15-9 CHEMICAL AND
ENGINEERING NEWS
WKLY. 128,000

NOV 3 1975

CLIPPED BY
BAGONS

THIRD QUARTER CONFIRMS PRODUCTIVITY UPTURN

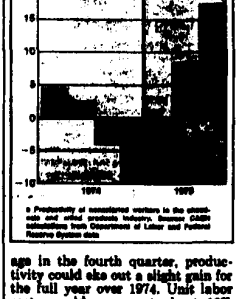
True to form for a business recovery, productivity in the chemical industry made a king-size gain in the third quarter. At the same time, unit labor costs in the industry posted their first quarter-to-quarter decline in two and a half years. These results mean that, at least for a while, the deterioration in these two basic efficiency measures, which started in early 1973, has been stopped.

Preliminary results figured by C&EN from government data show productivity (physical output per hour worked by nonsalaried personnel) for chemicals and allied products 4.4% higher in the third quarter than in the second quarter. This works out to an annualized rate of increase of 17.8%, more than double the average yearly rise for the past decade. This performance brings chemical productivity to a new record 52% higher than in the base year of 1967. The old record, set in second-quarter 1974, was 1% lower than the new figure. After second-quarter 1974, chemical productivity suffered a highly unusual series of declines until the pickup this spring.

The big productivity leap in the third quarter follows a revised quarterly gain of 2.1% in the second quarter. At an annualized rate, this increase works out to a very respectable 8.4%. Preliminary estimates in August had put the quarter-to-quarter gain in the second quarter at 1.1%.

The summer's productivity upsurge exceeded the rise in hourly wages. This is the first time this has happened since the opening quarter of 1973. The result is a welcomed quarter-to-quarter drop of 1.0% in unit labor cost (labor cost per unit of physical output) for chemicals and allied products. At an annualized rate of 4.0%, this decline is in line with the chemical industry's average performance in the past decade. By contrast, unit labor costs had soared at annual rates of as much as 22% in the past two years.

The rates of improvement in productivity probably will settle back in the next few quarters. If industry performance is about average in the fourth quarter, productivity could eke out a slight gain for the full year over 1974. Unit labor costs would come out about 10% ahead of 1974. Both results still would be the worst in at least a decade because of the poor performance in the first half of the year. □



* Productivity of nonsalaried workers in the chemicals and allied products industry. Source: C&EN estimates from Department of Labor and Federal Reserve System data

Toxic substances hearings wind down

The Senate Commerce Committee's Subcommittee on the Environment has held a concluding day of "fact-finding" hearings on a revised version of S. 776, the Toxic Substances Control Act of 1975. But whether much in the way of new facts were found that will be paid much attention to is debatable.

Indeed, there are some hints that the subcommittee will report for full committee action, and for later Senate action, a bill that probably won't be significantly different from the staff version worked up before the hearings. All of which, if it happens, will make the testimony presented at the hearings rather moot —at least in terms of having an impact on the Senate bill.

In any event, the hearings did provide an opportunity for the chemical industry, Environmental Protection Agency, and others to add still more information to the mountain of testimony that has accumulated on the issue over the past several years. For example, Dr. John L. Buckley, an ecologist and a consultant to EPA's Office of Research & Development, pointed out that polychlorinated biphenyls (PCB) offer an excellent example of the need for the type of regulatory authority contained in the proposed Toxic Substances Control Act. "Despite governmental efforts to control the PCB problem, despite voluntary action on the part of the sole U.S. manufacturer [Monsanto] of PCB to sell only to customers who have stated their intention to limit the uses of PCB, and despite a formal international agreement embodying a multinational commitment to control PCB, environmental contamination persists. All these factors demonstrate the need for this legislation now," he says.

Another witness to testify before the subcommittee, which is chaired by Sen. John V. Tunney (D.-Calif.), was Harry S. Havens, director of the Office of Program Analysis at the General Accounting Office. Havens' testimony consisted of a GAO staff paper that compared estimates of the cost of S. 776 to the chemical industry prepared by EPA, the Manufacturing Chemists Association, and Dow Chemical. The staff report reaches the unsurprising conclusion that implementation of a tough toxic substances bill would not be nearly as expensive as some in the chemical industry maintain—as much as $3 billion—but it will cost more than EPA's estimate of $80 million to $140 million (C&EN, Oct. 27, page 5). However, he added that "because all of the studies consider costs to industry, but not cost to consumers, no figures are given for the cost of delays to consumers. These costs could be substantial."

MCA witnesses were introduced by Sen. Tunney with the comment that industry witnesses are always complaining that they are the last to go on and that the press has long since departed. Hence, the industry's message is not reported. Tunney then welcomed MCA's witnesses, including George S. Dominguez, of Ciba-Geigy Corp. Whereupon most of the press left the hearing room.

Among other things, Dominguez noted that the revised version of S. 776 could have an even greater eco-

MONS 033362



Tunney: mountain of testimony

nomic impact than the original bill. This is because "sweeping, discretionary powers" given EPA include a mandate to list not less than 300 chemical substances (other than new chemical substances) with the highest priority for testing.

Domingues also detailed the findings of an industry-sponsored survey conducted by Foster D. Snell Inc. that indicates that, depending on how EPA interprets the law, cost to the chemical industry could range from $358 million to $1.3 billion. This probably came as no surprise to the two subcommittee members at the hearing—Sen. Tunney and Sen. Wendell H. Ford (D.-Ky.)—or the subcommittee staff. MCA had submitted copies of the Snell report to the subcommittee months ago and presented the study's findings at a House hearing on toxic substances. □