MINUTES of the sixty-fifth meeting of the Directors of the Manufacturing Chemists' Association, Inc., held at The Union Club, New York City, on December 11, 1956, at 11:00 a.m. (EST).

There were present:

Messrs.	John E. Caskey	John E. Hull
	Leland I. Doan	Harry B. McClure
	William P. Drake	R. C. McCurdy
	D. W. Drummond	John E. McKeen
	Fred J. Emmerich	George L. Parkhurst
	A. E. Forster	John A. Sargent
	Fred C. Foy	Robert B. Semple
	John L. Gillis	O. V. Tracy
	R. K. Gottshall	William H. Ward
	Ernest Hart	Robert I. Wishnick
	John A. Hill	M. F. Crass, Jr.

Alternates:

William D. Barry (for Joseph Fistere)
Howard S. Bunn (for Harry B. McClure)
Bert Cremers (for Robert B. Semple)
John L. Davenport (for John E. McKeen)
Harry S. Ferguson (for Fred J. Emmerich)
R. B. Fiske (for Kenneth C. Towe)
R. W. Hooker (for R. L. Murray)
Max A. Minnig (for Robert I. Wishnick)
Charles S. Munson (for John A. Hill)
James G. Park (for O. V. Tracy)
P. C. Reilly (for C. B. Edwards)
W. T. D. Ross (for H. Greville Smith)
George R. Vila (for John E. Caskey)

Present by Invitation:

M. G. Geiger - W. R. Grace & Co.
Claude E. Hobbs, Jr. - MCA
Marx Leva - Fowler, Leva, Hawes & Symington
Robinson Ord - Canadian Chemical & Cellulose Company, Ltd.
Sydney Thayer, Jr. - Henry Bower Chemical Manufacturing Co.

In calling the meeting to order at 11:00 a.m. (EST), Chairman Gillis welcomed the alternates and guests and invited them to participate in the discussion.

I. MINUTES OF MEETING.

The Minutes of the November 19, 1956, meeting were duly approved as submitted to the members.

II. REPORT OF THE EXECUTIVE COMMITTEE.

In the absence of Mr. Kenneth C. Towe, Mr. Gillis reported on the following subjects which had been discussed at an earlier meeting of the Executive Committee:

(a) Tax-Free Cooperatives. At a recent meeting, the MCA Tax Policy Committee considered the competition being experienced by the chemical industry from tax-free cooperatives. In order to obtain additional information and to develop facts, a subcommittee of the Tax Policy Committee was appointed to report subsequently to the Board of Directors as to what action, if any, MCA might take toward encouraging the enactment of legislation to remove the tax exemption for organizations which are competitors of tax-paying industry.

(b) American Coke and Coal Chemicals Institute. A suggestion has been made that this organization consolidate with MCA. We have been advised that probably after the first of the year the Institute will appoint a committee to meet with a counterpart MCA committee to explore this suggestion.

(c) Retirement Plan. The Finance Committee has recommended that favorable consideration be given to liberalization of the MCA staff retirement plan. This is now under consideration by the Executive Committee, and a report will be made to the Directors in due course.

Following consideration of the above items, it was moved, seconded, and

VOTED: That the report of the Executive Committee be accepted.

III. TREASURER'S REPORT.

Financial Report, June - November 1956. The financial report for the six months ending November 30, 1956, containing for the first time a detailed report of income and expense relating to the educational project, was reviewed, and

ON MOTION duly made and seconded, it was

VOTED: That the report be accepted and placed on file.

IV. BOARD OF DIRECTORS.

(a) Finance Committee -- Report of the Chairman. Chairman Hart reported that a meeting of his Committee had been held on October 30 and that they had agreed upon several matters, which were submitted to the Directors as follows:

(1) Membership fee basis -- definition of "chemical sales." This basis should be maintained for the next fiscal year. Several minor amendments, designed to remove existing inequalities, were presented.

(2) Investment policies. The Finance Committee found the Treasurer's schedule of investments to be sound and recommended no change.

(3) Bonding of staff members. Four employees, including the Treasurer, Assistant to the Treasurer, Office Manager, and Order Clerk, are now covered by $5,000 fidelity bonds. Following a thorough review of the matter and upon recommendation of the Treasurer, it was agreed to change this coverage to a system whereby the entire office staff would be covered by a blanket $10,000 employee dishonesty bond at an annual fee of $95.

(4) Financial Status. A review was made of commitments, expenditures, and income in relation to operational budgets. The Association has operated to date well within the approved budget, and the outlook for fiscal 1956-57 is favorable. Inasmuch as income will apparently exceed outgo by a substantial amount, the accrued surplus at the end of the current fiscal year will probably be in the neighborhood of $240,000. Although the Finance Committee does not recommend abandonment of its long-range program whereby a surplus of approximately six months' operating expenses will eventually accrue; nevertheless, it is the Committee's recommendation that for the 1957-58 fiscal year supplemental income derived from publications sales, interest, and special meetings be charged against general expense if by so doing an increase in membership fees can be avoided.

ON MOTION duly made and seconded, it was

VOTED: That the Finance Committee report be accepted and approved.

(b) Membership Committee.

(1) Application of Dixon Chemical & Research, Inc. It was reported that an application had been received from Dixon Chemical & Research, Inc., and that, in the opinion of the Membership Committee, the applicant corporation is qualified for membership under the Association's By-Laws.

ON MOTION duly made and seconded, it was

VOTED: That the application be approved subject to the 30-day notification to members provided under Article III, Section 4, of the By-Laws.

(2) Membership prospect list. An up-to-date membership prospect list was circularized to Directors at the November 19 meeting. It was again suggested to those present that each Director indicate firms which he would be willing to contact in behalf of the Membership Committee and that he get in touch with the Secretary in case additional information is required.

V. COMMITTEE APPOINTMENTS.

The Board of Directors approved the following Committee appointments:

(a) Advisory Group, Carnegie Tech Research Project.
Dr. B. S. Garrett, Rohm & Haas Company, replacing Dr. E. L. Stanley.

(b) Chemical Industry Advisory Board, American Standards Association, Inc. Appointment as MCA representatives in the capacity of full Board members for two-year terms beginning January 1, 1957, of:

J. G. Henderson - Union Carbide and Carbon Corporation
Meade McArdle - Olin Mathieson Chemical Corporation

(c) Chemical Packaging Committee.
C. H. Haas, Stauffer Chemical Company.
Alvin D. Miller, Firestone Tire & Rubber Company.

(d) Chemicals in Foods Committee.
Lawrence A. Coleman, Allied Chemical & Dye Corporation, as Chairman.

(e) Education Advisory Committee.
Dr. Harvey R. Russell, American Cyanamid Company.

(f) Hydrogen Peroxide Technical Committee.
Harlow G. Hyatt, Becco Chemical Division, Food Machinery and Chemical Corporation, replacing F. A. Gilbert.
R. R. Renshaw, Shell Chemical Corporation, replacing Ralph McKay.

(g) Public Relations Advisory Committee.
Carlton H. Rose, National Lead Company.

VI. PUBLIC RELATIONS AND EDUCATION.

(a) 1957 Chemical Progress Week. General Hull reported that the field organization for the fourth CPW is at a more advanced stage than it was at the same time any previous year. The first shipment of kits was mailed last week.

(b) Education. Distribution of educational materials has been excellent, and it appears that a reprinting of several of the major junior high school materials publications will be required. General Hull described the teachers' awards program, under which $1,000 awards, with appropriate citations, will be made on a national basis to six outstanding college teachers to be selected by a special committee on the basis of nominations received. Such awards will be made at the 85th Annual Meeting.

VII. MISCELLANEOUS ITEMS.

(a) Concentration Study -- Senate Subcommittee on Antitrust and Monopoly. Mr. Semple reported that in accordance with a previous Board request the Public

Relations Policy Committee had met to consider public relations aspects, particularly from the standpoint of what the Association should do in this respect. The Committee recommends against a "crash" public relations program, but feels that in our continuing and long-range publicity program increased mention should be made of the vigorous competition which exists within the chemical industry. It feels also that the Association staff should keep the membership fully advised on all developments as they occur. This would also apply to developments relating to the Robinson-Patman Act and the expected Merger Prenotification Bill. It was felt inadvisable at this time to organize an ad hoc legal group to deal with the concentration matter.

With reference to the Subcommittee study itself, the Secretary reported that discussions had been held with the Bureau of the Census concerning the expected report on concentration ratios for the four- and five-digit product classifications. Publication of this report appears to have been delayed, and its issuance date remains problematical and uncertain. The Bureau has suggested to MCA that, if a prompt report on four- and five-digit product ratios is desired, consideration will be given upon request to handling the job as a for-fee service, which would be within the Bureau's terms of reference under the law. It should be emphasized, however, that there is no guarantee that the Bureau would accept this assignment. Following discussion, the Secretary was authorized to contact the Census Bureau as indicated and at the same time to request a cost estimate, in case the assignment should be accepted.

(b) Depreciation. Mr. Claude Hobbs, MCA Staff Counsel, reported that this subject had been given consideration at a recent meeting of the MCA Tax Policy Committee. The problem involves the erosion of plant investment through inflation and the inadequacy of the depreciation provisions of the existing tax law in connection with the accumulation of cash for replacement of retired plant facilities at progressively increasing cost. Since inflation presents a tax problem in connection with depreciation, the Committee feels that the chemical industry should evaluate the problem and determine whether remedial tax legislation should be sought, possibly in cooperation with other industry groups. Apart from the tax question involved, however, there are non-tax advantages and disadvantages of an accounting and financial nature which should be considered. A logical first step would be for MCA to make a survey to ascertain a composite picture of the difference between the actual cost and the replacement cost in current dollars of the chemical industry's long-term depreciable assets in order to measure the deficiency of depreciation being taken on a current value basis.

Following discussion, the Tax Policy Committee was authorized to prepare such questionnaire promptly and submit it, together with complete plans for taking the proposed survey, to individual Board members in advance of the January 8, 1957, meeting in order that final consideration and decision concerning the survey can be made at or prior to that time.

(c) Antidumping Act. In conformity with prior authorization, a statement prepared by a subcommitte of the MCA International Trade and Tariff Committee was cleared through the parent Committee, approved by the Association's President, and filed with the Commissioner of Customs on December 6. Copies were sent the same day to Board members and all Executive Contacts.

(d) Plant Safety. The Secretary reviewed the Chemical Safety Data Sheet Program, particularly as related to the revision and updating of previous publications.

With respect to the accident frequency rate, the first nine months of 1956 show the best record yet compiled -- 3.01 injuries per million man-hours of explosure.

At the suggestion of the General Safety Committee, those present approved the sending of a du Pont publication, "Safety Begins Here," to the Executive Contacts and safety personnel of all member firms. This booklet emphasizes the importance of top management backing to the success of any plant safety program.

(e) American Standards Association, Inc. At the suggestion of MCA, the American Standards Association has withdrawn a proposed project on the classification of dangerous materials. In making its request, the Association pointed out to ASA that changes in classification would involve regulatory agencies, container specifications, and approved practices built up and agreed to over a period of many years.

The Chemical Industry Advisory Board has approached the Secretary concerning: (1) a change in CIAB status to that of a full ASA Board with voting rights, and (2) the consideration by CIAB of proposals relating to chemical standards. Following discussion, it was agreed that: (1) copies of the CIAB letter to the Secretary should be distributed to Board members promptly following scrutiny of the letter by General Counsel, and (2) that Mr. J. G. Henderson, CIAB Chairman, be invited to present his case to the Board of Directors at the January 8, 1957, meeting.

(f) Foreign Aid. General Hull reported on discussions with officials of the International Cooperation Administration concerning the erection of chemical facilities in foreign aid countries by private enterprise rather than at Government expense. He stated that he would be glad to place member executives in touch with the proper foreign aid personnel in case they would be interested in discussing the matter in more detail.

(g) Chemical Corps Award. In view of its excellent safety record over the past several years, the General Safety Committee has prepared a suitable certificate of commendation to be awarded the Chemical Corps, United States Army, which will be presented to Major General William M. Creasy, Chief Chemical Officer. The ceremony will take place at the Army and Navy Club, Washington, 5:00 p.m. on December 19. General Hull extended a cordial invitation to the Directors to be present at this event.

There being no further business to come before the meeting, it was unanimously resolved to adjourn.

M. F. Crass, Jr.
Secretary

APPROVED: John L. Gillis
Chairman