AGENDA
MEETING OF THE MCA BOARD OF DIRECTORS
10:30 a.m., Tuesday, September 13, 1977
Washington Hilton (Map Room), Washington, D. C.

I. Opening Remarks and Introduction of Guests

II. Minutes of Meetings of June 8 and 9, 1977

III. Business Items:

(a) Approval of Directors' Alternates (Attachment)

(b) Report of Membership Committee
Heico, Inc.
Petrolite Corporation, Tretolite Division
SCM Corporation
Westvaco Corporation, Chemical Division

(c) Program Committee Report

(d) Appointment of Committee Members (Attachment)

IV. Report on Energy Conservation Legislation
Daniel M. Greeno, Vice Chairman
Energy Conservation Committee

V. Report of Director of Government Relations

VI. Technical and Functional Committees (Attachment)

VII. Information Items by Directors

VIII. Report of President

Next Meeting of the Board of Directors - 10:30 a.m., Tuesday, October 11, 1977, Washington Hilton (Map Room), Washington, D. C.

MINUTES of the two hundred sixtieth meeting of the Board of Directors of the Manufacturing Chemists' Association, Inc., held at The Washington Hilton, Washington, D. C., Tuesday, September 13, 1977, at 10:30 a.m.

Directors:	James G. Affleck, Chairman	
	William S. Sneath, Vice Chairman	
	Dieter H. Ambros	John M. Henske
	Drummond C. Bell	Ralph M. Knight
	William H. Bricker	W. C. Krumrei
	M. Blouke Carus	Thomas B. Nantz
	Robert A. Charpie	Paul F. Oreffice
	John S. Coey	John M. Pitblado
	Edward Donley	George F. Polzer
	William J. Driver	Charles W. Smith
	John T. Files	Tom K. Smith, Jr.
	Edward J. Goett	Otto Sturzenegger
	Vincent L. Gregory, Jr.	Robert A. Winslow
	Richard E. Heckert	

Alternates:
Frank W. Bradley (for James W. Kent)
Peter H. Conze (for Robert L. Mitchell)
Richard Fleming (for Edward Donley)
Cyrus H. Holley (for Dieter H. Ambros)
William B. Jackson (for Fletcher L. Byrom)
Lester C. Krogh (for John M. Pitblado)
Max A. Minnig (for Eugene J. Sullivan)
Clifford E. Oman (for Drummond C. Bell)
Charles A. Polachi (for George F. Polzer)
C. Robert Powell (for William H. Bricker)
N. B. Sommer (for James G. Affleck)

Outside Counsel: C. Boyden Gray

Staff Counsel: Bruce M. Barackman

Secretary-Treasurer: George E. Best

By Invitation:
Albert C. Clark, MCA
Donald M. Clarke, MCA
W. T. Corl, Texaco Inc.
Mark O. Decker, MCA
Carl A. Gosline, MCA
Daniel M. Greeno, Stauffer Chemical Company
George W. Ingle, MCA
Dewey A. Kunze, MCA
Victor H. Peterson, MCA
Milton J. Rhoad, The Goodyear Tire & Rubber Company

By Inviation (cont'd): Hugh M. Robinson, MCA
Henry J. Sauer, MCA
John E. Slavick, MCA
William M. Stover, MCA
John G. Tritsch, MCA
Anne Waggoner, MCA

Chairman Affleck explained the later starting hour for this meeting as being due to the elimination of scheduled reporting by technical and functional committee chairmen and an otherwise light agenda. He indicated resumption of the 10 a.m. starting time for future meetings.

I. MINUTES OF JUNE 8 AND 9, 1977, MEETING

Minutes of the June 8 and 9, 1977, Board meetings, as distributed, including the financial statement for twelve months ended May 31, 1977, were approved.

II. REPORT OF SECRETARY-TREASURER

Exhibit A

III. BUSINESS ITEMS

(a) Approval of Directors' Alternates The Alternates designated by their respective Directors were approved as listed in Exhibit B.

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

ON MOTION, duly made and seconded, it was

VOTED: That Heico, Inc.; Petrolite Corporation. Tretolite Division; SCM Corporation; and Westvaco Corporation, Chemical Division; be elected to membership in the Association.

(c) Report of Program Committee Mr. Henske, chairman of the committee, reported the program of the 27th Semiannual Meeting on November 22, 1977, in New York City will have the same pattern as in recent years. Two sessions are planned, one on energy moderated by Warren Anderson (Union Carbide) and the other on toxic substances control, the moderator for which is yet to be named. Art Buchwald, humor columnist, has been engaged as the luncheon speaker. The meeting will conclude with an evening reception and buffet dinner.

(d) Appointment of Committee Members   Appointments listed in Exhibit C were approved.

(e) Policy on Lobbying Reform   In conjunction with his legislative report, Mr. Stover told of the Executive Committee's endorsement earlier today of a policy for MCA espousal in regard to lobbying reform legislation under consideration in Congress.

ON MOTION, duly made and seconded, it was

VOTED: That the statement of principles regarding governmental regulation of lobbying given in Exhibit D be approved.

(f) Labor Law Reform   Likewise, Mr. Stover summarized pending legislative proposals (S. 1883/H.R. 8410) for amending the National Labor Relations Act as inimical to chemical industry interests as well as industry's interests in general, opposition to which was recommended by the Executive Committee earlier today.

ON MOTION, duly made and seconded, it was

VOTED: That the Association go on record as opposing labor law reform according to the bills of above reference and notify member companies of such opposition, also suggesting they act on this matter in their own interest.

Referring to the two matters just above, Dr. Affleck commented that where there is a broad base of industry interest, MCA's role usually will be supportive to leadership provided by organizations having a correspondingly wide industrial representation. MCA's principal efforts will focus on issues of specific import to the chemical industry.

(g) Product Liability   Mr. Driver recounted the increasing severity of product liability problems resulting from the courts' trending toward the principle of strict liability, and the hope, long-term, of amelioration through Federal legislation. Meanwhile he mentioned MCA's Insurance Committee suggests a short-term solution might lie in creating a captive insurance company.

With Executiv Committee approval, a Special Committee on Product Liability has been formed, with Mr. Robert L. Mitchell as chairman, with the objective of developing a recommended MCA position. To obtain the data needed for an appraisal of the problem as it affects chemical manufacturers, this committee supports a proposal of the Insurance Committee to survey MCA member companies.

ON MOTION, duly made and seconded, it was

VOTED: That the survey described in Exhibit E be approved and the budget be amended by $25,000 to provide funding therefor.

IV. REPORT FROM EXECUTIVE COMMITTEE

Pursuant to Dr. Affleck's announcement at the Board's organizational meeting on June 9, he reported the Special Review Committee, formed earlier in the summer, to examine the Association's objectives, structure, and program is composed of two past Board chairmen, Werner C. Brown (Hercules Incorporated) as chairman and Harry D. McNeeley (Eastman Kodak Company) as vice chairman, and Messrs. Heckert, Oreffice, Polzer, and Smith as the other members, with Messrs. Affleck, Donley, and Driver participating ex-officio. They plan on completing the task by the end of this calendar year.

Dr. Affleck also reported Executive Committee approval of procuring officers and directors liability insurance in the amount of $5,000,000.

As chairman of the Executive Committee, Mr. Donley mentioned the current enlistment of a major company chief executive to serve a part-time role as Chemical Industry Trade Advisor, the problem of renewing liability insurance coverage for CHEMTREC and the Association's publications, with other existing insurance coverages to be reviewed, and acceptance by Mr. Bricker to head the Senior Advisors relating to occupational health and safety as well as Mr. Krumrei to chair a Special Committee on Risk/Benefit Analysis.

V. REPORT ON ENERGY CONSERVATION LEGISLATION

Mr. Greeno, vice chairman of MCA's Energy Conservation Committee, spoke of the manner in which the committee is organized to attend to energy conservation legislative developments, including helpful assistance from special counsel formerly in the person of Charles Curtis, now succeded by Howard Feldman (Van Ness, Feldman & Sutcliffe).

He commented briefly on the points to be made in testimony prepared for presentation by Mr. Donley before the Senate Finance Committee on September 14 (Summary mailed to Directors on September 7 and full statement handed out at today's meeting).

Additionally, he indicated problem areas in which there is active attention, such as attempting to forestall mandatory reporting on energy conservation directly to the new Department of Energy according to four-digit SIC industrial classifications.

VI. REPORT OF DIRECTOR OF GOVERNMENT RELATIONS

Mr. Stover's report is attached as Exhibit F. A tabulation of the status of legislation of interest to MCA as of September 8 was distributed to those present.

VII. TECHNICAL AND FUNCTIONAL COMMITTEES

Dr. Affleck explained that, in lieu of regular appearances by committee chairmen, he had written inviting them to attend Board meetings at their option and offering them the opportunity to present any recommendations directly to the Board with the proviso that they be prepared for inclusion in the advance agenda. Also, they were requested to write a summary of each committee meeting soon after it occurs, these summaries to be attached to Board agenda to keep the Directors currently informed.

This new arrangement having been initiated only in mid-August, ther was but one meeting summary (Tax Policy Committee) available for distribution with the agenda for this meeting. Dr. Affleck encouraged examining the summaries and raising questions or offering comments about them.

VIII. INFORMATION ITEMS BY DIRECTORS

Dr. Sommer inquired about the apparent momentum behind legislation to raise the mandatory retirement age. He was assured the National Association of Manufacturers and the Business Roundtable are active on this development.

IX. REPORT OF THE PRESIDENT

Mr. Driver's Staff Report is attached as Exhibit G. Additionally, he commented on Environmental Action's criticism of MCA and four other trade associations as the "Filthy Five" in reference to positions taken on amending the Federal Water Pollution Control Act, and MCA's countering public statement in response; on MCA participation, in part through the Business Roundtable, in further House hearings on this legislation; on MCA's attention to regulatory developments under the Toxic Substances Control Act; and on the technical papers being coordinated through MCA for the planned United Nations Environment Program chemical industry seminar.

* * *

EXHIBIT A

REPORT OF THE SECRETARY-TREASURER

September 13, 1977

Dollar amounts rounded from tabular details
($000)

INCOME & EXPENSE

June 1, 1977 - August 31, 1977 - 3 Months (25%)

				Percent of Budget
Income	- Membership Fees	$3,226		100.499%
	- Other	134		24.820%
			$3,360	89.602%
Expense	- Operations	$ 980		28.408%
	- Project	40		11.386%
			$1,020	26.814%

ASSETS

(As of August 31, 1977)

Cash	$ 19	
Investments	9,078	
Miscellaneous	5	
		$9,102

CMA 037314

MANUFACTURING CHEMISTS ASSOCIATION

STATEMENT OF FINANCIAL POSITION

August 31, 1977

BALANCE SHEET

Assets

Cash		
National Savings & Trust - Commercial Account	$ 12,472	
National Savings & Trust - Payroll Account	6,000	
Imprest Funds	800	$ 19,272
Investments		
Bank Certificates of Deposit	$1,000,000	
Bank Repurchase Agreements	150,000	
U. S. Government Securities	2,973,508	
U. S. Government Agency Securities	1,851,812	
Corporate Securities	3,102,250	9,077,570
Deposits & Advances		
U. S. Government Printing Office	$ 500	
American Airlines	425	
Postage Meter	2,701	
Travel Advances	1,840	5,466
		$9,102,308

Liabilities & Fund Balances

Liabilities			
D. C. Use Tax			$ 186
Reserve			
Deferred Compensation			101,250
Fund Balances			
Restricted (Schedule I (e))		$4,766,633	
Unrestricted - From Previous Fiscal Years	$1,894,370		
- Current Fiscal Year	2,339,869	4,234,239	9,000,872
			$9,102,308

INCOME & EXPENSE

INCOME		
Membership Dues & Entrance Fees		$3,226,033
Income from Investments		63,984
Publications Sales		29,849
*Meeting & Special Funds (Schedule I (d))	$ -	
Overhead Reimbursement Subscribed Projects (Schedule I (d))	40,167	40,167
Miscellaneous		26
Total Income		$3,360,059
EXPENSE (Schedule II)		
Management		$ 274,272
Technical - General		300,071
Technical - Chemtrec		64,463
Public Relations		163,360
Government Relations		114,729
Staff Services		103,295
Total Expense		$1,020,190
Income less Expense		$2,339,869

FOOTNOTE:

*Net Income on Completed Project

CMA 037315

SCHEDULE I - RESTRICTED FUNDS & MEETING ADVANCES

August 31, 1977

	Balance June 1, 1977 (a)	Receipts (b)	Expenditures (c)	Transfers To Income (d)	Balance August 31, 1977 (e)
Carry-Over of Budgeted Funds					
A -23 Hydrocarbon Emissions Control Cost Analysis	$ 45,000	$ -	$ 25,879	$ -	$ 19,121
A -24 Oxidant Level Control Study	24,748	-	16,172	-	8,576
OH- 5 Epidemology (Mortality) Study of Petrochemical Workers/Feasibility	7,500	-	7,500	-	-
Total Carry-Over Budgeted Fund	$ 77,248	$ -	$ 49,551	$ -	$ 27,697
Non-Budgeted Funds & Meetings					
Meetings, Workshops & Symposia	$ 111,816	$ 27,945	$ 53,525	$ -	$ 86,236
Tank Car Mileage Compensation	81,180	5,071	17,874	-	68,377
Vinyl Chloride Research	251,530	126,142	93,025	2,600	282,047
Vinylidene Chloride Monomer Research	199,430	-	-	2,160	197,270
Styrene Monomer Research	167,883	22,880	30,158	894	159,711
Acrylonitrile Monomer Research	354,770	-	11,975	2,940	339,855
Trichloroethylene Research	150,526	58,875	34,723	3,960	170,718
Ethylene Dichloride Research	50,196	-	-	2,814	47,382
Chlorobenzenes Research	4,354	-	-	67	4,287
Phosgene Safety Research	39,678	-	1,313	2,053	36,312
Fluorocarbons Research	1,623,337	741,004	173,030	18,639	2,172,672
Allyl Chloride Research	223,413	-	-	227	223,186
Epichlorohydrin Research	250,973	-	-	227	250,746
Phthalate Esters Research	20,910	37,000	981	560	56,369
Loss Data Bank Project	3,850	6,000	307	-	9,543
Benzene Study	356,742	136,800	31,881	3,026	458,635
Epoxy Resins Research	-	4,000	-	-	4,000
Chemical Industry Trade Advisor	-	7,000	3,746	-	3,254
Total - Non-Budgeted Funds & Meetings	$3,890,588	$1,172,717	$ 452,538	$ 40,167	$4,570,600
Advance Membership Dues	$ 10,000	$ -	$ -	$ 10,000	$ -
Plastics Group Financial Package	$ 111,482	$ 57,124	$ 270	$ -	$ 168,336
Total	$4,089,318	$1,229,841	$ 502,359	$ 50,167	$4,766,633

CMA 037316

SCHEDULE II - [illegible]

BUDGET PROGRAM

	MANAGEMENT		TECHNICAL				PUBLIC RELATIONS		GOV'T RELATIONS		STAFF SERVICES		TOTAL TO DATE 3 Months	
			GENERAL		CHEMTREC									
	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET
Employees	12		27		7		12		12		14		84	86
OPERATING EXPENSE														
Salaries & Related Expense	$ 92,586	$103,400	$148,734	$158,600	$ 33,786	$ 34,988	$ 63,169	$ 63,675	$ 52,816	$ 62,275	$ 50,736	52,062	$ 441,827	$ 475,000
Retirement Plan & Group Ins.	50,267	16,925	80,141	25,925	20,000	5,725	48,046	10,375	27,500	8,762	32,500	8,538	258,454	76,250
Hosp. Ins. & Health Plan	1,479	1,750	3,241	3,900	383	375	1,612	1,675	1,107	1,375	2,044	1,800	9,866	10,875
Legal Fees & Expense	108,684	80,500	8,382	1,250	-	-	-	-	7,103	7,500	-	-	124,169	89,250
Consultants&Investment Serv.	-	1,425	-	6,250	-	-	-	-	-	-	-	-	-	7,675
Audit	4,500	1,000	-	-	-	-	-	-	-	-	-	-	4,500	1,000
Rent & Premises Expense	5,873	6,425	8,669	9,625	1,902	2,112	4,889	5,400	4,501	3,600	8,444	9,138	34,278	36,300
Taxes & Insurance	3,602	3,838	5,918	7,250	1,631	29,550	2,995	3,363	2,990	3,163	3,240	3,313	20,376	50,477
Supplies & Gen. Office Exp.	1,862	3,000	6,325	9,250	562	750	2,864	5,000	2,828	3,250	1,344	2,000	15,785	23,250
Furniture & Equipment	370	500	168	1,800	168	1,500	-	63	-	500	2,550	150	3,256	4,513
Printing	399	1,425	-	675	-	325	-	1,325	-	250	-	425	399	4,425
Telephone & Telegraph	1,590	1,850	5,128	5,825	5,650	5,350	2,143	2,300	2,289	2,075	1,651	1,825	18,451	19,225
Postage	1,286	1,125	6,910	8,750	103	250	11,911	13,750	2,067	3,000	336	575	22,613	27,450
Travel & Entertainment	1,379	3,750	7,322	7,500	225	375	7,094	6,875	3,681	5,000	248	250	19,949	23,750
Meeting Expense	-	3,750	106	225	-	-	26	25	18	1,000	-	-	150	5,000
Periodicals, Books, etc.	169	525	347	600	53	150	548	450	2,759	2,000	122	500	3,998	4,225
Organizational Memberships	92	875	1,125	700	-	25	151	250	70	375	80	38	1,518	2,263
Contingency	134	1,250	-	-	-	-	-	-	-	-	-	-	134	1,250
Operating Expense Totals	$274,272	$233,313	$282,516	$248,125	$ 64,463	$ 81,475	$145,448	$114,526	$109,729	$104,125	$103,295	$ 80,614	$ 979,723	$ 862,178
PROJECTS														
Technical														
Water Resources			$ 10,000	$ 3,750									$ 10,000	$ 3,750
Multi-Committee/Transportation			-	1,050									-	1,050
Multi-Committee/Publications:														
Safety			4,802	21,450									4,802	21,450
Other			2,753	6,500									2,753	6,500
Public Relations														
Community Relations							$ 3,855	$ 6,050					3,855	6,050
Consumer Information							2,943	12,175					2,943	12,175
Environmental Quality							6,857	8,750					6,857	8,750
Internal Publications							-	6,500					-	6,500
Media Relations							1,442	2,500					1,442	2,500
* Water Pollution Communications							-	1,250					-	1,250
College & Hi School Teacher Awards							2,815	4,125					2,815	4,125
Education Exhibits							-	1,125					-	1,125
Education Publications							-	4,625					-	4,625
Government Relations														
Trade Advisor									$ 5,000	$ 9,000			5,000	9,000
Project Totals	$ -	$ -	$ 17,555	$ 32,750	$ -	$ -	$ 17,912	$ 47,100	$ 5,000	$ 9,000	$ -	$ -	$ 40,467	$ 88,850
COMBINED TOTAL	$274,272	$233,313	$300,071	$280,875	$ 64,463	$ 81,475	$163,360	$161,626	$114,729	$113,125	$103,295	$ 80,614	$1,020,190	$ 951,028

*Budget Amendment by Executive Committee July 12, 1977, provides for Water Pollution Communications $5,000.

New Alternates designated by Directors in accordance with the Bylaws, for approval

Frank Adams, Jr., Pfizer Inc., Chemicals Division (for Charles W. Smith)

Edward H. Boll, Carus Chemical Company, Inc., Division of Carus Corporation (for M. Blouke Carus)

Charles B. Breedlove, Reichhold Chemicals, Inc. (for Peter J. Fass)

Richard A. Donovan, NL Industries, Inc. (for Ray C. Adam)

Cyrus H. Holley, BASF Wyandotte Corporation (for Dieter H. Ambros)

Richard J. Hughes, Union Carbide Corporation (for William S. Sneath)

Lester C. Krogh, Minnesota Mining and Manufacturing Company (for John M. Pitblado)

William W. LaRoche, USS Chemicals, A Division of United States Steel Corporation (for Duncan J. MacLennan)

Clifford E. Oman, National Distillers and Chemical Corporation (for Drummond C. Bell)

David L. Rooke, Dow Chemical U.S.A. (for Paul F. Oreffice)

J. Schneller, CIBA-GEIGY Corporation (for Otto Sturzenegger)

Exhibit C

Appointment of Committee Members

(a) Education Activities Committee
  Dorothy Crisp, Olin Corporation
  P. Burke Welldon, Hercules Incorporated

(b) Energy Conservation Committee
  Julius Anderson, Amoco Chemicals Corporation
  Raymond F. Attebery, National Distillers and Chemical Corporation
  Curt B. Beck, Cabot Corporation
  Ernest C. Fredericks, Engelhard Minerals & Chemicals Corp.
  Walter E. Fitzgerald, Hooker Chemical Corporation
  Louis E. Hart, The Procter & Gamble Company
  Robert E. Lee, Eastman Chemicals Division, Eastman Kodak Company
  Bruce A. Melaas, Celanese Corporation
  Andrew W. Stark, GAF Corporation

(c) Chemical Regulations Advisory Committee
  Alonzo W. Lawrence, Koppers Company, Inc.
  Richard S. Waritz, Hercules Incorporated

(d) Industrial Relations Advisory Committee
  Homer S. Klock, II, Celanese Corporation
  John F. P. Murphy, Pfizer Inc.
  Walter G. Schroth, Exxon Chemical Company U.S.A.

(e) Insurance Committee
  Gerald J. Cedrone, National Distillers and Chemical Corporation
  William A. Miller, Dart Industries Inc., Chemical Group

(f) Patent and Trademark Committee
  Oscar B. Brumback, Koppers Company, Inc.
  Leon Chasan, Exxon Chemical Company
  Robert C. Clement, Shell Oil Company

(g) Public Relations Committee
  David G. Powell, Exxon Chemical Company

MCA
BD-9/13/77

CMA 037319

Exhibit D

PROPOSED MCA POLICY ON
LOBBYING REFORM LEGISLATION

The Congress is presently considering basic reform of laws related to lobbying. Active proposals would, if adopted, require substantial changes in reporting, record-keeping and disclosures of funding sources in such a manner as to raise serious questions for trade associations and their members.

It is the view of the MCA Government Relations Committee that this issue could prove to be of significance to the Association and that it would be useful to go on record as favoring certain principles in any new law; further, the Association should proceed to take action to insure that any new law is consistent with these principles to the maximum extent possible, and that it should work in concert with other like-minded groups or associations to this end.

A general statement of principles follows.

"The Manufacturing Chemists Association believes that any new law to regulate lobbying disclosure should:

(1) be limited to direct lobbying of the Congress and should not apply to communications with the Executive Branch nor to "grassroots" lobbying activities;

(2) not require the compulsory disclosure of trade association membership and dues information;

(3) cover equally trade associations, labor unions, citizens groups and similar organizations, whether or not their representatives who engage in efforts to influence legislation are paid; and

(4) provide for simple, concise and unburdensome reporting requirements."

The above principles generally reflect the concerns of broad-gauge business organizations such as the U. S. Chamber of Commerce.

MCA
EC 9/13/77
BD 9/13/77

Exhibit F

REPORT BY THE DIRECTOR OF GOVERNMENT RELATIONS

WILLIAM M. STOVER

SEPTEMBER 13, 1977

THE END OF THE FIRST SESSION OF THE 95TH CONGRESS IS APPROACHING, with legislators preoccupied in completing work on the Administration's massive energy package. The final burst of activity, likely to extend until the end of October, will be devoted to presenting President Carter with a comprehensive program. Senate leaders hav indicated that their energy bills and minimum wage legislation are the priority items which must be disposed of before adjournment. On the House side, where a massive energy bill has already been passed, attention will be turning toward a variety of other concerns, including the probable start of committee consideration on tax reform. There will be distractions, however, for much public attention continues to focus on the controversial Panama Canal treaty, the fate of OMB Director Bert Lance, and the unfolding Korean influence probe.

A MAJOR LEGISLATIVE BATTLE IS SHAPING UP OVER PROPOSED LABOR LAW REFORM BILLS, and both organized labor and business groups are getting ready for the fight. At the heart of the controversy is H.R. 8410, introduced last July by Representative Frank Thompson, Jr. (D.-N.J.-4), Chairman of the Labor Management Subcommittee of the House Education and Labor Committee. A companion bill, S. 1883, has been introduced in the Senate by Senator Harrison A. Williams, Jr. (D.-N.J.), Chairman of the Senate Human Resources Committee, with the support of Senator Jacob Javits (R.-N.Y.), ranking Committee Republican.

While presented as labor law "reform", these bills represent a comprehensive effort orchestrated by the AFL-CIO aimed at making it easier for unions to organize. The bills in question significantly broaden the powers and augment the role of the National Labor Relations Board, and otherwise amend the National Labor Relations Act in a way that would drastically alter the current relationship between labor and management. There are a variety of specific ways in which this would be accomplished, including:

- creation of a pro-labor NLRB, since the bill calls for expanding the existing Board from five to seven members, thereby opening the way for the naming of two additional labor-oriented appointees;

- denial of hearing rights, since cases before the Board could be reviewed and affirmed summarily by a two-man panel without coming before the full Board;

- permission for the new NLRB to re-write some of its own criteria for decision making;

- permission for unions to hold organizing meetings on company time;

- permission for unionization of company guards within the same international that represents plant workers;

- drastically accelerates the union determination election process;

- narrows the rights to court review of NLRB actions;

- permission of black-listing of employers, thus de-barring them from access to Federal contracts.

The House Subcommittee concluded its hearings on H.R. 8410 September 15 and speedy action to report the bill is expected. The full Committee on Education and Labor might also move quickly, clearing the way for House floor consideration this Fall.

In the Senate the Labor Subcommittee is scheduled to b gin hearings on its bill September 20, with prompt action considered highly possible.

National Labor Relations Act reform is the top legislative priority for the AFL-CIO, now that the fight for common situs is considered lost. The pro-labor forces have formed a new group to press their cause, under the leadership of Senator Hubert H. Humphrey: Citizens for Justice on the Job.

On the other side of the battle can be found the National Action Committee on Labor Law Reform, newly formed with the backing of the National Association of Manufacturers, the U. S. Chamber of Commerce, and a broad segment of the business and industry community. The NACLLR will act as the principal spearhead and spokesman of the pro-business forces in the months ahead.

The MCA Industrial Relations Advisory Committee has reviewed the issues which arise as a result of H.R. 8410 and S. 1883, and recommends that the Manufacturing Chemists Association go on record in opposition. The IRAC also urges that member companies be encouraged to contact their respective Senators and Representatives, pointing out the defects, inequities and shortcomings of these bills.

LOBBYING REFORM BILLS, WHICH COULD SHARPLY AFFECT THE BUSINESS COMMUNITY, ARE ONCE AGAIN UNDER ACTIVE CONSIDERATION IN THE CONGRESS. Bills on this subject were passed during the 94th Congress by both the House and Senate, but time did not permit a conference agreement and no new law was enacted. The 95th Congress is likely to be a different story, however.

The issues are subtle, and can perhaps be summed up in two general questions:

(1) will the new law be written in such a way as to act as a deterrent to those who wish to express their views on public issues?, and

(2) will the new law provide equal regulatory treatment of the various types of spokesmen (the businessman, the labor representative, the consumer group activist)?

Two proposals are currently receiving active attention. In the House, H.R. 8494 has been reported by a Judiciary Subcommittee after prolonged hearings. Full Committee action is not likely until 1978. In its present form, H.R. 8494 is considered acceptable to the business community in most respects, although several areas of needed improvement remain.

The Senate picture is different. The Governmental Affairs Committee began hearings in mid-Summer on S. 1785, a sweeping and stringent bill offered by Senators Kennedy (D.-Mass.), Clark (D.-Ia.), and Stafford (R.-Vt.).

The business community, behind the leadership of broad-based industry groups such as the National Association of Manufacturers and the U. S. Chamber of Commerce, is rallying to seek enactment of legislation which will correct the inadequacies of present lobbying laws without placing unreasonable constraints and burdensom requirements on organizations and individuals wishing to communicate with Members of Congress. The MCA Government Relations Committee believes it important for the Association to take an active role in this effort, and has recommended that MCA go on record favoring certain principles in any new law, working with other like-minded groups to achieve their acceptance. The statement of principles is as follows:

"The Manufacturing Chemists Association believes that any new law to regulate lobbying disclosure should:

(1) be limited to direct lobbying of the Congress and should not apply to communications with the Executive Branch nor to "grassroots" lobbying activities;

(2) not require the compulsory disclosure of trade association membership and dues information;

(3) cover equally trade associations, labor unions, citizens groups and similar organizations, whether or not their representatives who engage in efforts to influence legislation are paid; and

(4) provide for simple concise and unburdensome reporting requirements."

THE ADMINISTRATION IS NOW EXPECTED TO REVEAL THE DETAILS OF ITS MAJOR TAX REFORM PACKAGE IN EARLY OCTOBER. Only three weeks ago, Bernard Shapiro, Chief of Staff of the Joint Committee on Taxation, told the MCA Tax Policy Committee that he expected the final proposal to be sent to the Hill "the middle or latter part of September". More recently, however, Administration spokesmen have said that the President will wait until two weeks before the end of this Session before making the comprehensive proposal public. Thus, the legislation may not reach Congress before the early part of October.

With this in mind, House Ways and Means Committee Chairman Al Ullman (D.-Ore.-2) has announced a probable schedule for Committee hearings. They will begin October 11, 12, and 13 with Administration witnesses. The Committee will then receive testimony from the general public beginning October 17.

As soon as the Administration's proposals are made public, our MCA Tax Policy Committee is prepared to develop Association testimony on those items of major concern to the chemical industry.

According to one knowledgeable source, the Administration's package is likely to include the following major features:

(1) Capital Formation

In this area, "integration" is being given serious consideration. The form which appears to be favored is the "shareholder credit" concept, wherein the shareholder would get a credit for a portion of the corporation's taxes.

If the Administration chooses not to propose integration, they are expected to propose one or more of several alternative means of assisting capital formation. For example:

- corporate rate reduction

- faster write-offs -- five-year amortization

- permanent 10% investment tax credit (at present the 10% credit is temporary and is available at that level only until 1980; there is doubt that the 10% rate would be increased)

(2) Foreign Tax Area

There is a fair possibility that the Administration will recommend the repeal of DISC. This depends in large part on the status of trade negotiations.

Repeal or limitation of "deferral" may be included. The President is not believed to be as negative to deferral as he is to DISC.

(3) Capital Gains and Losses

Repeal of special tax treatment of capital gains is likely to be proposed, but sales of personal residences may be exempted. Some type of indexing provision may be included to offset inflation.

A more liberal treatment of capital losses is likely to be proposed to offset the effect of the repeal of capital gains provisions.

(4) Individual Rate Reductions

Some rate adjustment is likely in the individual area.

The top bracket is expected to be reduced from 70% to 50% with regard to all income. Lower income rates may be reduced to offset the repeal of many personal deductions which are likely to be proposed.

As a capital intensive industry, we are highly interested in all provisions which will assist capital formation. We would, of course, support provisions which would increase the investment tax credit, reduce corporate tax rates, and liberalize depreciation allowances. Our position on integration will depend on just what concept is proposed, and we will be unable to make a determination on this point until we see the specifics of the Administration's proposal. Since a substantial number of our member companies are engaged in foreign trade, any provisions relating to foreign source or export income are of major concern. We should strongly oppose the repeal of DISC, and the repeal or limitation of the deferral of taxation of unrepatriated earnings of foreign subsidiaries of U. S. companies, as well as any limitation of the foreign tax credit.

THE MCA CHEMICAL FORUM LUNCHEON SERIES WILL RESUME TUESDAY, OCTOBER 11, 1977. The speaker will be Dr. Murray L. Weidenbaum, Director of the Center for the Study of American Business, Washington University, St. Louis, Missouri. Dr. Weidenbaum is former Assistant Secretary of the Treasury for Economic Policy, and has earned national recognition for his analysis of the relationship between regulatory government and the businessman. He will speak on the impact of government regulation on industry.

The CHEMICAL FORUM will be held in the Congressional Room of the Capital Hilton Hotel, 16th and K Streets, N. W., Washington, D. C. (Directors should note that the Board of Directors' meeting takes place at the Washington Hilton Hotel, and that transportation will be provided so as to reach the Capital Hilton in time for the CHEMICAL FORUM.)

Exhibit G

STAFF REPORT

by

William J. Driver

September 13, 1977

Since last reporting to the Executive Committee and the Board of Directors, June 8, I have approved the following studies to be conducted under the subscribed special projects program being administered by MCA.

1. Phthalate Esters. The supplemental program recently approved is expected to total $60,000 over the next two years. A study at the University of Missouri on the biodegradation of phthalate esters in fresh water will be continued at an estimated cost of $38,200. A review and evaluation of the literature and research on phthalate esters, with emphasis on environmental and health effects, will be conducted by Syracuse Research Institute at a cost of $12,800.

2. Epoxy Resins. This new project on the toxicity of epoxy resins, initially funded at $10,000, is supported by five manufacturers. Plans are to collect toxicological information on epoxy resins and to appraise and evaluate the adequacy of the information.

3. Ethylene Dichloride. Participating companies have committed funds to extend inhalation studies for six months and to conduct the studies on metabolism, reproduction and teratology which were contemplated in the original research program. Costs are estimated at $267,600.

4. Charges for Empty Tank Cars. Member companies have asked that legal counsel represent MCA in litigation before the 7th U. S. Circuit Court of Appeals in a matter related to the tank car compensation case. The Indiana Harbor Belt Railroad is appealing a recent decision and order of the Interstate Commerce Commission rejecting the railroads' proposal to impose charges for the movement of empty cars to and from repair shops. The commission's decision supported MCA's position. Costs, not to exceed $7,500,

are being drawn from funds contributed by member companies owning and operating tank cars.

* * *

MCA's fifth environmental management survey shows that the total investment by our industry in such management facilities has grown by 50 percent during the last two years. It should double within the next three.

As of the end of 1976, capital investment in environmental facilities was $3.3 billion, or 8.5 percent of the total invested for manufacturing. If the projections hold true, the total at the end of December 1979 will be $6.7 billion, or 11.6 percent of the total.

Equally significant is the rate of expenditure for environmental facilities--in excess of one billion dollars per year. Since chemical industry profits have been on the order of $5 billion-$8 billion per year, it can be seen that environmental control diverts a significant portion of capital formation capabiliti s to nonproductive operations.

Our concern about the high energy cost of increasingly sophisticated environmental control technology was justified: The survey shows a fourfold increase in the amount of energy used for pollution control.

Finally, the survey shows that solid waste management is not yet a substantial factor in pollution control costs.

The survey was completed August 15. As of that date, 106 companies had responded.

Water pollution control, both actual and projected, continued to demand the greatest number of dollars. As of Dec. 31, 1976, $1.8 billion had been invested. This is expected to rise to $3.7 billion by 1979.

Air pollution control cost was $1.3 billion and is project d to increase to $2.6 billion.

Investment for solid wastes management was $2 million and will go up another $2 million.

Annual operation and maintenance costs of these environmental control facilities have risen from $500 million in 1974 to $700 million in 1976.

Annual research expenditures and personnel (full-time equivalent) devoted to environmental concerns show increases over 1974, with costs rising to $64 million, 16 percent more than 1974's $55 million, or 4.7 percent of total research compared to 4.3 percent. There are now 8,848 compared to 8,424 persons engaged in research.

As stated, the requirement for energy to control pollution rose fourfold, from 62 trillion Btus in 1974 to 269 trillion Btus in 1976. The largest amount was for purchasing natural gas, followed by electricity.

Water pollution control called for 138 trillion Btus, air 119 trillion and solid wastes 12 trillion.

Canadian operations of 17 companies were reported. Capital investment in environmental facilities in use at the close of 1976 came to $2,495 million or 4.6 percent of the total capital investment. This is expected to rise to $3,750 million at year end 1979 or 4.5 percent of total capital investment. The group consumed 1.8 billion Btus for pollution control.

# # #

MCA told a public meeting of the Environmental Protection Agency August 24 that the chemical industry is concerned about EPA's reproposal on August 2 of General Provisions and Inventory Reporting Requirements of the Toxic Substances Control Act.

Curtis W. Smith of Shell Chemical Company, a member of the Chemical Regulations Advisory Committee, said that the expanded reporting requirements would not be cost-effective, would be counterproductive and are not needed by EPA to meet its responsibilities under the law. He noted that the costs would accrue not only to chemical manufacturers and importers, but also to EPA in receiving, organizing, updating, publishing and protecting confidential aspects of the data reported.

For these reasons, MCA asked that EPA reconsider the expansion of the reporting requirements specified in the reproposal and return to the original March 9 proposal.

# # #

We are continuing to refine our views on confidentiality as this issue is involved in section 8 of the Toxic Substances Control Act. At a recent meeting, a task force composed of members of the Chemical Regulations Advisory and Technical Information Retrieval Committees agreed on the following:

o Total volume of production, in terms of ranges of volume together with a list of the several sites of manufacture of a substance, would be acceptable for inventory reporting. Production volumes specific to each site would not be acceptable.

o The EPA administrator should be asked to use the authority of his office to stress the need for confidential handling of information and the personal responsibility of all Office of Toxic Substances personnel for maintaining confidentiality.

In addition, EPA should consider modeling its information security system after those of the Consumer Product Safety Commission, the International Trade Commission and the Patent Office.

o The manufacturer (or inventor or processor) should be permitted, at his option, to explain more fully the reasons for claiming confidentiality, instead of being limited to the manner prescribed.

On a related matter, the task force is working on specific issues of confidentiality raised by EPA in its reproposed reporting requirements published August 2. The group has reached preliminary agreement on the following two issues:

o From three options on entitlement to confidential treatment outlined by EPA, they chose the one that allowed any chemical identity to be so entitled, but amended it to indicate mandatory entitlement when the majority or more of total production is manufactured by two or fewer manufacturers.

o For purposes of the published inventory, they prefer a list published with non-confidential chemical identities and generic names for those entitled to confidential treatment.

# # #

MCA also has told EPA it considers inadequate the methodology used to develop the preliminary list that will be used to develop the first priority list of 50 substances to be scrutinized under the Toxic Substances Control Act.

In regard to EPA's general approach and scoring and weighing factors, we believe it would be appropriate to test the validity of the preliminary and initial priority lists by rating the "unreasonable risks" evident in the history of each substance tested.

# # #

The government's emergency temporary standard on benzene remains stayed in the Court of Appeals for the District of Columbia. The court is expected to continue the stay while the Occupational Safety and Health Administration works on developing a permanent standard. OSHA's goal is to publish a permanent standard by early November, about the time the temporary standard would have had to change to a permanent standard.

# # #

MCA has taken a strong stand against proposed legislation that would mandate efficiency of industrial boilers. Put forward by Sen. Edward M. Kennedy (D-Mass.), the bill would establish reporting requirements and energy efficiency targets for industrial boilers and furnaces. Senator Kennedy cited a study that claimed huge energy savings were possible in industrial processes. The bill would require recordkeeping by every plant. We have protested any change from the present system of voluntary reporting of energy conservation through trade associations and other reporting programs, and we will continue efforts to keep the voluntary approach.

# # #

The Clean Air Act which President Carter signed into law on August 8th contains two areas of major importance to the chemical industry, nonattainment and nondeterioration.

Under the new law, EPA's offset policy is continued until 1979. The new attainment deadline for all pollutants covered by federal ambient air quality standards is 1982. Areas with severe photochemical oxidant and carbon monoxide problems may be able to obtain extensions until 1987, however.

Concerning nondeterioration, the Clean Air Act sets the maximum allowable increases for particulates and sulfur dioxide and establishes three classes of clean-air areas. The law also permits a variance for sulfur dioxide in Class I areas of up to 18 days annually, with different allowable increments for high- or low-terrain areas.

# # #

The Senate passed, 96-0, its version of the Clean Water Act of 1977 before its August recess. The House passed a short r version in April. Pressure from the Administration indicates it would like the conference to begin soon. It seems likely that the House will hold hearings on aspects of the more compr hensive Senate Bill which the House did not consider. The chemical industry is in favor of such hearings, since MCA and other industry groups are working to modify such provisions of the Senate measure as 1983 requirements for Best Available Technology, pretreatment standards which require Best Available Technology, best management practices and noncompliance penalty provisions.

# # #

Secretary of Energy James Schlesinger will be the guest speak r September 28 at a dinner opening an MCA-sponsored seminar on energy conservation in the chemical industry.

# # #

Murray L. Weidenbaum, Mallinckrodt professor of economics at Washington University, St. Louis, and former assistant secretary of the Treasury for economic policy, will be the Chemical Forum speaker on October 11. Dr. Weidenbaum will speak on government regulation and its impact on business.