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Johns-Manville

Internal Correspondence

To F.H. May, 1-03
From Paul Kotin, M.D., 1-06
Copies:
Subject AIA

Date November 10, 1978

cc. J. A. McKinney
F. J. [unclear]
J. [unclear]
11-16-78

As we discussed a few days ago, I am enclosing comments on J-M's leaving AIA that formed the basis for my change in opinion about our membership in that organization.

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Johns-Manville and AIA

Any decision by Johns-Manville to pull out of AIA/NA would be a clear signal to the world that J-M has either decided to get out of the asbestos business or, at the very least, it has written off the future of this business. *Not normally true* ~~Because~~ in its press releases and public announcements, there will be no way to prevent outsiders from so viewing the situation.

The mining of asbestos and its conversion into finished products is still an important business to J-M. J-M currently derives a significant profit from these businesses. J-M's decision to lessen its dependence upon asbestos as its primary source of profit was a wise one, but that does not justify a decision that will likely lead to the end of the entire industry. J-M has a considerable amount of technology and expertise in the asbestos business, which will become unmarketable if the industry dies. J-M should continue to lessen its dependence upon asbestos as a profit source. However, pulling out of AIA will lay the foundation for the convenient demise of the industry as a whole even though there are a number of products that are extremely useful and represent virtually no hazard in commerce.

Although the industry is currently facing considerable liability as a result of past exposures to asbestos, any decision to withdraw from AIA and get out of the asbestos business will not aid in any way in absolving J-M and its Officers and Directors from any potential liability. If there is any liability, it is based on past exposures and wrongs alleged to have occurred in the past. Such liability is not likely to be based on current and future uses of asbestos and exposures therefrom. Also, J-M's withdrawal from the industry will falsely imply that the company believes that asbestos cannot be used safely. To some, it will likely imply an additional indication of guilt.

Some of the possible adverse consequences of J-M's withdrawal from AIA are:

1. Efforts in the regulatory sector will be diluted and divergent. A strong, unified response by the asbestos industry is essential since OSHA will be holding hearings on the proposed amendments to the asbestos standard within the next one to two years. The support of AIA members of J-M's position is important, as is their support of J-M's efforts to establish a work practices standard for the construction industry.

In addition, as a result of the recent NCI/NIH report entitled, "Estimates of the Fraction of Cancer Incidence in the United States Attributable to Occupational Factors," it is conceivable

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that with J-M's withdrawal from AIA, OSHA will perceive a weakening in industry's position and will take a strong, tough stance with regard to asbestos in an effort to remove some of the criticism generated by the report.

2. Within the next few months, it is likely that a recommendation will be made to lower the British occupational standard for exposure to asbestos. This will further serve to support OSHA's efforts to lower the U.S. standard. A strong and unified response by the U.S. asbestos industry is essential, both here and abroad.

3. J-M's withdrawal from AIA will likely have an adverse impact on relationships with asbestos customers. The impact on the European market could be equally great, and possibly could have an adverse effect on J-M's International in areas other than asbestos because of the reaction of companies such as Turner & Newall, Cape, Eternit, Saint Gobain.

4. Defense of useful and "locked-in" asbestos products--including those for which there is no suitable substitute for asbestos--will be difficult because of the negative impression J-M's withdrawal will leave with users and the media. Products such as A/C pipe, A/C sheet, friction materials, packings and gaskets, brake lining materials and so on will become suspect as to their safety, to an even greater degree than at present.

5. Inasmuch as J-M's withdrawal from AIA will signal the demise of the asbestos industry, those companies which have been researching the possibility of substitutes for asbestos, or who have been considering the possibility of withdrawing from the asbestos industry, will accelerate such efforts. Furthermore, those companies which have resisted such efforts in the past will likely join in the aggressive search for substitutes or withdraw from the industry.

6. Even if J-M were to get out of the asbestos business entirely, it is still in the fiber business. There are certain groups that have been arguing for some time that all fibers are as dangerous as asbestos. The shift to manmade mineral fibers may intensify the efforts of these groups.

In addition, J-M's position with regard to asbestos has beneficially assisted U.S. industry in general, particularly the chemical industry, in its efforts to bring scientific objectivity to the development of standards and the regulation of toxic and carcinogenic materials in the workplace. Should J-M's withdrawal from AIA lead to the destruction of the asbestos industry as a whole, the impact on other industries may be alarming.