the Council on Wage and Price Stability. Tax reform, though a popular topic at the campaign podium, will take considerably longer to accomplish.

The environment will receive high priority in the Carter Adminis- ation. The incoming President has opposed extending the compliance eadlines for automobile exhaust emissions and would apparently retain the present non-degredation concepts of the Clean Air Act. He has called for strict enforcement of water pollution control laws and evidently will oppose efforts to weaken the Federal Water Pollution Control Act. He supports strict controls over strip mining.

National energy policies may undergo some changes under President Carter with greater emphasis on energy conservation, and a strengthening of environmental controls over energy production. He plans to de-emphasize nuclear development and to require stricter regulation in construction of new nuclear power plants. He evidently will push for increased reliance on domestic coal from the deep mines of Appalachia and would oppose heavy development of strip-mined coal resources in the Western United States. He opposes further expansion of Western coal-leasing and supports strong state participation in offshore oil lease decisions. He would favor mandatory mileage standards for automobiles with economic penalties on those with less fuel efficiency. He opposes Federal subsidies for synthetic fuel production.

THE 95TH CONGRESS: NEW FACES, NEW LEADERS, SAME VOTE RATIOS

When the smoke of election day had cleared, the new Congress oked almost exactly like the old one -- the Senate will again be mposed of 62 Democrats and 38 Republicans, and the House shows a shift to the Democrats of only two seats, the new ratio being 292-143 in their favor.

On closer inspection, however, the changes will be both numerous and significant: virtually the entire leadership with change in both Houses and in both parties; there is a substantial crop of "freshmen", especially in the Senate; there will be many shifts in key committee responsibilities; there is talk of major committee realignment in the Senate.

The House will organize itself in early December, in that Members will be named to committees, new chairmen will be elected and changes in House rules and committee jurisdictions will be considered. Not until the 95th Congress convenes in January, however, will subcommittee assignments be made, committee rules considered or leadership positions voted on.

There are 67 new House Members, 47 Democrats and 20 Republicans. Overall, the election produced overwhelming success for incumbents with 95 percent of those running being returned to office. The strong re-election rate held true for the 79 so-called "Watergate freshmen", those Democratic Congressmen first elected in the offyear election of 1974. Despite high Republican hopes against that group, 78 ran for re-election and 76 won.

There will be a number of important changes in the chairmanships of House committees and subcommittees, 28 in all, including new chairmen for the following:

- Budget Committee (committee 2-year rotation rule)
- The Interior Committee (jurisdiction includes energy matters, mining)
- International Relations Committee (foreign affairs)
- Merchant Marine and Fisheries (merchant marine matters, oceanography, coastal zone management)
- Post Office Committee (the postal system)
- Public Works and Transportation Committee (water pollution control, most transportation matters)
- Rules Committee (clearance of legislation for House floor debate)

Another development worthy of mention is the fact that there are seven vacancies to be filled on the House Ways and Means Committee wherein taxation and trade legislation are written.

The Senate will also undergo some interesting changes. Incumbents didn't fare as well as their House colleagues with only 16 of the 25 Senators running being returned. The 64 percent re-election rate for incumbents was the lowest in the history of direct Senate elections. There will be 18 freshman Senators, counting Governor Wendell Anderson, who will replace Vice President-elect Mondale. Ten are Democrats and eight Republicans.

Three committee chairmen were defeated: Hartke (Veterans Affairs), Moss (Aeronautics and Space), and McGee (Post Office and Civil Service).

There will be considerable change in the memberships of several Senate Committees, including Commerce, where there are 7 vacancies to be filled, Finance (4 vacancies) and Judiciary (5 vacancies).

A further unknown in the Senate is whether or not reorganization will bring a significant shift in committee jurisdictions and responsibilities. A reorganization proposal in the form of a Senate Resolution has been drafted by the Committee on Committees headed by Senator Adlai E. Stevenson, Jr. (D-Ill.), and could be taken up early in 1977. The resolution presents a number of alternatives for consideration and could eventually lead to elimination of some committees, and the shifting of important environmental and energy responsibilities.

Exhibit G

REPORT TO THE BOARD OF DIRECTORS
MANUFACTURING CHEMISTS ASSOCIATION

JOSEPH SANDFORD, JR., CHAIRMAN
CHEMICAL PACKAGING COMMITTEE

NOVEMBER 22, 1976

The activities of the Chemical Packaging Committee emphasize two major areas - regulations and legislation. Our objective today is to provide background on our Committee operations and how we are assisting each of our companies to achieve both safety in packaging and regulatory compliance.

Times have changed! Just a few years ago, a chemical packaging engineer might be concentrating on the steel thickness of a drum for solvents, the moisture barrier in a bag for plastic resins, or a fungicide box closure. Today, he must also know about the Transportation Safety Act of 1974, the consolidation of DOT regulations, the Metric Conversion Act of 1975, international shipping regulations, and, looking to the future, regulations on solid waste disposal and carcinogens.

What has caused this change in our Committee's activities? We believe the most important factor is the concern on the part of both the private and public sectors for greater safety in the packaging, transportation and distribution of hazardous materials. The Department of Transportation's past two annual reports on hazardous materials control are more specific about this concern over safety. In these two years, 59 fatalities and over 1,500 injuries occurred in all hazardous materials incidents of which over 50% involved chemical products. The Department of Transportation, or as we usually say "DOT", also lists the ten worst accidents for each year; 70% of these involved chemical industry products with a total of nine fatalities and 340 people injured. It is for reasons like this that the Committee's activities emphasize regulations and legislation.

The major legislative act affecting our activities is the Transportation Safety Act of 1974, passed by Congress in early 1975. Key points include:

- The Department of Transportation's authority is extended to regulate package unloading, certain types of storage and shipment routing.

- Procedures for obtaining package exemptions are made much more complex.

- DOT authority is extended to container manufacturers and even to commodities not presently defined as hazardous.

- Criminal as well as civil penalties can be imposed for violations with imprisonment for up to five years now included.

In the regulatory field, DOT has just issued its complete consolidation of Title 49 of the Code of Federal Regulations which contains the regulations governing the transportation and packaging of hazardous materials. This document has been over four years in preparation and incorporates many regulatory changes affecting the use, labeling, marking and shipment of chemical packages.

The Metric Conversion Act has been enacted into law; it creates a metric board to oversee voluntary conversion in the United States. We believe metrication will initially affect our export packaging with domestic packages going metric over the next ten years. Our liaison with Canadian MCA member companies is providing valuable input based on their experience in metric conversion.

Export shipments require industry packaging personnel to be aware of United Nations and IMCO regulations and appropriate rail and truck regulations in the various countries to which we ship. The regulations of IMCO, or more properly the Intergovernmental Maritime Consultative Organization, are contained in an eight-volume set covering water movement of hazardous materials.

Solid waste disposal legislation recently enacted has not affected packaging. However, legislation proposed but not passed, would have imposed a fee on packaging materials that are not reusable or recyclable.

Regulations and legislation while deeply involved with safety also have an economic effect on packaging. DOT recognizes this to a degree and has introduced the term "cost/benefit" to be considered in any reviews of package regulation changes. Packaging is a significant cost item in our industry. The chemical industry uses over 50 million new and reconditioned steel and fibre drums annually at a cost of about $500 million. The industry uses about seven billion square feet of corrugated fibreboard in boxes to hold our plastics, agricultural chemicals and acids at an annual cost of $300 million. We use some 600 million bags and 15 million pallets a year. The total annual cost of packaging materials in our industry approaches $1.5 billion or about 2% of sales. Perhaps of equal importance from a solid waste disposal standpoint, this represents in the range of one billion pounds of steel, one and a half billion pounds of paperboard and 750 million pounds of wood.

The agendas and organization of the Committee's task groups and subcommittees reflect our concern over regulations and legislation. A few examples illustrate the positive action we are taking to assist our industry.

First, we recently formed a new regulations and legislation subcommittee to control all of our activities in this area such as metrication, definitions of hazardous materials, liaison with DOT and our activities on the intercommittee group on international regulations.

Our Metrication Task Group coordinates Committee activity with initial efforts emphasizing proper inclusion of metrication in DOT regulations, and coordination of differences in export and domestic regulations.

The Small Packages Subcommittee is developing a technical bulletin on proper packaging and transportation of samples and small quantities.

A task group has developed technical bulletins on proper techniques for loading, bracing and blocking in truck, rail car and piggyback shipments. DOT regulations require safe loading but don't really specify effective techniques.

A newly proposed hazardous materials regulation specified testing requirements that current acid carboys would not pass. A task group worked closely with suppliers to develop a new carboy design that met all requirements.

A recent change in the definition and test for corrosive materials meant that drums currently used for products such as dyes, cleaning compounds or mining reagents were no longer legal. The Drum Subcommittee coordinated industry input and succeeded in having a new section added in Title 49 to cover these lower hazard products and allow continued use of present packages.

The increasing complexity and many changes in the regulations created a need for greater awareness on the part of our employees as well as those in our carrier and distributor organizations. The Committee, together with the Transportation Equipment and Transportation and Distribution Committees, sponsored a symposium on hazardous materials regulations with over 1,100 attendees from all concerned shipper and carrier groups.

As to the future, each subcommittee has an active task group reviewing waste disposal effects on our packages, including possible reuse and recycle. The Plastic Drum Task Group recently sponsored a workshop on plastic drum development with DOT, the National Bureau of Standards, which is DOT's contracting agency on plastic drum developments, and representatives from the Plastic Drum Institute, the producers' association. Hopefully, this joint approach, which we consider to be a significant breakthrough, will provide the forum for full participation by all groups in regulations development and application. In the future, we may have an entirely new class of hazardous materials to package since DOT has already indicated they have under development regulations applying to the proper packaging and transportation of health products such as carcinogens, mutagens and teratogens.

The Chemical Packaging Committee activities far exceed earlier efforts in the design and development of drums, bags or boxes to safely carry our products. We must consider the product itself and any potential health hazard; the package and packaging operation to insure we meet DOT regulations; the transportation and distribution requirements such as proper loading, bracing and blocking; customers must be able to safely use our packages, and looking to the future, we must be able to return them or provide safe reuse or disposal to prevent solid waste problems.

In summary, we believe our responsibility is to assist the chemical industry to meet all legal requirements while maintaining a low-risk position in transportation with proper cost/benefit considerations. And we intend to make known the position of our industry on legislative and regulatory matters.

We have emphasized today the effect of regulations and legislation on packaging. Actually, the areas covered affect the entire field of transportation and distribution in the chemical industry. Most member companies have active programs relating to hazardous materials. Du Pont calls its program the "RHYTHM" program, an acronym for Remember How You Treat Hazardous Materials. In closing, I will show a short film that was developed to summarize this program. Although it emphasizes only one company's efforts, we believe it helps illustrate the continued need for MCA commitment and involvement in transportation, distribution and packaging activities.

Exhibit H

# REPORT TO BOARD OF DIRECTORS
# MANUFACTURING CHEMISTS ASSOCIATION

James E. McKee Jr., Chairman
Public Relations Committee

November 22, 1976

The hazards of holding the same office for two years are obvious. My position today is not unlike that of a re-elected politician. It's important to assess what was said to this audience last year!

In 1975, the Public Relations Committee report covered two main points for future action:

1. That we would focus more sharply on major opportunities as well as the larger problems of the chemical industry, and

2. That we would establish closer relationships with other functional areas of MCA so a more meaningful contribution to the industry's total communications could be made.

These things have been done.

The assaults on the chemical industry by media and government in the past 12 months have made it imperative. In addition, the opportunity to participate in Dr. Heckert's Special Committee on Toxic Substances Legislation demonstrated what can be accomplished through interaction of functions when proper leadership is provided.

Spurred by today's public demands and the proof that joint committee action can get things done, the Public Relations Committee stepped up its practice of meeting with the leadership of certain other functional committees, particularly Government Relations, Technical and Legal Advisory.

This was started about 18 months ago to gain a better perspective of MCA's needs. What we have found is that we can work together -- that we can have a common purpose and pursuit. We have agreed upon issues that should be the greatest concern of the association. These are human health and the environment, and increasing government constraints which erode industry's management of its resources. Cooperation to date has prompted us to adopt a plan for industry spokesmanship, encompassing an even larger number of functional committees.

The plan was proposed by a former chairman of our committee, Ned Brandt of Dow, and adopted at our September meeting. Most of the committees we have approached have already responded favorably. These committees are Air Quality, Water Resources, Solid Waste, Occupational Health, Government Relations, Legal Advisory and Chemical Regulations Advisory.

The plan calls for establishing a task force with representatives of those committees and the public relations committee to stimulate spokesmanship on the public issues.

Each committee will be asked to provide basic facts and a statement representing MCA's position on their function as related to government, health and environment. The Air Quality Committee, for example, will provide facts on what the chemical industry has done about air pollution, and provide the industry position on current legislative and regulatory matters.

Members of the task force would serve as coordinators of the project, recruit the best possible spokesmen from MCA's membership and arrange platforms in leading cities where maximum exposure to our point of view can be gained. We have in mind prestigious platforms like the Economic Club of Detroit, with accompanying appearances on local radio and TV plus newspaper interviews.

The task force would be responsible for placing industry material in the hands of selected spokesmen, coordinating appearances on a geographic basis and making sure that the load was properly spread among the member companies.

Each speaker would develop his topic in his own way, weaving in the MCA-developed material at will.

The type of spokesmen we have in mind are you gentlemen, the directors of MCA, supported by other chief executive officers not present today.

The plan has both short- and long-range advantages: The short range is obvious -- to gain some badly needed statements of the chemical industry point of view in various media. The longer range advantage will be gained as we build up this corps of spokesmen. MCA has a constant need for industry experts who can provide statements and make appearances on relatively short notice.

News media, as you know, will use responses to issues and handle "the other side's" position when the story is breaking. There is no public relations benefit in a tardy response. It's either ignored or becomes a liability as its availability provides the media opportunity to retell the whole sordid story.

We hope to get this plan underway in early 1977.

It goes without saying that all on-going PR programs are being directed toward the same issues to which the spokesmanship plan will be addressed.

Ch mEcology will expand further its coverage of member company success stories in the areas of environment and toxic substances.

Participation next April in the American Women in Radio and Television spokesmanship program for lay audiences will stress positive contributions by the chemical industry with emphasis on health and environmental protection.

MCA News will continue to report on industry and company programs in these key public issues so that good ideas can be shared across the membership.

We are considering an idea proposed by our member from American Cyanamid, Joe Calitri, whereby awards could be given to member company plants which have achieved goals in energy conservation. This program, of course, could demonstrate MCA's dedication to energy conservation and show that even without a national energy policy -- the industry is dedicated to conservation.

We will also continue our three-times-a-year Chemical Issues & Commentary -- the survey of member companies to identify emerging issues. This practice goes back to 1973, when we began polling people participating in MCA activities in six companies and the professional staff of MCA. That panel has now grown to 19 companies and MCA with over 400 respondents. And it's the study upon which we base our forward planning we share with you today.

Gentlemen, it's well known that the 95th Congress will inherit most of this year's environmental and energy issues. Water and air pollution legislation will doubtless take over the spotlight recently occupied by toxic substances. Chemicals in food and food packaging will join other lurking problems like pesticides to keep all of us busy. We must be prepared to answer our critics, to itemize consequences of tradeoffs and to accentuate the positive side of the chemical industry.

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Exhibit I

REPORT TO THE BOARD OF DIRECTORS
OF
THE MANUFACTURING CHEMISTS ASSOCIATION
BY
MATTHEW P. LANDERS
NOVEMBER 22, 1976

I appreciate the opportunity to report to you again on the activities of the Tax Policy Committee.

Since the Vice Chairman of our Committee, Frederick Barbour of Rohm and Haas, reported to you in September of 1975, we have be n concerned primarily with the legislative activity which led up to enactment of the Tax Reform Act of 1976 on October 4.

Last year when the House Ways and Means Committee conducted 'ts hearing on tax reform, I had the honor to testify on behalf f the Association.

After passing the House late in 1975, the Tax Reform Act was referred to the Senate where it underwent hearings in the Senate Finance Committee this past Spring. At that time, as you will r call, Mr. F. Perry Wilson, Chairman of the Board of Union Carbide, appeared on behalf of the Association.

Our testimony before both committees was devoted to two principal areas - namely, capital formation and taxation of foreign source income.

In the capital formation area we recommended the adoption of such tax incentives as making the 10% investment tax credit permanent, reducing the corporate income tax rate, and providing additional cost recovery allowances. We contended these actions are needed to assist industry to generate sufficient funds internally to meet capital requirements.

In the foreign area we recommended that no change be made in the foreign tax credit provisions, and none with respect to the timing of the imposition of U.S. tax on foreign earnings of foreign subsidiaries; the so-called "deferral" issue. In order to stimulate xports and to improve our balance of payments position, we also recommended that the DISC be retained.

The Tax Reform Act as finally enacted (P.L. 94-455) is a massive document containing many hundreds of provisions which will touch every taxpayer, corporate and individual, in the country.

I understand that Bill Stover briefed you gentlemen in September on the more significant provisions of the bill as agreed to by the House-Senate conference committee. As these provisions remained basically unchanged on final passage of the legislation, I will point out a few areas which the new law does not address.

Aside from extending the 10% investment tax credit through 1980, the Act does little to assist capital formation. Although a task force of the House Ways and Means Committee, headed by Chairman Al Ullman of Oregon, conducted a study to consider the use of the tax code to stimulate capital formation, it has not yet published its report.

In the foreign source income area, the new tax law has a number of disturbing provisions, but it did not deal to any basic extent with the two items of major concern to industry, namely the timing of taxation of foreign source income (so-called deferral) and the foreign tax credit. You will recall that a group of tax reform-minded Senators sponsored amendments to require current taxation of the income of foreign subsidiaries of U.S. companies and to change the foreign tax credit to a deduction, but their proposals were all defeated.

The House Ways and Means Committee also set up a task force, headed by Representative Rostenkowski, (D-Ill.), to study the taxation of foreign income. No report has been issued and we have no indication as to what recommendations are likely to be forthcoming. Considering the initial attitude of the 94th Congress, we believe our industry was most fortunate to emerge with the major tax provisions affecting foreign source income relatively intact.

The MCA Tax Policy Committee has also been active with respect to recent rule-making proposals initiated by the Internal Revenue Service.

We have been particualrly concerned with a proposal to amend Section 861 of the Income Tax Regulations, which relates to the allocation and apportionment of deductions for income tax purposes. As you will recall, without the benefit of change in the law or court decisions, in 1973 the Treasury Department proposed revised regulations which would cause most companies to lose substantial foreign tax credits. MCA went on record in 1973 and again in 1974 opposing the regulations and recommending that they be withdrawn. Because of industry's strong opposition, these proposed regulations were never finalized.

Within the past year there has been a great deal of renewed gov rnmental activity regarding these regulations and the Internal Revenue Service and the Treasury Department appeared anxious to finalize them. In the meantime, the Economic Policy Board became interested in the 861 issue. That Board established a task force composed of representatives of a number of Federal agencies, including the Departments of Commerce and Treasury and the Council on International Economic Policy, to study the problem.

During the past year the Treasury Department proposed a series of compromises aimed at overcoming industry opposition to the proposed regulations. Members of our Tax Policy Committee have had a number of meetings with representatives of Treasury and the Council on International Economic Policy concerning the regulations and the suggested Treasury revisions.

It was the opinion of a majority of the Tax Policy Committee members that the Treasury Department's suggested changes to the 1973 proposed regulations did not go far enough to make the regulations acceptable to the chemical industry. Therefore, we have continued to oppose the proposed regulations. Our opposition has been directed primarily at those provisions of the regulations which would require that a portion of domestic R & D expense be allocated against a company's foreign income. In the case of a company with large R & D expenditures, this could have the effect of substantially reducing that company's foreign tax credit, resulting in significant double taxation.

I might mention that there was a minority view within the Tax Policy Committee recommending support for the Treasury proposal to reissue the proposed regulations in modified form providing we made it clear that we reserved the right to object to the proposed regulations after we have had an opportunity to study them. This view was based on the thought that the revised proposal represented a substantial improvement over the original 1973 proposal. This view was not shared by the majority of our Committee.

Because of a united front on these questions by many organizations including MCA, The Machinery and Allied Products Institute, the National Foreign Trade Council and others, we understood the issue was dead for 1976. We were quite surprised, therefore, when the Internal Revenue Service published the revised regulations in proposed form on November 8th. We understand that this action was taken by the Treasury Department without clearing the subject with the Economic Policy Board.

The new proposals are quite complicated and our member companies are currently studying them to determine their effect. It is apparent that the impact can be different from company to company dependent upon various business factors and we anticipate differences of opinion as to whether MCA should support or oppose the provisions. A written statement will be prepared based on comments to be received from our members by November 29th. Public hearings will be held in Washington on December 16th and it is anticipated that a representativ of the Tax Policy Committee will appear.

In conclusion, I would like to state that we faced 1976 with a great deal of trepidation as to the final effect of the Tax Reform Act of 1976. We were quite active in attempting to present the chemical industry's viewpoint and feel quite relieved to have come through the year as well as we did.

We now face the coming year in anticipation of greater tax activity. Our goal remains to obtain legislation to aid in capital formation and, hopefully, an enlightened attitude in Congress with r gard to the necessity to maintain our competitiveness abroad. We are commencing this year with hearing activity on the Section 861 Regulations and anticipate further activity as regulations on the Boycott and Illegal Payments provisions are published.

In other words, your Tax Policy Committee has had a busy year and expects to remain active and vigilant in the year ahead.

I want to thank you gentlemen for the support you have given us and I will answer any questions you might wish to ask.

Exhibit J

STAFF REPORT

by

William J. Driver

November 22, 1976

Acting according to the provisions of the 1975 Energy Policy and Conservation Act, the Federal Energy Administration has proposed for the chemical industry a goal of 16 percent energy conservation per unit of output by January 1, 1980, as compared with calendar 1972 as a base year. This compares with the previous consensus goal of 15 percent per unit of output by January 1, 1981, again with 1972 as the base.

The proposed goal is the result of a study made under contract with FEA by Battelle Memorial Institute, with Chem Systems as subcontractor.

The FEA has scheduled public hearings December 7 and 8 on the proposed goal. The Energy Conservation Committee is recommending that MCA testify in support, stressing that the goal is tough and demanding and will require concentrated effort to achieve, and also stressing the importance of a sound economy (with the chemical industry operating at high capacity rates), plus the need for capital to invest in energy-conserving facilities and processes.

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Dr. Morton Corn, assistant secretary of labor, recently told the chairman and secretary of the Occupational Health Committee that OSHA would welcome industry input early in the development of any proposed standard. Information desired includes toxicological and workplace exposure data on chemicals to be regulated, which would become part of the public record.

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MCA has supported recommendations of the Association of American Railroads to the Federal Railroad Administration regarding defective roller bearings. FRA regulations provide that roller bearings are defective if the pedestal frame retainer key is missing. AAR believes that such retainer keys are not necessary and their absence should not cause rail car roller bearings to be declared defective.

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On December 8, MCA will sponsor a seminar on the Federal Water Pollution Control Act arranged by the Government Relations and Water Resources Committees. The aim of the seminar is to help member company executives prepare for the legislative struggle that will develop as the 95th Congress considers proposals to revise existing water pollution control law. The program is being structured so as to benefit both the technical expert and the spokesman with a more general background.

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Three one-day regional seminars on corporate readiness for compliance with the Toxic Substances Control Act are being planned by the Chemical Regulations Advisory Committee. Six papers on as many aspects of the law will be given at each of the seminars, scheduled for February 2 in Philadelphia, February 23 in St. Louis and March 10 in San Francisco.

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Almost 200 chemical industry representatives were made aware of the requirements of existing, new and expected legislation and regulations affecting water pollution control in a symposium entitled the "Approaching Toxics Era" in Houston November 11. Sponsored by MCA, the symposium is a special activity of the Water Resources Committee and will be offered again on December 7 in Washington and on January 13 in Los Angeles.

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MCA made public additional toxicological data relating to the safety of acrylonitrile monomer on November 9. The data came from a study that involved the feeding of liquid acrylonitrile to pregnant rats at three dosage levels, all of which represented dosages far greater than the maximum allowable for human consumption under current FDA regulations. According to the investigators, the study showed no adverse effects at the lowest level, which is the equivalent of a person eating approximately two tons per day of food containing the maximum amount of acrylonitrile allowed.

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MCA has suspended circulation of eight Chemical Safety Data Sheets pending their revision to incorporate present knowledge regarding properties, characteristics and handling. The publications will be reissued, with notice of availability to be made through MCA News, Chemecology and press releases to the trade press and various newspapers.

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On November 8 the Internal Revenue Service issued a new set of proposed regulations relating to the allocation and apportionment of deductions for income tax purposes. The new proposal replaces regulations initially proposed in 1973. MCA submitted comments opposing the initial proposal in 1973 and testified in opposition in 1974. The revised proposal substantially changes provisions pertaining to the allocation of interest and research and development expenses. Members of our Tax Policy Committee are presently studying the new proposal and will send us their comments shortly so that we may prepare and submit a position paper to IRS on the revised proposed regulations.

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