AGENDA
MEETING OF THE MCA BOARD OF DIRECTORS
2 p.m., Tuesday, September 12, 1978
The Madison (Mount Vernon Room), Washington, D. C.

I. Minutes of Meetings of June 7 and 8, 1978

II. Business Items:

(a) Report of Nominating Committee

(b) Program Committee Report
28th Semiannual Meeting, November 21, 1978

III. Report of Director of Government Relations

IV. Information Items by Directors

V. Report of President

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Next Meeting of the Board of Directors -- 3 p.m., Monday, November 20, 1978, Pinnacle Club (Rooms A, B and C), Mobil Building, 150 E. 42nd St., New York City

MINUTES of the two hundred sixty-ninth meeting of the Board of Directors of the Manufacturing Chemists' Association, Inc., held at The Madison, Washington, D. C., September 12, 1978, at 2 p.m.

| | | |
|---|---|---|
| Directors: | Edward Donley, Chairman | |
| | Tom K. Smith, Jr., Vice Chairman | |
| | J. Earl Burrell | |
| | M. Blouke Carus | Seymour S. Preston, III |
| | Peter J. Fass | Robert A. Roland |
| | John T. Files | Jack B. St. Clair |
| | Richard J. Hughes | William G. Simeral |
| | Emerson Kampen | Charles W. Smith |
| | William C. Krumrei | Otto Sturzenegger |
| | Duncan J. MacLennan | Raymond C. Tower |
| | George F. Polzer | H. Kent Vanderhoef |

| | |
|---|---|
| General Counsel: | Edmund B. Frost |
| Acting Secretary-Treasurer: | Bruce M. Barackman |

| | |
|---|---|
| By Invitation: | Roger P. Batchelor, Jr., Diamond Shamrock Corporation |
| | E. W. Callahan, Allied Chemical Corporation |
| | A. C. Clark, MCA |
| | John S. Coey, Hooker Chemical Corporation |
| | Stephen L. Goldstein, Olin Corporation |
| | Carl A. Gosline, MCA |
| | Edward J. Klecka, MCA |
| | Victor H. Peterson, MCA |
| | Paul M. Pitts, ARCO/Chemical Company |
| | John E. Slavick, MCA |
| | William M. Stover, MCA |

I. MINUTES OF JUNE 7 AND 8, 1978, MEETINGS

Minutes of the June 7 and 8, 1978, Board meetings, as distributed, including the financial statement for twelve months ended May 31, 1978, were approved.

## II. REPORT OF THE SECRETARY-TREASURER

Exhibit A

## III. BUSINESS ITEMS

(a) Report of Nominating Committee Reporting as the chairman of the Nominating Committee on which Messrs. Henske and Tom Smith also served, Mr. Donley presented the slate listed in Exhibit B. Noting that according to intelligence recently received, Mr. Hale was no longer affiliated with Engelhard Minerals & Chemicals Corporation, his name is withdrawn. The vacancy created will receive further consideration. The slate, with the deletion of Mr. Hale, was approved.

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

> ON MOTION, duly made and seconded, it was
>
> VOTED: That Lignin Chemicals Department, American Can Company, be elected to membership in the Association.

(c) Report of Program Committee Mr. Barackman, in the absence of Mr. Mitchell, the committee chairman, read his letter, Exhibit C, concerning the 28th Semiannual Meeting, November 21, 1978.

## IV. BUDGET CONSIDERATIONS

Mr. Roland spoke of the increasingly active role MCA is assuming in responding to the significant issues affecting the chemical industry. This is resulting in escalating involvement of the staff, the committees, the Board, and member companies. Already, as a result of the recent reorganization, and following approval of the budget for fiscal 1978-79, committee requests for n w money aggregating $1,500,000 have been submitted to the Executive Committee. This was seen by the committees as necessary if MCA were to represent effectively the interests of the industry. In August, $295,000 was added, and in September another $91,000.

Obviously, a new look at our operations and projected needs is required. The Executive Committee this morning reviewed the financial projections in Exhibit D and requested the Finance Committee, working with staff, to present recommendations following a complete analysis of MCA's fiscal future this year and next with a proj ction out to four years beyond.

Because of anticipated swelling cash flow, a CPA will be added to staff to manage fiscal affairs.

In the ensuing discussion some sentiment was expressed for financing a fiscal 1978-79 deficit out of reserves, with a dues increase next fiscal year sufficient to replenish the reserve and cover expected expanded activities. Consensus was to use surplus now and replenish out of future dues increase.

Mr. Burrell, Finance Committee Chairman, invited comments for the consideration of the committee in undertaking the assignment.

## V. WASTE DISPOSAL

Giving many examples of specific areas of concern and the piecemeal fashion in which Congress is proposing legislative solutions, Mr. Stover identified waste disposal as a most critical issue facing the chemical industry -- and one concerning which a mainstream industry posture is needed.

To properly address this complex matter the Executive Committee earlier today approved the appointment of a Special Committee on Chemical Incidents as set forth in Exhibit E.

Mr. Callahan, Chairman of the Environmental Management Committee (EMC), presented the following committee recommendations: each company should address its own circumstances without any MCA direct or indirect involvement; RCRA Task Group should develop and present additional suggested practices for long-term management of inactive solid waste disposal sites; MCA should organize a P/R program publicizing what the industry is doing and has done, while emphasizing the broad complex nature of the problem; and the EMC should set forth its goals and objectives as the basis for a major effort to raise the level of perception of the complexities of the problem for EPA policy makers, pertinent congressional staffs, and thought leaders. He said the EMC will be happy to work with the Special Committee on Chemical Incidents in furthering its objectives.

To add perspective to the problem, Mr. Coey, Hooker Chemical Corporation, narrated in detail the Love Canal case history.

As additional background, a Transcript of Interview, by Kenneth Bell of NBC-TV with Mr. Roland, on chemical waste disposal, September 6, 1978, was distributed to those present.

ON MOTION, duly made and seconded, it was

VOTED: That the Chairman of the Executive Committee proceed to implement the approved recommendations of the Government R lations Committee, attached as Exhibit E.

VI.

PRIVILEGED MATERIAL REDACTED

VII. REPORT OF DIRECTOR OF GOVERNMENT RELATIONS

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

VIII. INFORMATION ITEMS BY DIRECTORS

Mr. Fass, referring to the numerous trade associations supported by many of the same companies who are members of MCA, questioned whether there was duplication of effort and waste. Mr. Roland acknowledged this possibility, assuring that it can be minimized if not eliminated by increased communication which is continually emphasized with staff. He spoke of the expanding role of MCA, mentioning past and recent examples where MCA has assumed leadership in coordinating action with other associations in areas of common interest and promised this will increase with Executive Committee and Board working with staff to become steadily more involved in coordinating Association activities of mutual interest.

IX. REPORT OF THE PRESIDENT

Mr. Roland announced with regret that Mr. Best suffered a heart attack two weeks ago, but reportedly is coming along fine. For those who may wish to send a note or card, he is presently at home (4416 Wickford Road, Baltimore, Maryland 21210).

Mr. Barackman has been appointed Acting Secretary-Treasurer.

Mr. Roland's staff report is attached as Exhibit H.

Bruce M. Barackman
Bruce M. Barackman
Acting Secretary-Treasurer

Certified correct:
Edward Donley
Edward Donley
Chairman of the Board

## VI. LABELING OF CHEMICALS -- SIGNIFICANT CHRONIC EFFECTS

Mr. Frost reported on developments affecting the content of labels in the Chemical Safety Data Sheets published by MCA. Heretofore, with one exception, only acute effects have been identified in the labels of MCA data sheets even though chronic effects are described in the texts of many of them.

OSHA's proposed labeling standard, the Arcell case where MCA was a defendant for failing to call for chronic warnings in an earlier LAPI manual, and the preparation for publication of revised Chemical Safety Data Sheets all have focused attention on the need for inclusion of chronic effects in labels as set forth in Exhibit F attached, acted upon favorably by the Executive Committee earlier today.

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Acting S cretary-Treasurer

Certified correct:

Edward Donley
Chairman of the Board

EXHIBIT A

# REPORT OF THE SECRETARY-TREASURER
September 12, 1978

Dollar amounts rounded from tabular details
($000)

## INCOME & EXPENSE

June 1, 1978 - August 31, 1978 - 3 Months (25%)

| | | | | Percent of Budget |
|---|---|---|---|---|
| Income | - Membership Fees | $3,591 | | 99.3% |
| | - Other | 218 | | 24.0% |
| | | | $3,809 | 84.2% |
| Expense | - Operations | $1,301 | | 28.9% |
| | - Projects | 44 | | 6.9% |
| | | | $1,345 | 26.2% |

## ASSETS

(As of August 31, 1978)

| | | |
|---|---|---|
| Cash | $ 56 | |
| Investments | 9,318 | |
| Miscellaneous | 6 | |
| | | $9,380 |

# MANUFACTURING CHEMISTS ASSOCIATION

STATEMENT OF FINANCIAL POSITION

August 31, 1978

## BALANCE SHEET

### Assets

| | | | |
|---|---|---|---|
| **Cash** | | | |
| National Savings & Trust - Commercial Account | | $ 49,035 | |
| National Savings & Trust - Payroll Account | | 6,000 | |
| Imprest Funds | | 800 | $ 55,835 |
| **Investments** | | | |
| Bank Certificates of Deposit | | $2,450,000 | |
| Bank Repurchase Agreements | | 430,000 | |
| U. S. Government Securities | | 1,836,481 | |
| U. S. Government Agency Securities | | 2,189,526 | |
| Corporate Securities | | 2,412,250 | 9,318,257 |
| **Deposits & Advances** | | | |
| U. S. Government Printing Office | | $ 500 | |
| American Airlines | | 425 | |
| Postage Meter | | 1,884 | |
| Travel Advances | | 2,848 | 5,657 |
| | | | $9,379,749 |

### Liabilities & Fund Balances

| | | | |
|---|---|---|---|
| **Liabilities** | | | |
| D. C. Sales and Use Tax | | $ 182 | |
| Hospitalization Insurance | | 61 | $ 243 |
| **Reserve** | | | |
| Deferred Compensation | | | 145,750 |
| **Fund Balances** | | | |
| Restricted (Schedule I (e)) | | $4,546,447 | |
| Unrestricted - From Previous Fiscal Years | $2,223,465 | | |
| - Current Fiscal Year | 2,463,844 | 4,687,309 | 9,233,756 |
| | | | $9,379,749 |

## INCOME & EXPENSE

| | | |
|---|---|---|
| **INCOME** | | |
| Memberships Dues & Entrance Fees | | $3,591,284 |
| Income from Investments | | 145,466 |
| Publications Sales | | 26,687 |
| *(1)Meeting & Special Funds (Schedule I (d)) | $ - | |
| Overhead Reimbursement Subscribed Projects (Schedule I (d)) | 43,773 | 43,773 |
| Miscellaneous | | 1,544 |
| Total Income | | $3,808,754 |
| **EXPENSE** (Schedule II) | | |
| Management | | $ 442,934 |
| Technical - General | | 384,323 |
| Technical - Chemtrec | | 78,089 |
| Public Relations | | 205,356 |
| Government Relations | | 120,507 |
| Staff Services | | 113,701 |
| Total Expense *(2) | | $1,344,910 |
| Income less Expense | | $2,463,844 |

FOOTNOTES:

*(1) Net Income on Completed Projects

*(2) Total General Program Expense

| | |
|---|---|
| Fiscal Year 1977-78 Budget Program Expense (above) | $1,344,910 |
| Expenditures from Project Funds carried over from previous Fiscal Year (Schedule I (c)) | $ 400 |
| | $1,345,310 |

CMA 037581

SCHEDULE I - RESTRICTED FUNDS & MEETING ADVANCES

August 31, 1978

| | Balance June 1, 1978 (a) | Receipts (b) | Expenditures (c) | Transfers To Income (d) | Balance August 31, 1978 (e) |
|---|---|---|---|---|---|
| **Carry-Over of Budgeted Funds** | | | | | |
| OH - 7 AIHC/OSHA Hearing Monitor | $ 10,000 | $ - | $ - | - | $ 10,000 |
| S - 1 Document Center/OSHA Cancer | 1,500 | - | 400 | - | 1,100 |
| W -20 EPA Toxic Pollutants Criteria | 36,640 | - | - | - | 36,640 |
| Total Carry-Over | $ 48,140 | $ - | $ 400 | $ - | $ 47,740 |
| **Non-Budgeted Funds & Meetings** | | | | | |
| Meetings, Workshops & Symposia | $ 138,036 | $ 27,801 | $ 70,778 | $ - | $ 95,059 |
| Tank Car Mileage Compensation | 41,071 | - | 7,721 | - | 33,350 |
| MCA/AAR Rail Systems Safety | 4,370 | 82,004 | - | - | 86,374 |
| Vinyl Chloride Research | 375,379 | - | 17,941 | 3,440 | 353,998 |
| Phosgene Safety Research | 20,986 | 42,000 | 6 | 2,626 | 60,354 |
| Fluorocarbons Research | 1,852,363 | 325,367 | 336,594 | 11,786 | 1,829,350 |
| Phthalate Esters Research | 39,737 | - | - | 1,427 | 38,310 |
| Loss Data Bank (Ins.) | 3,264 | - | 90 | - | 3,174 |
| Acrylonitrile Monomer Research | 96,725 | - | 15,734 | 800 | 80,191 |
| Trichloroethylene Research | 100,860 | - | 6,014 | 9,333 | 85,513 |
| Chlorobenzenes Research | 179,871 | - | (46) | 813 | 179,104 |
| Allyl Chloride Research | 131,270 | - | - | - | 131,270 |
| Epichlorohydrin Research | 221,102 | 433,647 | - | 373 | 654,376 |
| Vinylidene Chloride Monomer | 180,627 | 26,433 | - | 347 | 206,713 |
| Styrene Monomer | 90,919 | - | 42 | 2,747 | 88,130 |
| Ethylene Dichloride Research | 193,361 | - | 27 | 4,213 | 189,121 |
| Benezene Study | 302,929 | - | 87,028 | 1,920 | 213,981 |
| Epoxy Resins Research | 5,267 | - | - | 80 | 5,187 |
| Titanium Dioxide Research | 44,046 | - | 8,462 | 27 | 35,557 |
| Butylated Hydroxytoluene Research | 24,945 | - | 15,343 | 3,841 | 5,761 |
| Chemical Industry Trade Advisor | 876 | 7,000 | 4,684 | - | 3,192 |
| Document Center/OSHA Cancer Policy | 295 | 400 | 669 | - | 26 |
| Total - Non-Budgeted Funds | $4,048,299 | $ 944,652 | $ 571,087 | $ 43,773 | $4,378,091 |
| **Plastics Group Financial Package** | $ 120,616 | $ - | $ - | $ - | $ 120,616 |
| TOTAL | $4,217,055 | $ 944,652 | $ 571,487 | $ 43,773 | $4,546,447 |

CMA 037582

SC[illegible] II - EXPENSE
BU[illegible] 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 | 16 | | 26 | | 7 | | 12 | | 12 | | 14 | | 87 | 91 |
| OPERATING EXPENSE | | | | | | | | | | | | | | |
| Salaries & Related Expense | $152,358 | $136,875 | $158,014 | $159,325 | $ 37,238 | $ 40,975 | $ 66,334 | $ 68,425 | $ 60,791 | $ 67,175 | $ 54,543 | $ 56,175 | $ 529,278 | $ 528,950 |
| Retirement Plan & Group Ins. | 61,835 | 23,175 | 96,998 | 28,400 | 25,692 | 6,500 | 48,869 | 11,500 | 28,795 | 11,625 | 37,281 | 8,925 | 299,470 | 90,125 |
| Hosp. Ins. & Health Plan | 1,756 | 2,775 | 4,279 | 5,000 | 335 | 500 | 1,797 | 2,350 | 1,417 | 2,125 | 2,045 | 2,425 | 11,629 | 15,175 |
| *Legal Fees & Expense | 191,517 | 95,000 | 74,312 | 92,500 | - | - | - | - | 5,844 | 7,500 | - | - | 271,673 | 195,000 |
| *Consultants & Investment Serv. | - | 2,000 | 2,537 | 15,250 | - | - | - | - | - | - | - | - | 2,537 | 17,250 |
| Audit | 4,552 | 1,375 | - | - | - | - | - | - | - | - | - | - | 4,552 | 1,375 |
| Rent & Premises Expense | 6,338 | 6,225 | 9,957 | 9,650 | 1,924 | 1,925 | 5,394 | 5,325 | 4,350 | 4,275 | 8,997 | 8,750 | 36,960 | 36,150 |
| Taxes & Insurance | 5,870 | 6,638 | 8,211 | 59,425 | 2,450 | 40,475 | 4,055 | 4,375 | 3,429 | 4,137 | 4,698 | 4,600 | 28,713 | 119,650 |
| Supplies & Gen. Office Exp. | 5,199 | 3,625 | 8,782 | 8,500 | 880 | 750 | 3,952 | 3,875 | 3,990 | 3,750 | 1,797 | 1,875 | 24,600 | 22,375 |
| Furniture & Equipment | - | 1,500 | - | 1,875 | - | 1,125 | - | 63 | - | 500 | 1,347 | 162 | 1,347 | 5,225 |
| Printing | 1,644 | 1,375 | 910 | 750 | 70 | 1,125 | 3,466 | 1,375 | 421 | 250 | 209 | 450 | 6,720 | 5,325 |
| Telephone & Telegraph | 4,641 | 2,445 | 4,109 | 5,575 | 6,786 | 6,725 | 1,903 | 2,292 | 1,707 | 2,318 | 1,467 | 1,745 | 20,613 | 21,100 |
| Postage | 2,338 | 1,700 | 7,611 | 8,750 | 232 | 375 | 18,701 | 13,750 | 3,043 | 3,000 | 435 | 550 | 32,360 | 28,125 |
| Travel & Entertainment | 3,067 | 4,750 | 4,260 | 8,250 | 2,141 | 1,000 | 8,720 | 7,250 | 3,118 | 5,750 | 300 | 250 | 21,606 | 27,250 |
| Meeting Expense | 966 | 3,000 | 94 | 450 | - | 50 | - | 25 | 30 | 1,000 | - | - | 1,090 | 4,525 |
| Periodicals, Books, etc. | 690 | 2,250 | 499 | 600 | 341 | 150 | 198 | 450 | 3,492 | 2,000 | 482 | 450 | 5,702 | 5,900 |
| Organizational Memberships | 123 | 875 | 1,125 | 700 | - | 25 | 222 | 300 | 80 | 275 | 100 | 50 | 1,650 | 2,225 |
| Contingency | 40 | 1,250 | - | - | - | - | - | - | - | - | - | - | 40 | 1,250 |
| Operating Expense Totals | $442,934 | $296,833 | $381,698 | $405,000 | $ 78,089 | $101,700 | $163,611 | $121,355 | $120,507 | $115,680 | $113,701 | $ 86,407 | $1,300,540 | $1,126,975 |
| PROJECTS | | | | | | | | | | | | | | |
| Technical | | | | | | | | | | | | | | |
| *Chemical Regulations | | | $ - | $ 62,500 | | | | | | | | | $ - | $ 62,500 |
| Safety and Fire Protection | | | - | 2,125 | | | | | | | | | - | 2,125 |
| Water Resources | | | - | 10,750 | | | | | | | | | - | 10,750 |
| Multi-Committee/Transportation | | | - | 1,050 | | | | | | | | | - | 1,050 |
| Multi-Committee/Publications: | | | | | | | | | | | | | | |
| Safety | | | 2,625 | 29,000 | | | | | | | | | 2,625 | 29,000 |
| Other | | | - | 2,750 | | | | | | | | | - | 2,750 |
| Public Relations | | | | | | | | | | | | | | |
| Community Relations | | | | | | | $ 4,247 | $ 7,900 | | | | | 4,247 | 7,900 |
| Consumer Information | | | | | | | 14,886 | 14,325 | | | | | 14,886 | 14,325 |
| Environmental Quality | | | | | | | 9,815 | 9,725 | | | | | 9,815 | 9,725 |
| Internal Publications | | | | | | | - | 3,750 | | | | | - | 3,750 |
| Media Relations | | | | | | | 1,244 | 2,125 | | | | | 1,244 | 2,125 |
| Teacher Awards | | | | | | | 2,698 | 4,125 | | | | | 2,698 | 4,125 |
| Education Exhibits | | | | | | | 202 | 1,250 | | | | | 202 | 1,250 |
| Education Publications | | | | | | | 8,653 | 4,625 | | | | | 8,653 | 4,625 |
| Government Relations | | | | | | | | | | | | | | |
| Trade Advisor | | | | | | | | | $ - | $ 2,500 | | | - | $ 2,500 |
| Project Totals | $ - | $ - | $ 2,625 | $108,175 | $ - | $ - | $ 41,745 | $ 47,825 | $ - | $ 2,500 | $ - | $ - | $ 44,370 | $ 158,500 |
| COMBINED TOTAL | $442,934 | $296,833 | $384,323 | $513,175 | $ 78,089 | $101,700 | $205,356 | $169,180 | $120,507 | $118,180 | $113,701 | $ 86,407 | $1,344,910 | $1,285,475 |

*Budget Amendment - by Executive Committee August 8, 1978, provides $120,000 for Legal Fees to intervene in Discriminatory Rail Rate proceedings; $50,000 for Legal Fees to provide an "issues and action" study on EPA regulations under the Clean Air Act; an additional $100,000 for expansion of the TSCA Economic Impact Study, and $25,000 for Consultant Fees.

Exhibit B

Nominating Committee Report
September 12, 1978

Term ending May 31, 1979

| | |
|---|---|
| Robert W. Gerwig | Continental Oil Company |
| ~~Gerald A. Hale~~ | Engelhard Minerals & Chemicals Corporation |
| William B. Jackson | Koppers Company, Inc. |
| John P. Sachs | Great Lakes Carbon Corporation |
| Alfred C. Stepan, Jr. | Stepan Chemical Company |
| Richard F. Tucker | Mobil Chemical Company, A Division of Mobil Oil Corporation |
| Hugh B. Vanderbilt | R. T. Vanderbilt Company, Inc. |

Term ending May 31, 1980

| | |
|---|---|
| William R. Barrett, Sr. | Inmont Corporation |
| John G. Brookhuis | American Hoechst Corporation |
| H. Barclay Morley | Stauffer Chemical Company |

Term ending May 31, 1981

| | |
|---|---|
| Charles F. Fogarty | Texasgulf Inc. |
| James A. McGowan | Aluminum Company of America |
| Harriette F. Witmer | Deepwater Chemical Co., Ltd. |

MCA
EC-9/12/78
BD-9/12/78

Exhibit C

MANUFACTURING CHEMISTS ASSOCIATION, INC.

CELANESE

September 7, 1978

TO: MCA BOARD OF DIRECTORS

Subject: NOVEMBER SEMI-ANNUAL MEETING

Mr. Heckert of Du Pont has agreed to chair the morning session on the subject "The Innovation Gap". He is presently in the process of arranging for three speakers as follows:

| | |
|---|---|
| Mr. Philip Handler | National Academy of Sciences |
| Mr. Frank Press | White House |
| Mr. Lou Branscombe | IBM |
| or | |
| Mr. Ed David | Exxon |

Mr. Barry Bosworth of the Council on Wage and Price Stability has informally accepted our invitation as the luncheon speaker. We expect his official acceptance prior to the Board Meeting.

Mr. Hanley of Monsanto has agreed to chair the afternoon session on the subject "Operating in a Zero Risk Environment" and has completed arrangements for the following three speakers in addition to himself:

| | |
|---|---|
| Dr. Leon Goldberg | Chemical Industry Institute of Technology |
| Congressman James G. Martin | North Carolina |
| Mr. Sheldon Samuels | Director; Health, Safety & Environment - Industrial Union Department - AFL-CIO. |

Robert L Mitchell

Robert L. Mitchell
Chairman
MCA Program Committee

RLM:pb

MCA
BD - 9/12/78

Exhibit D

MCA Budget -- Fiscal Year 1978-79
As of 8/21/78

Distribution by Subject Areas

| | | |
|---|---|---|
| **Committee Activities** | | |
| Chemical Regulations | $ 663,000 | 12.9% |
| Distribution | 545,000 | 10.6 |
| Energy | 223,000 | 4.3 |
| Engineering | 68,000 | 1.3 |
| Environment | 575,000 | 11.2 |
| Insurance | 27,000 | 0.5 |
| Occupational | 473,000 | 9.2 |
| Publications | 659,000 | 12.8 |
| Government Relations, unclassified | 133,000 | 2.6 |
| Patent | 19,000 | 0.4 |
| Tax | 109,000 | 2.1 |
| **Other Activities** | | |
| Chemtrec | 397,000 | 7.7 |
| Subscribed projects | 448,000 | 8.7 |
| Public relations, unclassified | 134,000 | 2.6 |
| Education | 195,000 | 3.8 |
| Consumer information | 248,000 | 4.8 |
| Community relations | 80,000 | 1.6 |
| Trade | 119,000 | 2.3 |
| "Product liability" | 30,000 | 0.6 |
| Total | $5,145,000 | 100.0% |

Dollar amounts rounded
to nearest $1,000

MCA
EC - 9/12/78
BD - 9/12/78

MCA Budget and Financing
Financial Projections
September 1, 1978

Fiscal Year 1978-79

| | | | |
|---|---|---|---|
| Income | | | |
| Original estimate | $4,525,000 | | |
| Prospective increment | 225,000 | | |
| | $4,750,000 | | |
| Expense | | | |
| Original budget: | | | |
| Operations - original | 4,315,000 | | |
| - added 8/8 | 195,000 | | |
| | | $4,510,000 | |
| Projects - original | 535,000 | | |
| - added 8/8 | 100,000 | | |
| | | 635,000 | |
| | | $5,145,000 | $5,145,000 |
| If further additions | | -0- | 500,000 |
| Ultimate budget | | $5,145,000 | $5,645,000 |
| Income over (under) expense | | $ (395,000) | $ (895,000) |
| To offset deficit by additional collection would require indicated percentage of current year membership fees ($3,615,000) | | 10.9% | 24.8% |
| If no additional collection, effect on reserves | | | |
| Reserves 5/31/78 | $2.22 million | | |
| Reserves 5/31/79 | | $1.82 million | $1.32 million |
| Percentage of current year operations budget ($4,510,000) | 49.2% | 40.3% | 29.3% |

## Fiscal Year 1979-80

| | | | | |
|---|---|---|---|---|
| **Income** | | | | |
| With 10% increase in membership fees* | $5,300,000 | | | |
| With 20% " " " * | | | $5,700,000 | |
| *In addition to assumed 10% gain over 1978-79 to $3,975,000 from increases in chemical sales | | | | |
| **Expense** | | | | |
| Operations** | $5,000,000 | $5,000,000 | | |
| Projects | 600,000 | 1,100,000 | | |
| | $5,600,000 | $6,100,000 | $5,600,000 | $6,100,000 |
| **15% above 1978-79 original budget | | | | |
| Income over (under) expense | $ (300,000) | $ (800,000) | $ 100,000 | $ (400,000) |
| **Effect on reserves** | | | | |
| (a) If reserves level 5/31/79 - $1.82 million | | | | |
| Reserves 5/31/80 | $1.52 million | $1.02 million | $1.92 million | $1.42 million |
| % of operations budget ($5,000,000) | 30.4% | 20.4% | 38.4% | 28.4% |
| (b) If reserves level 5/31/79 - $1.32 million | $1.02 million | $0.52 million | $1.42 million | $0.92 million |
| % of operations budget ($5,000,000) | 20.4% | 10.4% | 28.4% | 18.4% |
| Additional surcharge on membership fees to recover 1979-80 remaining deficit | 7.5% | 20.1% | - | 10.1% |

MCA
EC - 9/12/78
BD - 9/12/78

Exhibit E

September 11, 1978

Government Relations Committee Recommendation
to Create a Special Committee
on Chemical Incidents

Several committees of the Congress and agencies of the Federal government are actively addressing themselves to public policy with regard to

- transportation accidents involving chemicals;
- liability for environmental damage resulting from chemical spills or discharges;
- governmental indemnification of persons injured physically or economically by exposure to chemicals;
- funding of repairs of massive environmental or economic damage beyond the resources of those liable;
- products liability, including tort law reform and insurance implications.

The chemical industry has a major stake in the ultimate public definition of and solution to these problems, both in terms of our image as good corporate citizens and in terms of potential adverse financial impact.

Since these problems are currently being addressed in piece-meal and uncoordinated fashion by essentially unrelated elements of the Congress, government and the private sector, there is serious doubt that the end results will be compatible, equitable or truly responsive.

The Government Relations Committee believes that the chemical industry, through MCA, should respond vigorously to:

a. more clearly define these problems and their inter-relationships;
b. determine more precisely how the interests of the industry are likely to be affected;
c. arrive at industry positions;
d. plan and execute a program designed to protect our best interests.

Since the magnitude and complexity of this task appears to exceed the scope of any of the ten MCA standing committees, the Government Relations Committee unanimously recommends that the MCA Executive Committee consider the appointment of a special committee, head d by a ranking industry executive, to study the issue, recommend a course of action and pursue its implementation.

It is recommended that the special committee function for a two-year period.

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EC - 9/12/78
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X

Exhibit F

Inclusion of Significant Chronic Effects on Labels

Approximately one-third of the chemicals described in the hundred MCA Chemical Safety Data Sheets are known to exhibit chronic effects which are described in the texts of these data sheets. With one exception (SD-32 Beta Naphthylamine, now withdrawn from publication) the recommended labels of MCA data sheets, however, have not identified any of these known chronic effects. The Occupational Safety and Health Committee has established a task group to: (1) develop criteria for identifying which chronic effects merit mention on data sheet labels, and (2) develop guidelines for specific wording to describe these effects.

In establishing the task group, the OSH Committee itself distinguished between significant chronic effects, which should be identified on a label, and lesser effects, which need not be so identified. The OSH Committee stated that life-threatening chronic effects are significant and directed the task group to evaluate other criteria, if any could be found, for other significant chronic effects.

The task group found that it favors the addition of disabling chronic effects to the significant category and is now proceeding to develop guidelines for wording to be used on labels while it also develops practical definitions of the two significant effects. The task group anticipates that its work will be completed within a few months. Following that, the OSH Committee will act on the recommendations of the task group.

Before these guidelines concerning label wording are to be available, however, data sheets on a few substances with known chronic effects are now or soon will be ready for publication. Unresolved objections to the identification of significant chronic effects in the labels has led to suspending publication of data sheets SD-43, Acetaldehyde, and SD-44, Chromic Acid. A third, SD-102, Chlorosilanes, shortly will be held in similar abeyance. Other data sheets, such as SD-18, Ethylene Dichloride, and SD-57, Methylamines, are now in the editorial process and may be delayed similarly.

MCA policy in this area was established, although not implemented, in 1970, in the 7th edition of the LAPI Manual, "Guide to Precautionary labeling of Hazardous Chemicals." That publication stated that an identification of known chronic effects should be included in labels. This policy was confirmed with greater emphasis in the 1976 MCA-sponsored national voluntary standard of the American National Standards Institute (ANSI), Z-129.1 "Precautionary Labeling of Hazardous Industrial Chemicals."

PRIVILEGED MATERIAL REDACTED This would apply to all MCA Chemical Safety Data Sheets for chemicals with significant chronic effects reprinted or revised henceforth. Implementation is recommended as follows, subject to any further definition of policy by the Executive Committee:

(1) That when approved by the Occupational Safety and Health Committee (OSHC), criteria for the identification of significant chronic effects be incorporated into the preparation of data sheets and that guidelines for the use of standard phrases be used in drafting statements that describe those significant chronic effects on labels.

(2) That for all data sheets published in the interim, statements identifying undisputed chronic effects that are life-threatening or disabling be incorporated in the labels. (However, in staff discussion it has been suggested and agreed that no further data sheets and labels therein be published until the OSHC criteria for chronic effects labeling is approved by the Executive Committee.)

(3) That member companies be advised of the above two actions as an application of established policy.

MCA
EC - 9/12/78
BD - 9/12/78

Exhibit G

REPORT BY THE DIRECTOR OF GOVERNMENT RELATIONS

WILLIAM M. STOVER

SEPTEMBER 12, 1978

## CONGRESS ACTIVE AS ADJOURNMENT, ELECTIONS APPROACH

House Speaker Tip O'Neill and Senate Majority Leader Bob Byrd, confronted by the fast-approaching Congressional adjournment in mid-October, are pushing their colleagues relentlessly in an effort to complete the substantial backlog of legislation which remains. With White House attention focused on the current Summit Conference, and with major controversies over natural gas pricing and tax cuts yet to be resolved, it remains unclear just how many of the numerous pending bills can be completed before the Congress turns to re-election efforts.

Senator Byrd has announced that the Senate will be giving priority to energy, defense appropriations, foreign aid and welfare, a tax cut, hospital cost containment, and authorizations for governmental programs expiring this year. He has implied that controversial items or those likely to pose filibuster threats will be set aside.

## NATURAL GAS DEREGULATION HANGING IN THE BALANCE

The Senate is actively engaged in a heated debate over the conference report on the natural gas portion of the National Energy Plan. Threats of filibusters, coupled with the fact that about twenty Senators are undecided, make it impossible to predict the ultimate outcome. A coalition of Senators is pushing to recommit the bill to the conference committee, with instructions to scrap all provisions except the President's authority to allocate gas in emergencies and those allowing intra-state gas to flow in the inter-state market without "dedication." The recommital proposal would also instruct the confer es to release the remaining non-controversial energy bills dealing with electric utility rate reform and energy conservation.

Although no serious attention is likely to be devoted to the energy tax area in the remaining weeks, these proposals would be subject to revival should the Congress return for a post-election session. Such a session is not seen as a likelihood at present.

TAXATION: THE REVENUE ACT OF 1978

On August 10, 1978, the House passed H.R. 13511, the Revenue Act of 1978. Principal provisions of this bill include a reduction in individual income tax rates, a reduction in corporate income tax rates from 48% to 46%, a permanent extension of the 10% investment tax credit and a reduction in capital gains taxes.

The Senate Finance Committee has just completed seven days of hearings on this measure during which MCA Chairman Donley testified on behalf of the Association. He appeared on a panel with spokesmen from the Iron and Steel Institute, the American Paper Institute and the American Textile Manufacturers Institute. In brief, Mr. Donley's testimony supported legislation designed to increase capital investment, such as reductions in individual and corporate tax rates, a reduction in the capital gains tax, and making the 10% investment tax credit permanent. A greater reduction in corporate tax rate than that contained in the House-passed measure was recommended.

The Finance Committee began markup of the tax bill September 7, and plans to finish its work by the end of next week. The bill will come up for Senate floor debate sometime after the natural gas question is completed. A House-Senate conference must follow Senate approval.

SUPERFUND: OIL/CHEMICAL SPILLS LIABILITY

On August 17 the Senate Environment and Public Works Committee reported S. 2083, the Oil Pollution Liability and Compensation Act of 1978. The bill immediately creates two identical compensation funds, one for oil and the other for hazardous chemicals. Under this proposal, spillers of hazardous chemicals would be liable not only for mitigation and cleanup costs, but also for third party damages, up to the $50,000,000 limit set by the 1977 amendments to the Clean Water Act.

MCA is vigorously opposing the inclusion of chemicals spills coverage in this legislation. Unlike the fund provision for oil, which has been under Congressional consideration for four years and is generally acceptable to all parties, coverage of hazardous substances has received inadequate consideration in the Senate and no attention in the House.

The chemical fund builds directly on Section 311 of the Clean Water Act. However, successful legal action by MCA has nullified EPA's unreasonable regulations for implementation of Section 311; therefore, the chemical fund cannot operate until the litigation is resolved.

Attempts to delete provisions for a chemical fund, and requests and offers of support for an intensive Administration study of this complex area have thus far availed little. We are therefore leading an active effort, supported by the oil, rail, trucking and barge industries, to block Senate consideration of S. 2083.

## TOXIC SUBSTANCES AMENDMENTS STILL PENDING

Final House consideration of H.R. 12441, Amendments to the Toxic Substances Control Act, is expected before the end of the Session, but the House Rules Committee has not yet released the bill for floor action.

The bill provides for a simple one-year increase in authorizations for EPA's Office of Toxic Substances. However, we expect an attempt will be made to amend H.R. 12441 on the House floor by Congressmen Ruppe and Ford, both of Michigan. Their proposal would add an additional $50 million annual authorization to provide financial assistance to victims of chemical poisonings - an "indemnification" proposal.

Similar language passed the Senate last October as a section of S. 1531 which, as in H.R. 12441, contains new authorization levels for EPA and which additionally grants new broad rulemaking powers to the Administrator.

MCA is opposed to any substantive amendments to TSCA at this early stage of implementation.

## SENATE SUBCOMMITTEE PLANS OSHA OVERSIGHT HEARINGS

The Subcommittee on Labor of the Senate Human Resources Committee has scheduled oversight hearings on the Occupational Safety and Health Act for October 3, 4, and 5. The hearings will address a broad overview of the entire OSHA program, including enforcement, paperwork burden, quality and quantity of standards, penalties, improved or less burdensome methods of enforcement, and other questions. The only areas specifically excluded from consideration are standards already in the process of development.

The MCA Occupational Safety and Health Committee is preparing testimony for the Association.

ILLINOIS BRICK BILL STILL ALIVE

There is still some chance that a bill to overturn the "Illinois Brick" Supreme Court decision could be approved in the closing weeks of this Congress. At stake is the high court's ruling that only the direct or first purchaser from an alleged antitrust violator has the right to sue. The bills S. 1874 and H.R. 11942 would broaden these ground rules so as to permit any party in the distribution chain to sue any other party up or down that chain.

The House bill is pending before the Rules Committee and may come up the week of September 18. The Senate bill is ready for floor consideration and could be brought up immediately following the natural gas debate.

MCA member companies have been alerted to join the broad-based business community effort to block these bills, being led by the Business Roundtable.

Exhibit H

STAFF REPORT

by

Robert A. Roland

September 12, 1978

On August 10 the House passed H.R. 13511, the Revenue Act of 1978, and on August 17 the Senate Finance Committee began hearings on this legislation.

On August 21, Edward Donley testified before the Senate Finance Committee on behalf of the Association. He stressed the need of the U.S. chemical industry to replace capital facilities which were designed in an era of low energy cost with facilities which would provide maximum competitive performance in the high energy cost era.

He stated that a substantial reduction in tax rates would foster accumulation of the capital required by the U.S. chemical industry for this purpose.

While the corporate rate reduction provided for in the House-passed bill was considered to be a constructive step, Mr. Donley said that he considered it to be too small to create the incentive needed to provide the massive capital accumulation which our country requires.

Mr. Donley indicated that the Association supported the investment tax credit provisions of the House bill, but believed that the investment credit should be extended to cover new industrial structures. He also suggested that the full credit be available for those pollution control investments which are financed by industrial revenue bonds.

He also supported reduction of the capital gains tax rate to encourage the creation of new innovative companies, but cautioned that lower capital gains taxes should not be offset by a reduction in other capital formation incentives. He said that MCA was pleased that the House-passed bill did not encroach upon the present principles applicable to forign operations of the chemical industry.

The Senate Finance Committee began markup of the measure on September 7. Senate floor action on this legislation should occur the latter part of September, leaving no more than a week for a House-Senate conference and final passage of a tax bill before the planned early October congressional adjournment.

* * * *

MCA opposes subjecting "tax expenditures" to a review and reauthorization-or-termination process. A proposed Senat "Sunset Bill" would require certain government programs to undergo such review every five years. In a written response to a question from Sen. Russell B. Long, chairman of the Senate Finance Committee, MCA President Robert A. Roland said the very premise supporting the concept of "tax expenditures" is questionable. It assumes "that a certain portion (and perhaps even all) of a taxpayer's income belongs to the government."

Another conceptual problem is that the proposed Sunset Bill does not provide for a "sunset" review of the basic high income tax rate structure, although many "tax expenditures" represent compensation for high income taxes.

Mr. Roland also pointed out that such "tax expenditures" as the investment credit accelerated depreciation, ADR and long-term capital gains rates can be at least partly justified on the basis that they are necessary to offset the preferences the government enjoys under the income tax system. In the case of the depreciation deduction, for instance, inflation enables the government to tax more than the taxpayer's actual economic income.

Sunset review also would duplicate normal reviews made by the Treasury and Congress during consideration of revenue acts, Mr. Roland said. They would also greatly disrupt the economy and undermine the efficiency with which many provisions, such as the investment credit and depreciation provision, operat . "Investment decisions cannot be made in such a climate of uncertainty," he stated. Mr. Roland concluded by noting that the sunset review procedure is an experimental concept. "It seems reckless to throw all 'tax expenditures' into the Sunset Bill at this time without clear evidence the process will work."

* * * *

MCA has urged Congress to take a practical approach to the question of fringe benefits for employees. In a letter to Congressman J. J. Pickle (D-Texas), chairman of the Task Force on Employee Fringe Benefits of the Committee on Ways and Means, Mr. Roland said any new legislation should consider the public's general understanding of what is taxable income. MCA considers a 1975 Treasury Department discussion draft of the question as a good base for new legislation, since it provides a realistic, practical approach. The valuation techniques of the draft should be modified, however, MCA believes.

* * * *

MCA continues to respond to EPA's Office of Toxic Substances' draft documents on testing guidelines, notification forms and rules proposed for Section 5 on Premanufacturing Notification for new chemical substances.

Critical issues involved are (1) maintaining the chemical industry's flexibility to report whatever information the manufacturer has to support his contention that "no unreasonable risk" will occur on commercializing the new substance; (2) sustaining this position by establishing EPA guidelines which avoid "checklists" of specific tests and combinations of tests for each substance; (3) protecting trade secrets related to such new substances.

* * * *

A proposal by several members of Congress from Michigan that authorizes $50 million annually to assist victims of chemical poisonings could be considered on the floor of the House before the end of this session. A similar provision passed the Senate last October as a section of a bill that also gives more money to EPA's Office of Toxic Substances and that grants new broad rulemaking powers to the administrator.

MCA is opposed to substantive amendments to the Toxic Substances Control Act and prefers the approach taken by the Subcommittee on Consumer Protection and Finance of the House Commerce Committee. Its bill provides for only a one-year increase in authorizations for EPA and defers consideration of the indemnification fund and rulemaking. House floor action is expected this month and final passage is anticipated. The Michigan lawmakers will attempt to attach their bill to H.R. 12441 as an amendment at that time.

* * * *

The Senate Environment and Public Works Committee completed work August 17 on the Oil Pollution Liability and Compensation Act of 1978. In addition to the formation of an oil spill fund, the bill would immediately create a new framework of liability for spillers of hazardous substances. After an 18-month study, a revolving fund based on a fee levied on chemical products also would be created. The fund would pay uncompensated damage claims.

MCA opposes this legislation for the following reasons:

o The liability provisions and revolving fund framework were designed to address the problem of oil spills. They are not readily transferable or appropriate for the more complex area of hazardous substances.

o Payments from the hazardous chemical fund would result from a violation of Section 311 of the Clean Water Act. (The present regulations implementing Section 311 have been overturned by a federal court.)

o The hearing record in the Senate on the hazardous substances portion of the bill is totally inadequate.

o The House bill establishing a liability fund for oil does not address the hazardous substance question, and no hearings on a chemical fund have been held. The House conferees thus will be unprepared to deal with this complex problem.

MCA has committed itself to supporting an interagency study group with members appointed by the President that would investigate all aspects of liability and compensation for spills of hazardous substances. Such a foundation is necessary for enactment of reasonable and effective legislation.

* * * *

MCA has challenged EPA's regulations on the prevention of significant deterioration (PSD) of air quality. In petitions for review filed August 17 in the U.S. Court of Appeals for the D.C. Circuit, MCA raises questions about the effective date of the regulations and about definitions of key terms.

MCA believes that if EPA had followed the legislative intent in promulgating its implementing regulations, a significant number of sources would not have to apply for a PSD permit and be subject to stringent requirements imposed by the regulations.

The petition concerning the effective date has been consolidated with other petitioners. It states that EPA exceeded its statutory authority and/or acted arbitrarily and capriciously by making the regulations effective March 1, 1978.

MCA's position is that the statute says the regulations are not to become effective until a state submits a plan implementing the PSD requirements. The court expedited review of this petition.

MCA also takes issue with EPA's definition of several key terms, e.g., source, modification, potential emissions. MCA claims the definitions are arbitrary and capricious and that EPA has exceeded its statutory authority.

* * * *

MCA has asked member companies to follow the development of the State Implementation Plans that are required by the Clean Air Act. The plans will spell out the requirements for the prevention of significant deterioration of clean air areas and set timetables for achieving clean air in non-attainment areas. All states are developing plans, which must be submitted to EPA by January 1, 1979. If EPA fails to approve the plans by July 1, 1979, a state could be subject to severe sanctions. In cooperation with other trade associations, MCA is monitoring the development of the state implementation plans through the Environmental Management Committee.

* * * *

The Joint Task Force on Tank Car Compensation has recommended that the average compensation paid to tank car owners by the railroads be increased by about 48 percent in the first year of a proposed agreement. Compensation would be adjusted annually thereafter. The task force is composed of interested parties and was formed under the provisions of a proceeding of the Interstate Commerce Commission in September 1976. Representatives of MCA companies that funded the tank car compensation program agreed to the task force recommendations on August 11. Upon approval by the other parties to the proceeding, a request will be submitted to the ICC for approval of the findings and recommendations of the task force. The ICC probably will approve the recommendations, thus paving the way for making the new mileage compensation rates effective not later than the second quarter of 1979.

* * * *

Rising costs have forced MCA to raise its charges for administering subscribed projects.

In a letter sent to the management contacts of participating companies, Albert C. Clark, MCA's vice president and technical director, said:

"Since October 1, 1974, in administering research projects of special interest to a limited number of companies and funded by them, MCA has required staff overhead reimbursement. During the recent annual audit of our financial records, MCA's increased costs to administer subscribed projects were called to our attention. Therefore, effective August 1, 1978, reimbursement to MCA will be increased from $400 to $450 per professional man-day.

"The overhead reimbursement amount from each project is keyed to the time devoted by the professional assigned as manager, thereby covering a proportionate share of normal supporting costs--secretarial, mail-room, telephone, rent, etc., as well as managerial supervision.

"In addition to overhead reimbursement, the actual costs of associated staff travel and other outside extraordinary expenses are charged directly against the project as incurred."

* * * *

A research program studying the effects of phosgene on the lungs has been extended for one year. Administered by MCA, the research was begun in 1973 by Dr. Michael Frosolono and is being continued by him at the Albert Einstein College of Medicine. The program will cost $60,669, shared among the 14 supporting companies.

* * * *

Our last staff report indicated that Ambassador Robert Strauss was expected to announce on July 15 successful completion of the Multilateral Trade Negotiations. It had be n hoped that the agreement would be a cornerstone in the Bonn, Germany economic summit meeting. However, the trade agreements declaration of July 13 was meager and disappointing. The expected "conclusion" became a status report on the framework of a complex agreement yet to be reached. The new deadline for completion of the negotiations is December 15, 1978.

There has been no agreement, or even discussion, on chemical tariff cuts or on the American Selling Price. Som progress was made on nontariff-type agreements that are of minor interest to the chemical industry. It now appears that tariff cutting will be the last agreement to be reached in Geneva. The United States has not changed its original offer to cut almost all chemical tariffs by over 50 percent. The industry will continue to insist that a number of chemicals be withdrawn from the U.S. offer and thus be excepted from tariff cuts.

* * * *

H. Christopher Nolde, former chief counsel of the Hous Select Committee on Crime, has been named MCA's legislative representative for safety and health.

Prior to joining MCA, Mr. Nolde was director of government relations for the National Soft Drink Association. He also has served as an attorn y for th Federal Trad Commission.

* * * *