

AGENDA
MEETING OF THE MCA EXECUTIVE COMMITTEE
8:00 a. m., Tuesday, February 11, 1975
The Links Club, New York City

1. Financial Report for Eight Months Ended January 31, 1975.
2. Legal Advisory Committee Nominations.
3. Issues Facing the Chemical Industry in the Coming Year.
4. Energy-Economic Program of the Administration.
5. Data Bank on Chemical Toxicology.
6. Arnstein vs. MCA, et al.
7. Administrative Matters.

MINUTES OF MEETING
MCA EXECUTIVE COMMITTEE
The Links Club, New York City
Tuesday, February 11, 1975

Following breakfast at 8:00 a.m., the meeting was called to order by Chairman McNeeley. There were present:

Harry D. McNeeley, Chairman	Edward R. Kane
James G. Affleck	Joseph A. Neubauer
William J. Driver	Robert T. Powers
John W. Hanley	Jack B. St. Clair

Lloyd N. Cutler, Outside Counsel
John H. Pickering, Outside Counsel
B. M. Barackman, Staff Counsel
George E. Best, Secretary-Treasurer

1. Financial Report for Eight Months Ended January 31, 1975
Mr. Best reported the information shown in Exhibit A.

2. Legal Advisory Committee Nominations Rather than act on the ten nominations placed before the Executive Committee at this meeting, it was agreed to announce at the Board meeting to follow that the nominating period would be held open one week more. It was deemed proper to select the candidates for appointment from all of the available nominees in order to give due regard to breadth of representation among the Association membership.

3. Issues Facing the Chemical Industry in the Coming Year
Mr. Driver referred to the list distributed in advance with the tentative agenda, saying it represented a recent update based on the opinions of staff and selected member company representatives. He characterized it as containing no major departures from past view, and stated it was being used as a guide to budget development for the coming fiscal year.

Responding to a query about adequate provision for toxicological program development, he mentioned the recent creation of an intercommittee task group (see Item 5 of these minutes) and expectation of receiving recommendations before the budget is finalized. Comments emphasized the need to maintain flexibility in order to deal with urgent matters as they arise, and agreement that toxicology is a matter of prime priority.

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4. Energy-Economic Program of the Administration Mr. Driver felt that a useful exchange of views had taken place in the January 28th briefing of invited chemical industry executives by Secretary Dent and FEA Assistant Administrator Sant on President Ford's energy/economic program. Mr. Sant would welcome additional information on the effect of tariff and taxes applying to petrochemical feedstocks on prices and employment.

Mr. Driver mentioned hearings by the Senate Committee on Interior and Insular Affairs, and that MCA may be invited to testify when these hearings resume. It was readily agreed that an appearance should be made if invited, but that more may be accomplished in hearings of the Senate Finance Committee.

There was awareness of the Petroleum Energy Group's current study on employment, and that MCA's Economic Policy Review Committee will meet tomorrow to develop recommendations concerning the Administration proposals. Mr. Driver mentioned already having communicated to the House Ways and Means Committee an endorsement of increasing the investment tax credit to 12%, on a permanent basis.

It was agreed that all opportunities should be considered for convincing the Government that added financial burden on petrochemical feedstocks would have minimal effect on conservation, yet would adversely affect the economy and tend to bring about unwarranted distortions within an established basic industry. Active liaison with PEG and other groups having a common interest was strongly encouraged.

Mr. Cutler suggested engaging a nationally eminent economist to advise and perhaps testify on behalf of MCA.

Several members commented on the larger issue of capital formation as being of vital future significance.

5. Data Bank on Chemical Toxicology Mr. Driver reported on the formation of an intercommittee task group for implementing the Executive Committee recommendations of January 14 concerning the feasibility of MCA's establishing and operating a data bank on toxicological information and maintaining a close working relationship with the Institute of Chemical Toxicology.

Dr. W. L. Sutton, Eastman Kodak (Chairman)
Mr. E. E. Christofano, Hercules (1)
Dr. F. D. Hoerger, Dow (2)
Dr. K. S. Lane, Union Carbide (1)
Dr. C. F. Reinhardt, Du Pont (1)
Dr. C. B. Shaffer, American Cyanamid (2)
Dr. P. L. Wright, Monsanto (2)

(1) Member, MCA Occupational Health Committee
(2) Member, MCA Toxic Substances Control Group

Mr. Driver stated the task group will have its first meeting tomorrow, to be attended also by Mr. Brian D. Forrow, Allied Chemical, representing the reconstituted Legal Advisory Committee. (Mr. Forrow also is a member of the Government Relations Committee.)

Mr. St. Clair gave his opinion that this arrangement will provide for satisfactory liaison between MCA and ICT. Mr. Hanley stressed that ICT should have a "full pipeline" to MCA developments.

6. Arnstein vs. MCA, et al Mr. Driver told of a suit against MCA and several companies instituted in Philadelphia alleging negligence in regard to exposure to vinyl chloride which it is claimed caused the death of Mr. Arnstein due to liver cancer. MCA was included in reference to information published in the Chemical Safety Data Sheet on this chemical.

PRIVILEGED MATERIAL REDACTED

They said the initial suit in the Pennsylvania state court has been supplemented by a second suit in a Federal district court, the latter adding as co-defendant the U.S. Government and naming as its agent the Occupational Safety and Health Administration.

They reported having arranged for representation of MCA through a Philadelphia law firm whose first efforts will be toward having MCA eliminated on jurisdictional grounds.

7. Administrative Matters

(a) Camille North Wiley Mr. Driver outlined the complaint of this former member of the MCA staff whose position was eliminated in August 1971 on account of budgetary limitations. She filed a complaint with the U.S. Department of Labor, alleging age discrimination (she was 58), which dismissed her complaint; with the D.C. Commission of Human Rights, alleging sex discrimination, which decided against proceeding further, except by court order, after she declined to appear at a scheduled December 1974 hearing; and with the Equal Employment Opportunity Commission, alleging sex discrimination, which is apparently awaiting the outcome of a civil suit filed in November 1974 in the District of Columbia U.S. District Court seeking back pay, reinstatement under the pension program and attorney's fees.

Mr. Driver stated MCA has defended vigorously and intends to continue.

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(b) Chemical Industry Speaker for Duke University Conference

Mr. Driver reported having proposed, from among suggestions received, Dr. Perry J. Gehring, Dow Chemical, to speak on the concerns of industry related to carcinogenic hazards on April 9, as previously invited.

(c) Effluent Guidelines Litigation

Mr. Pickering reported postponement of the hearing in the 4th Circuit Court of Appeals.

(d) Advocacy Role of MCA

Mr. Cutler referred to a memorandum his firm has prepared on this matter, suggesting it be considered by the new Legal Advisory Committee.

(e) Dinner with SOCMA Officials

Mr. Driver reported arrangements have been made for a dinner meeting of the Executive Committee on March 10 to receive three or four officers of SOCMA to discuss matters of mutual interest.

George E. Best

George E. Best
Secretary-Treasurer

Certified correct:

Harry D. McNeeley

Harry D. McNeeley
Chairman

REPORT OF THE SECRETARY-TREASURER

February 11, 1975

Dollar amounts rounded from tabular details
(\$000)INCOME & EXPENSEJune 1, 1974 - Jan. 31, 1975 - 8 Months (67%)

Income - Membership Fees	\$2,018		101.713%
- Other	<u>229</u>		77.627%
		\$2,247	98.596%
Expense - Operations	\$1,228		59.931%
- Projects	<u>213</u>		57.258%
		\$1,441	59.520%

ASSETS(As of January 31, 1975)

Cash	\$ 58	
Investments	3,172	
Miscellaneous	<u>10</u>	
		\$3,240

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MINUTES OF MEETING
MCA EXECUTIVE COMMITTEE
The Madison, Washington, D. C.
March 11, 1975

Following breakfast at 7:30 a.m., the meeting was called to order by Mr. Kane. There were present:

Edward R. Kane, Acting Chairman	
Earle B. Barnes	James E. Magoffin
Frederick L. Bissinger	(for Harry D. McNeeley)
C. P. Cunningham	George W. Russell
(for John W. Hanley)	(for James G. Affleck)
William J. Driver	Jack B. St. Clair
	Harold E. Thayer

Lloyd N. Cutler, Outside Counsel
John H. Pickering, Outside Counsel
B. M. Barackman, Staff Counsel
George E. Best, Secretary-Treasurer

By invitation: James M. Gill, Ethyl Corporation

1. Financial Report for Nine Months Ended February 28, 1975
Mr. Best reported the information shown in Exhibit A.

2. Preview of Fiscal Year 1975-76 Budget and Financing As chairman of the Finance Committee, Mr. Gill reviewed both the current year's financial prospects and tentative projections for the coming year.

For the current year, it appears actual revenue will exceed the estimate by about \$110,000, principally due to greater income from investments. On the other hand, expenditures will likely exceed the budget by some \$85,000, mainly on account of the expanded program for outside legal services. This would result, then, in drawing on reserves only to the extent of \$115,000, instead of about \$140,000 as budgeted.

Under the currently applicable membership fee schedule, income from this source for fiscal year 1975-76 is estimated to increase by 31% over the current year to \$2,650,000, with total income of \$3 million, 26% above the current year. The tentative budget for next year, providing

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only for continuation of established activities except for sustaining the higher level of legal services, approximates \$2.8 million. The \$200,000 prospective excess of income over expenses would replenish the reserves to a level of six months' operating expenses (50% of the budget), a level again reaffirmed today as desirable to maintain. The increase in budget for 1975-76 over the current year would be 15%. This is 11% above projected actual expenditures for 1974-75, which Executive Committee members deemed is reasonable.

Mr. Kane told of having been contacted regarding sharply increased fees for some member companies due to the inflation of chemical sales dollar volume from cost pass-through price increases. Various opinions were expressed, ranging from the need to accept cyclical variations to considering some device for spreading unusually great fee increases over a period of years. In the end, no general modification of the fee schedule was suggested.

One possibility mentioned as a means of avoiding up-and-down swings in the budget was an assessment system for underwriting supplementary activities rather than by budget amendment.

Mr. Gill also proposed consideration be given to increasing the maximum membership fee, now set at \$88,935, paid by four companies for the current fiscal year. He presented comparisons of member company groups (the same companies - all unidentified by name - in each instance) which have borne fee increases of 70% to more than 100% over the period from fiscal year 1966-67 (the first year the presently applicable fee schedule came into effect) to the current year, and whose further increases for next year above this year will be in the order of 40-50%. He illustrated by tabulation what would result from adding a fee rate of 0.0070% for chemical sales of \$1400 million and up to the present scale, with a declared maximum fee of \$112,000. Mr. Gill emphasized his interest in opening this subject relates to equity of financial support among the membership.

Discussion brought out the cost of major contributions of larger companies in technical and functional committee activities of the Association as a compensating factor not reflected in the fee schedule. At the same time, willingness was expressed to consider various possibilities for increasing the maximum fee.

3. Legal Advisory Committee - Membership Nominations A list of 16 nominees, chosen with a view to appropriate distribution of Association membership representation and cleared with the designated chairman of the committee (Mr. Forrow), was distributed in advance with the tentative agenda. It was agreed to recommend appointment of these nominees at today's Board meeting.

Mr. Driver spoke of his intention to write to the Executive Contacts whose nominees were not chosen, inviting their participation on a non-member basis. Mr. Bissinger assured Mr. Forrow is conscious of the need to establish a rotation procedure to provide for additional candidates as time passes.

4. Chemical Toxicology Information Mr. Driver summarized the outcome of the special inter-committee group deliberations on February 12, minutes of which were distributed to Executive Committee members in advance with the tentative agenda. Conclusions then reached favor an arrangement whereby information volunteered from member companies in a standardized format would be examined by an MCA review board and submitted for publication in a technical journal, rather than creating a comprehensive data bank managed by MCA. A trial collection is being planned, to cover those companies represented on the Executive Committee.

Mr. St. Clair expressed concern about the tone reflected in the minutes about MCA's interfacing with the Institute of Chemical Toxicology, the name of which he reported was being changed back to the original form of Chemical Industry Institute of Toxicology.

It was agreed to arrange for interim reporting by Dr. Sutton, chairman of the group, to the Executive Committee at the April or May meeting in order to transmit any guidance to him that may be appropriate.

5. Administrative Matters

(a) Advocacy Role of MCA Mr. Driver spoke of having received a draft memorandum concerning advocacy from Wilmer, Cutler & Pickering, as promised at the February meeting. Mr. Pickering described it as a general discussion of the considerations involved, intended to be further refined after receiving staff comments and then presented to the Legal Advisory Committee in advance of its first meeting being planned early in April.

Mr. Cutler observed that it would be feasible for MCA to step up its advocacy activity if it chooses, mentioning recent pronouncements on the appropriateness of economic impact evaluations as an indication of changing climate.

(b) Ozone Depletion in the Stratosphere Mr. Driver reported having been approached by representatives of companies having interest in fluorocarbons (now supporting MCA-sponsored research) who fear the possibility of acceptance of a new regulatory principle that could ban chemical products from manufacture until manufacturers can prove affirmatively that the products do not cause or threaten alleged (but not proven) harmful consequences. There has been considerable scientific discussion recently on the

potential depletion of ozone in the stratosphere by the chlorine released from fluorocarbons and possibly other chlorine-containing hydrocarbons. Inasmuch as the expressed interest goes beyond research to a program of public advocacy, Mr. Driver indicated his plan to refer the matter to the Legal Advisory and Air Quality Committees for their recommendations.

Ensuing discussion touched on the question of whether this question is sufficiently broad to justify handling as an industry matter. This elicited statements that users of fluorocarbons feel the manufacturers are not taking a leadership role, and the latter would prefer MCA for doing so, also that a much wider group of chlorine compounds may be affected, and that a regulatory precedent may be at stake.

Mr. Cutler suggested the immediate problem resides in the parameters of toxic substances control legislation.

(c) Toxic Substances Control Legislation Mr. Driver referred to MCA's established position as desiring to limit such legislation to gap-filling in relation to existing laws, generally along the lines of the House-passed bill in the 93rd Congress. In this Congress, however, a Senate bill (S. 776) was introduced first, and MCA testimony on March 5 was directed to amendments which would convert it to the equivalent of the earlier bill referred to. Senator Tunney is receptive to receiving more detailed amendment suggestions, and advantage will be taken of this opportunity.

Mr. Driver also spoke of the erroneous reporting on MCA's testimony at the Senate hearing by Chemical Week's Newswire (private service to subscribers), and efforts toward having a rectification issued.

Mr. Pickering characterized the Senate bill as having been poorly drafted, and all agreed with his suggestion that the Legal Advisory Committee become involved in developing the suggestions for amendment.

Mr. Kane emphasized the importance of member companies knowing MCA's recommendations accurately as they prepare statements to be filed separately, and requested the information be addressed promptly to Executive Committee members personally rather than relying on its transmission by staff associates.

(d) Arnstein vs. MCA, et al Pursuant to the plan recorded in the February meeting minutes, Mr. Pickering reported that

MCA filed on March 10 a motion to dismiss the complaint (for lack of jurisdiction and failure to state a claim upon which relief may be granted).

George E. Best
George E. Best
Secretary - Treasurer

Certified correct:

W. E. Lane
Acting Chairman

REPORT OF THE SECRETARY-TREASURER

March 11, 1975

Dollar amounts rounded from tabular details
(\$000)

INCOME & EXPENSE			<u>Percent of</u>
<u>June 1, 1974 - Feb. 28, 1975 - 9 Months (75%)</u>			<u>Budget</u>
Income - Membership Fees	\$2,020		101.815%
- Other	<u>289</u>		97.966%
		\$2,309	101.316%
Expense - Operations	\$1,385		67.594%
- Projects	<u>237</u>		63.71 %
		\$1,622	66.997%

ASSETS

(As of February 28, 1975)

Cash	\$ 114	
Investments	3,071	
Miscellaneous	<u>9</u>	
		\$3,194