AGENDA
MEETING OF THE MCA BOARD OF DIRECTORS
10:00 a.m., Tuesday, February 8, 1977
Washington Hilton (Map Room), Washington, D. C.

I. Opening Remarks and Introduction of Guests

II. Minutes of Meeting of January 11, 1977

III. Business Items:
- (a) Approval of Director's Alternate:
  Charles E. Brookes (for Robert D. Goodall)
- (b) Report of Membership Committee
  Nease Chemical Company, Inc.
- (c) Proposed Benzene Study Relative to OSHA Regulation (Attachment)
- (d) Appointment of Committee Members (Attachment)

IV. Report of Director of Government Relations

V. Reports of Committees: (Attachment)
- (a) Chemical Regulations Advisory Committee
  George Dominguez, Chairman
  Discussion leader: Richard E. Heckert
- (b) Government Relations Committee
  Don A. Goodall, Chairman
  Discussion leader: John M. Henske
- (c) Labels and Precautionary Information Committee
  Charles J. (Charlie) O'Connor, Chairman
  Discussion leader: Andrew J. McNeill

VI. Information Items by Directors

VII. Report of the President

Next Meeting of the Board of Directors - 9:00 a.m., Tuesday, March 8, 1977, Lakeway Inn, Austin, Texas

MINUTES of the two hundred fifty-fifth meeting of the Board of Directors of the Manufacturing Chemists' Association, Inc. held at the Washington Hilton, Washington, D. C., Tuesday, February 8, 1977, at 10:00 a.m.

Directors: Earle B. Barnes, Chairman
Edward Donley, Vice Chairman
Dieter H. Ambros
John T. Connor
William J. Driver
J. Morris Evans
Thomas S. Farmer
John T. Files
Edward J. Goett
John M. Henske
James W. Kent
W. C. Krumrei
Raymond H. Marks
John K. McKinley
Andrew J. McNeill
Thomas B. Nantz
George F. Polzer
Tom K. Smith, Jr.
Harvey J. Taufen
Konrad M. Weis
Robert A. Winslow

Alternates: Frank W. Bradley (for James W. Kent)
Donald T. Brophy (for Vincent L. Gregory, Jr.)
Charles R. Carson (for John F. Welch)
Peter H. Conze (for Robert L. Mitchell)
Richard Fleming (for Edward Donley)
M. Donald McClusky (for Thomas B. Nantz)
Elwood W. Phares, II (for Ralph M. Knight)
Charles A. Polachi (for George F. Polzer)
C. Robert Powell (for William H. Bricker)

Outside Counsel: John H. Pickering

Staff Counsel: Bruce M. Barackman

Secretary-Treasurer: George E. Best

By Invitation: George D. Dominguez, CIBA-GEIGY Corporation
Don A. Goodall, American Cyanamid Company
George W. Ingle, MCA
Charles J. O'Connor, Stauffer Chemical Company
John E. Slavick, MCA
William M. Stover, MCA
John G. Tritsch, MCA
James P. Turner, MCA

Chairman Barnes opened the meeting by calling for self-introduction of those present in turn.

I. MINUTES OF JANUARY 11, 1977, MEETING

Minutes of the January 11th Board meeting, as distributed, including the financial statement for six months ended December 31, 1976, were duly approved.

II. REPORT OF THE SECRETARY-TREASURER

Exhibit A

III. BUSINESS ITEMS

(a) Approval of Director's Alternate Charles E. Brookes was approved as Mr. Goodall's newly designated alternate.

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

ON MOTION, duly made and seconded, it was

VOTED: That Nease Chemical Company, Inc. be elected to membership in the Association.

(c) Proposed Benzene Study Relative to OSHA Regulation Mr. Driver reviewed the objectives of this proposed study, a description of which was distributed in advance with the tentative agenda after having been favorably recommended by the Executive Committee. He also drew attention to the policy guidelines referred to in the proposal, titled in reference to the Toxic Substances Control Act but intended for general application on regulatory matters. These guidelines were recommended by the Legal Advisory Committee and endorsed by the Executive Committee.

Several Directors commented that occupational exposure to benzene already has received much attention. They were given assurance that a prime purpose of the proposed study is to assemble and assess all of the available pertinent information, and that this program would be coordinated with the Chemical Industry Institute of Toxicology.

ON MOTION, duly made and seconded, it was

VOTED: That the study on benzene described in Exhibit B be approved for MCA administration with full funding by voluntary subscription, subject to the policy guidelines for MCA participation in regulatory matters (titled Toxic Substances Control Act), also approved for general application -- copy appended to this exhibit.

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

(e) Free Enterprise System Mr. Goodall's report, recorded below, was directed to the importance of developing a well informed constituency for support of the chemical industry in relation to the free enterprise system. In ending his remarks, he offered to have the Government Relations Committee design a model program which individual companies could adapt to their own purposes.

Thereupon approval was given to this undertaking, with the understanding that inquiry would be made as to what member companies already may be doing along this line, and that the Industrial Relations Advisory and Public Relations Committees would be consulted.

IV. REPORT OF DIRECTOR OF GOVERNMENT RELATIONS

Mr. Stover's report is attached as Exhibit D. A tabulation of the status of legislation of interest to MCA as of February 5 was distributed to those present.

V. REPORTS OF COMMITTEES

Reports presented by the following committee chairmen are attached as indicated:

Mr. George Dominguez, Chairman Chemical Regulations Advisory Committee	Exhibit E
Mr. Don A. Goodall, Chairman Government Relations Advisory Committee (Discussion leader: Mr. Henske)	Exhibit F
Mr. Charles J. O'Connor, Chairman Labels and Precautionary Information Committee (Discussion leader: Mr. McNeill)	Exhibit G

VI. INFORMATION ITEMS BY DIRECTORS

(a) Public Forum Participation Mr. Polzer recounted his experience as MCA's representative in a Philadelphia telecast last November in which chemicals as carcinogens were prominent in the questioners' interests. He strongly encouraged industrial representatives to become more available for such participation.

(b) Energy Conservation Mr. Henske mentioned President Carter's request to heat buildings only to 65°F for fuel conservation, and urged company executives and MCA to do all possible to make this a uniform practice.

(c) DOT Proposal/Pressure Tank Cars Responding to Mr. McClusky's expression of interest, Mr. Donley indicated that the Compressed Gas Association is giving active attention to the matter, and Mr. Driver gave assurance consideration would be given to supporting the CGA position.

VII. REPORT OF THE PRESIDENT

Mr. Driver's Staff Report is attached as Exhibit H.

In conjunction with the activities of the Chemical Regulations Advisory Committee reported by Mr. Dominguez, Mr. Driver mentioned the first issue of a Toxic Substances Management Memo mailed to Executive Contacts and to allied trade associations on February 4. Each member company was invited to designate a Toxic Substances Contact responsible for receiving these communications, designed to provide current reporting on MCA's involvement with regulatory development under the Toxic Substances Control Act, and for disseminating the information appropriately within the company.

Mention was made of former EPA Administrator Train's request to OMB for approval of an EPA Advisory Committee on Toxic Substances, and the probable opportunity to suggest candidates to represent industry. Directors were invited to submit names for consideration.

Mr. Driver summarized recent improvements in tank car mileage compensation, which has received continuing attention through MCA, estimated to benefit chemical shippers to the extent of about $6 million annually.

He spoke of his attendance and that of Mr. Barackman at the first World Congress on Product Liability last month in London, indicating that the U.S. trend to strict liability is a mounting concern, in Europe as well as in the United States, and that our Legal Advisory and Insurance Committees will have this subject under c ntinuing surv illance.

He outlined OSHA's proposed cancer policy and MCA's preparation for taking part in the public meeting on it scheduled by the National Advisory Committee on Occupational Safety and Health on February 17.

George E. Best

George E. Best
Secretary-Treasurer

Certified correct:

Earle B. Barnes

Earle B. Barnes
Chairman of the Board

EXHIBIT A

REPORT OF THE SECRETARY-TREASURER

February 8, 1977

Dollar amounts rounded from tabular details
($000)

INCOME & EXPENSE
June 1, 1976 - January 31, 1977 - 8 Months (67%)

				Percent of Budget
Income	- Membership Fees	$2,768		100.639%
	- Other	474		96.735%
			$3,242	100.062%
Expense	- Operations	$1,995		68.444%
	- Project	134		25.930%
			2,129	62.061%

ASSETS
(As of January 31, 1977)

Cash	$ 26	
Investments	6,655	
Miscellaneous	7	
		$6,688

MANUFACTURING CHEMISTS ASSOCIATION

STATEMENT OF FINANCIAL POSITION

January 31, 1977

BALANCE SHEET

Assets

Cash		
National Savings & Trust - Commercial Account	$ 19,136	
National Savings & Trust - Payroll Account	6,000	
Imprest Funds	800	$ 25,936
Investments		
Bank Certificates of Deposit	$1,000,000	
Bank Repurchase Agreements	360,000	
U. S. Government Securities	3,424,344	
U. S. Government Agency Securities	202,500	
Corporate Securities	1,667,800	6,654,644
Deposits & Advances		
U. S. Government Printing Office	$ 500	
American Airlines	425	
Postage Meter	5,445	
Travel Advances	1,280	7,650
		$6,688,230

Liabilities & Fund Balances

Liabilities			
D. C. use Tax			$ 530
Reserve			
Deferred Compensation			91,250
Fund Balances			
Restricted (Schedule I (e))		$3,780,152	
Unrestricted - From Previous Fiscal Years	$1,702,560		
- Current Fiscal Year	1,113,738	2,816,298	6,596,450
			$6,688,230

INCOME & EXPENSE

INCOME		
Membership Dues & Entrance Fees		$2,767,565
Income from Investments		249,356
Publications Sales		56,836
*Meeting & Special Funds (Schedule I (d))	$73,229	
Overhead Reimbursement Subscribed Projects (Schedule I (d))	95,237	168,466
Miscellaneous		19
Total Income		$3,242,242
EXPENSE (Schedule II)		
Management		$ 525,109
Technical - General		550,341
Technical - Chemtrec		221,370
Public Relations		377,751
Government Relations		242,268
Staff Services		211,665
Total Expense		$2,128,504
Income less Expense		$1,113,738

FOOTNOTE:
*Net Income on Completed Projects

CMA 037178

SCHEDULE I - RESTRICTED FUNDS & MEETING ADVANCES

January 31, 1977

	Balance June 1, 1976 (a)	Current Fiscal Year Receipts (b)	Current Fiscal Year Expenditures (c)	Current Fiscal Year Transfers To Income (d)	Balance January 31, 1977 (e)
Non-Budgeted Funds & Meetings					
Meetings, Workshops & Symposia	$ 86,435	$ 165,428	$ 161,920	$ 73,229	$ 16,714
Tank Car Mileage Compensation	60,548	760	36,361	-	24,947
Vinyl Chloride Research	106,620	156,267	1,043	6,700	255,144
Vinylidene Chloride Monomer - Research	247,085	44,800	79,537	7,707	204,642
Styrene Monomer - Research	178,940	149,026	67,249	3,617	257,099
Acrylonitrile Monomer - Research	432,139	141,210	122,406	4,385	446,558
Trichloroethylene Research	347,153	58,875	1,336	5,673	399,019
Ethylene Dichloride Research	104,763	65,360	62,174	4,631	103,318
Chlorobenzenes Research	9,860	-	-	3,319	6,541
Phosgene Safety Research	81,698	15,780	40,620	2,817	54,041
Fluorocarbons Research	1,505,076	660,568	731,624	48,856	1,385,164
Allyl Chloride Research	118,694	108,680	74	2,647	224,653
Epichlorohydrin Research	127,274	113,880	74	2,647	238,433
Phthalate Esters Research	31,817	4,000	18,323	2,238	15,256
Loss Data Bank Project	4,613	-	513	-	4,100
NBS Du Pont Study	-	1,000	1,000	-	-
Chemical Industry Trade Advisor	5,841	15,000	20,678	-	163
Total - Non-Budgeted Funds & Meetings	$3,448,556	$1,700,634	$1,344,932	$ 168,466	$3,635,792
Plastics Group Financial Package	$ 118,542	$ 60,000	$ 34,182	$ -	$ 144,360
Total	$3,567,098	$1,760,634	$1,379,114	$ 168,466	$3,780,152

CMA 037179

BUDGET [illegible]RAM

January 31, 1

	MANAGEMENT		TECHNICAL				PUBLIC RELATIONS		GOV'T RELATIONS		STAFF SERVICES		TOTAL TO DATE 8 MONTHS	
			GENERAL		CHEMTREC									
	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET
Employees	12		23		7		12		10		14		78	78
OPERATING EXPENSE														
Salaries & Related Expense	$208,483	$213,448	$314,377	$330,608	$ 87,245	$ 86,494	$155,990	$158,234	$127,855	$149,921	$127,904	$131,300	$1,021,854	$1,070,005
Retirement Plan & Group Ins.	59,034	35,907	78,370	55,614	26,866	14,607	43,466	26,573	34,902	21,300	29,746	22,000	272,384	176,001
Hosp. Ins. & Health Plan	3,410	3,400	7,399	8,267	668	800	3,356	3,933	2,107	2,867	3,698	4,667	20,638	23,934
Legal Fees & Expense	195,379	188,000	-	-	-	-	-	-	19,875	16,667	-	-	215,254	204,667
Consultants&Investment Serv.	-	3,333	-	-	-	-	-	-	-	-	-	-	-	3,333
Audit	3,500	1,900	-	-	-	-	-	-	-	-	-	-	3,500	1,900
Rent & Premises Expense	14,125	14,587	20,619	21,300	5,029	5,340	13,152	13,753	8,684	9,220	22,387	23,267	83,996	87,467
*(3)Taxes & Insurance	7,504	8,194	12,603	15,440	84,299	58,253	7,113	8,367	5,660	6,700	8,531	8,813	125,710	105,767
Supplies & Gen. Office Exp.	5,030	5,500	18,434	20,934	1,862	3,260	15,899	13,140	6,227	7,660	11,273	6,040	58,725	56,534
Furniture & Equipment	339	1,634	1,309	4,400	2,599	2,000	74	167	952	1,333	138	400	5,411	9,934
Printing	4,553	3,333	-	667	-	800	4,767	3,333	646	533	-	1,067	9,966	9,733
Telephone & Telegraph	4,199	4,100	11,278	13,680	11,875	13,333	5,728	5,467	6,142	5,200	4,607	4,886	43,829	46,666
Postage	2,641	2,533	15,388	20,000	314	800	35,312	32,000	6,574	6,667	1,192	1,467	61,421	63,467
Travel & Entertainment	7,645	5,334	13,258	17,333	184	1,000	16,268	16,667	9,005	10,000	670	867	47,030	51,201
Meeting Expense	4,698	8,800	157	600	-	-	-	67	2,222	3,667	-	-	7,077	13,134
Periodicals, Books, etc.	461	400	1,030	1,333	350	400	1,044	1,200	5,666	5,333	1,367	1,200	9,918	9,866
Organizational Memberships	1,605	2,000	2,280	1,867	79	67	902	667	751	1,533	152	100	5,769	6,234
Contingency	2,503	3,333	-	-	-	-	-	-	-	-	-	-	2,503	3,333
Operating Expense Totals	$525,109	$505,736	$496,502	$512,043	$221,370	$187,154	$303,071	$283,568	$237,268	$248,601	$211,665	$206,074	$1,994,985	$1,943,176
PROJECTS														
Technical														
*(4) Air Quality			$ 9,500	$100,000									$ 9,500	$ 100,000
Trade Advisor			15,000	24,000									15,000	24,000
Occupational Health			-	6,667									-	6,667
Water Resources			21,500	21,000									21,500	21,000
Multi-Committee/Transportation			-	3,600									-	3,600
Multi-Committee/Publications			7,839	64,000									7,839	64,000
Public Relations														
Community Relations							$ 15,121	$ 18,987					15,121	18,987
Consumer Information							9,088	29,767					9,088	29,767
Environmental Quality							18,313	19,847					18,313	19,847
Internal Publications							12,075	17,333					12,075	17,333
Media Relations							2,933	5,667					2,933	5,667
*(2) Toxic Substances Control Legislation							4,615	3,083					4,615	3,083
College & Hi School Teacher Awards							4,584	11,000					4,584	11,000
Education Exhibits							2,211	2,667					2,211	2,667
Education Publications							5,740	12,333					5,740	12,333
Government Relations														
*(1) Equal Employment Advisory Council									$ 5,000	$ 3,334			5,000	3,334
Project Totals	$ -	$ -	$ 53,839	$219,267	$ -	$ -	$ 74,680	$120,684	$ 5,000	$ 3,334	$ -	$ -	$ 133,519	$ 343,285
COMBINED TOTAL	$525,109	$505,736	$550,341	$731,310	$221,370	$187,154	$377,751	$404,252	$242,268	$251,935	$211,665	$206,074	$2,128,504	$2,286,461

*(1) Budget Amendment by Board of Directors June 9, 1976, provides a contribution of $5,000 to the Equal Employment Advisory Council for 1976

*(2) Budget Amendment approved by President July 30, 1976, provides for "Toxic Substances Control Legislation-Advertising/Communications" $4,625

*(3) Budget Amendment by Board of Directors September 14, 1976, increases provision for Liability Insurance by $34,750

*(4) Budget Amendment by Board of Directors October 12, 1976, provides for Hydrocarbon Emissions Control Cost Analysis $95,000, and Oxidant Level Control Study $54,500

Exhibit B

Proposed Program
on
OSHA Regulation
of
Benzene

NIOSH has recommended that permissible exposure levels for benzene be reduced from 10 ppm to 1 ppm. Under pressures to establish a workplace standard at this new low level, OSHA now has under consideration a guideline and/or an emergency standard proposal to effectuate the 1 ppm exposure limit.

The basis for the NIOSH recommendation has been questioned. It is proposed that a program be organized under MCA administration to conduct expert analysis of the information leading to the NIOSH recommendation, to consolidate and organize other currently available data relevant to development of an OSHA standard for benzene and to discuss details of criteria documents, standards or guidelines concerning benzene exposure in the workplace with appropriate personnel in NIOSH, OSHA or other involved agencies. These activities, especially those in discussion with the agencies, would be conducted consonant with the Legal Advisory Committee recommendations on the handling of individual chemicals problems.

A description of the program, outlined in greater detail, is attached.

Of the fourteen member companies indicating initial interest, nine out of ten have responded favorably to a formal request for pledge of support. Favorable replies are expected shortly from others. The fourteen companies account for a substantial majority of the benzene production capacity and a significant use by MCA members.

The staff recommends approval subject to funds becoming available and subject to the acceptance by the Board of Directors of the Legal Advisory Committee recommended guidelines.

MCA

EC - 1/11/77
BD - 2/8/77

Proposed Program
on
OSHA Benzene Regulation

Purpose

NIOSH has proposed that the permissible exposure levels for benzene be reduced from 10 ppm to 1 ppm. The basis for this reduction is questioned. The purpose of the proposed program is to develop a sound technical base for a position by industry on potential regulation and to advance that position with OSHA and NIOSH.

Program

An ad hoc planning group composed of representatives of fourteen producers and users of benzene, having reviewed readily available information, have recommended that a special project on benzene be established within MCA to prepare and present to OSHA and NIOSH information and recommendations on benzene occupational health exposure regulations. This program would encompass two principal objectives as dictated by the criticality of timing. The first objective with highest priority would address the following areas:

1. From a review of information available (primarily in the public literature), assess the hazards associated with various levels of exposure with the view to relating to NIOSH recommendations and OSHA proposals. The background papers, deliberations, and resolution of the November 9-11, 1976, international workshop on toxicology of benzene in Paris may be of especial value. The consensus was that outside expertise should be hired for this task.

2. Consolidate and organize other currently available data to arrive at appropriate conclusions to be presented to OSHA. This is meant to apply primarily to epidemiologic studies carried out in various companies, but not publicized from a concern that they did not represent a large enough base. Adding them together may provide a more convincing picture. Again it was felt that outside xpertise should be sought to consolidate the information.

Individual members would be encouraged to conduct and report monitoring observations to enable an assessment to be made of the impact of different permissible exposure levels.

3. React to details of criteria documents, standards, or guidelines.

A longer-term objective would be to assess the desirability of undertaking appropriate additional research, industry epidemiology studies, and economic studies in conjunction with, or independent of, programs within other trade associations.

Supervision

The program would be supervised by a Special Project Unit consisting of one representative from each subscribing company, plus an MCA staff representative who would also serve as a project manager. Due to the expected numbers, they might wish to designate a working group containing a mixture of toxicologists and/or physicians, industrial hygienists, epidemiologists, and regulatory affairs personnel.

It was agreed that close supervision by legal counsel should be provided for.

Funding

The benzene special project would be fully financially supported by participating companies with costs to be distributed on the basis of nominal benzene production capacity and use. In spite of great uncertainties, the following budget is proposed initially:

Legal counsel	$ 50,000
Review of information for assessment of hazard	100,000
Collation and assessment of epidemiologic information	100,000
MCA supervision	100,000
Contingencies	150,000
Total	$500,000

Stipulations

Any scientific information developed from this program is to be fully disclosed, without restriction. For purposes of consistency and control, however, all releases would be made solely through MCA.

Any interpretation or recommendation stemming from this project attributable to MCA, or any unit thereof, shall be subject to approval by the Board of Directors.

The foregoing requirements would not preclude private scientific interchange of non-competitive information useful to the advancement of the program, nor relevant private communication within and among subscribing companies. It would be an obligation to inform the MCA staff representative on a current basis about all such interchanges and communications other than those internal to the company.

Operation

The Special Project Unit would be governed by MCA practices and policies, including the requirements of the "General Principles Applicable to the Structure and Operations of Committees."

MCA
EC - 1/11/77
BD - 2/8/77

Toxic Substances Control Act

The Environmental Protection Agency (EPA) will shortly begin the process of developing regulations to implement the recently enacted Toxic Substances Control Act (TOSCA). What role should MCA play in the implementation process?

General: MCA should take an active role in the implementation process and should concentrate on matters which affect a number of its members or which involve questions of broad concern to the manufacturing chemical industry even though they may not immediately affect many members. In furtherance of this role, a newly constituted Chemical Regulations Advisory Committee (CRAC), is to be primarily concerned with the development of regulations implementing TOSCA. In addition, an Ad Hoc Group of Senior Advisors to CRAC has been established to provide policy direction and to ensure that MCA does what it can and should in assisting EPA, that the MCA Executive Committee is aware of problems arising during implementation and acts when necessary, and that MCA is as helpful as it can be to its member companies in the interpretation and implementation of TOSCA.

Specific: MCA should address itself to regulatory questions of general application, as contrasted to questions involving a particular company or chemical substance. Nevertheless, should a proposed regulation involve a precedent-setting or first-impression principle, or for other special reasons, it may be important for MCA to take a position. "How; not what" should be its guidepost.

Member Companies: Each member company should recognize that MCA's participation in the regulatory process in no way diminishes the responsibility of any individual company to protect its own interests. MCA advocacy does not restrict the independence of MCA member companies. Indeed, each member is invited to express its individual views regarding any issue raised in the implementation process.

The role of MCA in the TOSCA implementation process should be communicated promptly to each member company.

MCA
EC - 1/11/77 (as amended)
BD - 2/8/77

Exhibit C

APPOINTMENT OF COMMITTEE MEMBERS

(a) Economic Policy Review Committee
Robert McLellan, FMC Corporation -- As Vice Chairman

(b) Food, Drug, and Cosmetic Chemicals Committee
Joseph Pisetzner, Sun Chemical Corporation

(c) Industrial Relations Advisory Committee
T. John McCubbin, Mobil Chemical Company

(d) Labels and Precautionary Information Committee
Warren H. Jones, Eastman Kodak Company -- As Chairman*
Herman A. Birnbaum, Minnesota Mining and Manufacturing Company -- As Vice Chairman*
Donald V. Anderson, Amoco Chemicals Corporation
James J. Bonin, Shell Chemical Company, A Division of Shell Oil Company
Andrew G. Chasar, Mobil Chemical Company, A Division of Mobil Oil Corporation
Paul G. Elsey, Ethyl Corporation
James F. Lemen, Hooker Chemicals & Plastics Corp.

(e) Public Relations Committee
Harlan L. P. Wendell, E. I. du Pont de Nemours & Company -- As Vice Chairman
Charles Y. Cain, Hooker Chemicals & Plastics Corp.
Marshall C. Lewis, Union Carbide Corporation

*Effective 6/1/77

Exhibit D

REPORT BY THE DIRECTOR OF GOVERNMENT RELATIONS

WILLIAM M. STOVER

FEBRUARY 8, 1977

MARCH 1 CHEMICAL FORUM FEATURES CONGRESSMAN PAUL ROGERS

The next MCA CHEMICAL FORUM luncheon will be held Tuesday, March 1, 1977, at the Washington Hilton Hotel, Washington, D. C. Speaker and guest of honor will be the Honorable Paul G. Rogers, U. S. Representative from Florida, Chairman of the Subcommittee on Public Health and Environment, House Committee on Interstate and Foreign Commerce. Congressman Rogers will speak to us on the legislative program and plans of his Subcommittee for the 95th Congress.

The jurisdiction of the House Subcommittee on Public Health and Environment is extremely broad, encompassing all matters of public health, with the exception of the Medicare program. The Subcommittee also has jurisdiction over the Clean Air Act and will begin consideration of amendments to this important legislation in the near future. Representative Rogers was a principal author of the 1970 Act and will again exert a strong leadership role in the development of the forthcoming legislation. He is expected to introduce his own comprehensive bill which will be the subject of House hearings likely to be held in late February.

We expect that the appearance of Congressman Rogers at the MCA CHEMICAL FORUM on March 1 will generate considerable interest within our own industry, the business community at large, and among representatives of the media. We hope that many members of the Board of Directors will find it possible to be in Washington to attend.

PRESIDENT CARTER'S ECONOMIC RECOVERY PROPOSAL

The President's proposed economic recovery package contains a combination of job-creation and tax reduction provisions aimed at sparking the economy and reducing unemployment. The main components the two-year program are:

- an increase of $4 billion in authorizations for local public works;

- an expansion of public service employment by 415,000 jobs;
- an expansion of training and youth programs under the Comprehensive Employment and Training Act by 346,000 positions;
- a $50 rebate on 1976 taxes for each taxpayer and dependents up to the limit of the taxpayer's liability;
- a permanent increase in the standard deduction to $2,800 for couples and $2,400 for single persons;
- an optional credit against income taxes equal to four percent of the payroll <u>or</u> an additional two percent investment tax credit for corporations.

The House Ways and Means Committee began six days of hearings on the tax aspects of the President's program February 4. Two days were devoted to receiving testimony from government witnesses. Friday, the Committee heard the views of a panel of independent experts and this week they are receiving testimony from the general public.

MCA will submit a written statement February 9, setting forth the Association's views on the need for tax incentives to stimulate capital investment. Basically, our position is the same as that presented by F. Perry Wilson, on behalf of the Association, at the Senate Finance Committee tax reform hearings last year. That is, that the chemical industry requires large amounts of capital to modernize plants and equipment, increase its productivity and improve its competitive capabilities. We support the increase in investment tax credit to 12%, but recommend that the increased credit be made permanent.

We also suggest that longer-range solutions are needed and that Congress consider taking additional steps such as (1) reducing the corporate tax rate, (2) reducing double taxation of corporate earnings, (3) changing the capital recovery system so that the cost of manufacturing facilities can be recovered over a shorter period of years and (4) modifying the present methods of taxing capital gains.

From comments in recent days by Chairman Al Ullman and other Members of the Ways and Means Committee, it appears that that Committee may make substantial changes in the Administration's proposals for business tax credits. In place of the option giving business either a four percent payroll tax credit or an increase in the investment tax credit to 12%, a number of Committee Members favor credits going to business only on the basis of new hirings.

Other aspects are controversial as well, with both Democrats and Republicans differing over the merits of the $50 rebate approach. The current winter weather crisis has also raised questions as to the appropriate magnitude of the stimulus package, and how best to insure that its impact is not lost as the Nation seeks to cope with the high energy costs and job slow-downs resulting from the cold snap.

PROFILES OF KEY CARTER ADMINISTRATION FIGURES

Thomas Bertram Lance, Director of the Office of Management and Budget, has a priceless asset in the Carter Administration: he is widely known as one of the four persons with the most influence on the President (the others being Charles Kirbo and two members of his law firm, Messrs. Bell and Alston).

A self-styled country banker, Bert Lance was in fact president of the sixth largest bank in Georgia. He has supported Carter ever since the latter's first, and unsuccessful, run for the Georgia governorship in 1966. During Carter's 1971-1975 term as governor, he was commissioner of transportation, and played a key role in the governor's highly-touted reorganization of the state government. He was Mr. Carter's personal choice for governor in the 1974 primary, but finished last in a three-man field.

Mr. Lance calls himself a "fiscal conservative", and will be a strong and persuasive voice urging President Carter to speak and act so as to win and hold the confidence of the business community. He is firmly committed as the President himself to holding down the cost of Federal government and balancing the Federal budget by 1980. Within such constraints, there will be little scope for costly new social legislation.

Like other high Carter appointees, Mr. Lance has taken an early and firm position against wage and price controls.

Dr. Charles L. Schultze, Chairman of the Council of Economic Advisers, so impressed President-elect Carter that a high post for him in the new Administration was a certainty. After being mentioned for the top jobs at Defense and the Treasury, he wound up as Chairman of the Council of Economic Advisers, where he had been a staff economist from 1953 to 1959. Rejoining government under President Kennedy, he was later appointed by President Johnson as Director of the Bureau of the Budget in 1965 at age 40, the youngest person ever to hold this post. He moved to Brookings in January, 1968.

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In testimony before the Senate Banking Committee, Dr. Schultze said that the Carter Administration hasn't decided on anti-inflationary measures yet. When pressed on the subject, he mentioned an "informal incomes policy" and a more active Council on Wage and Price Stability.

He said that international and domestic economic policy would be formulated together, since the two form a "seamless web". He saw no reason for major restrictions on multinationals, nor measures to curb imports which compete with U. S. goods. "The way to attack the problem", he said, "is not to devise protectionist measures but to expand the economy to the point where all who seek work can find it".

It appears that Dr. Schultze may have moderated his early liberalism considerably. His critical testimony with regard to the Humphrey-Hawkins full employment bill was, in fact, substantially responsible for side-tracking that measure in the last Congress.

Dr. W. Michael Blumenthal, the Secretary of the Treasury, is a man of such drive and ambition and so skilled a bureaucratic infighter that he will run the whole Administration if the President permits him.

Growing up as a German exile in Shanghai, he seized the first opportunity to move on to the United States, where he rose rapidly in the academic, business, and government worlds, serving in the Kennedy-Johnson Administration as Deputy Assistant Secretary of State and as Deputy Special Representative for Trade Negotiations. In the latter post he was the U. S. official in Geneva responsible for conducting the Kennedy Round.

As a former CEO of a multinational corporation (Bendix), Dr. Blumenthal can be relied upon to defend the interests of the MNC's against attack in most essentials. However, in testimony before the Senate Finance Committee, he strongly endorsed the intention of the Tax Reform Act of 1976 to withdraw certain tax benefits from American companies cooperating in the Arab boycott of Israel.

He also came down hard in opposition to wage and price controls, "indexing" taxes or other payments in the economy according to some measure of inflation, and any alteration in the independence of the Federal Reserve System, including a change in the term of the chairman to make it begin and end simultaneously with the four-year Presidential term -- a change endorsed by President Carter during his campaign.

As head of Bendix, he took pride in operating abroad without resort to bribes and urged his fellow business leaders to do likewise. He has strong support from labor, which has enabled him to rise to his present position (his third choice, after State and Defense) despite having been a Jackson supporter in the primaries.

Exhibit E

REPORT TO THE BOARD OF DIRECTORS
MANUFACTURING CHEMISTS ASSOCIATION

GEORGE DOMINGUEZ, CHAIRMAN
CHEMICAL REGULATIONS ADVISORY COMMITTEE

FEBRUARY 8, 1977

The Chemical Regulations Advisory Committee (CRAC) is most intensely active in preparing draft proposals for the Environmental Protection Agency's (EPA) use, through its Office of Toxic Substances (OTS), in drafting regulations and definitions required on a time schedule established by the Toxic Substances Control Act. A series of weekly meetings provided EPA with abbreviated views on basic concepts. At EPA public meetings December 14 and 15, prepared statements were read before an audience of 700. Later, statements were presented on more detailed sections and issues of the law before smaller EPA sponsored meetings. In mid-January, MCA views were developed for presentation to EPA on twelve "records and reports" issues delineated by EPA. In these and the weekly meetings, the views presented were largely tentative, but increasingly convergent on workable understandings through interaction with EPA. As EPA further clarifies its strategies, this frequency of meetings is likely to increase, to complete implementation in 1977 as required by law.

The results of these sessions are manifest in changed EPA positions. For example, EPA's earlier preference for a simple numerical limit to "small quantities for research and development" has shifted to MCA's view that flexibility is needed to reflect realistic dissimilarities between diverse industries and different stages in research. The agreed control is that the manufacture or processing of such varied quantities be supervised by professionally trained personnel informed about the health and safety aspects of the specific material. Still to be resolved is the procedure for distribution or disposal of plant-scale trial quantities.

Another example of progress is EPA's dropping its proposal that impurities of substances be reported with annual production volumes. The EPA staff finally agreed that its proposal would not meet cost/benefit analysis.

Perhaps the most creative proposal tentatively accepted by EPA is the system MCA proposed to maintain confidentiality of the identity of certain substances considered to be bona fide trade secrets. Coding identities by qualitative empirical formula and molecular weight, this proposal has earned initial support by environmentalists.

Volunteer company members, in addition to CRAC's membership of thirty, have been readily accepted at work group levels, assuring effective MCA representation in these frequent EPA working sessions. The January issue of MCA News carries a story and picture of one of the work groups actively preparing positions on the development of the section 8(b) inventory list of existing chemicals.

Simultaneously, three regional seminars have been organized to help companies prepare for compliance. The first of these was held February 2 in Philadelphia, Pennsylvania and was highly successful in terms of attendance and of the number of searching questions asked. You may wish to alert your mid- and far-West associates of the next two meetings, February 23 at St. Louis, Missouri, and March 10 at San Francisco, California.

Exhibit F

MCA Government Relations Committee Report
to the Board of Directors
February 8, 1977
Don A. Goodall, Chairman

A major premise of this report is that business is not as influential in Washington as we would like it to be nor as influential as we must be if any viable form of private enterprise is to be preserved in this country.

It was not too many years ago that businessmen were listened to with considerable attention by those members of Congress who wore either a Republican or Southern Democrat label. But that is no longer the case. What happened?

When I first came to Washington in 1959 one of the power houses on the Hill was Judge Smith of Virginia, an old school Southern Democrat and head of the then all-powerful House Rules Committee. If he decided he didn't want a bill passed, he wouldn't give it a rule permitting it to go to the House floor. If the pressure got too great, he just went down to his farm to -- as he used to put it -- "tend to my cows".

I'm not saying this was the right way to run the government. But it was a time when businessmen had more influence in Congress than we have today. But that day w nt out with the one-man, one-vote drive that took place more than a decade ago, and for a variety of other reasons.

For example, the politicizing of labor unions was another contributing factor. Beginning in 1948 with establishment of the Committee on Political Education, labor moved into the political ring in a big way, convinced that it could win in state legislatures and the Congress what it could not win at the bargaining table. Labor money and labor manpower are now major factors in congressional election campaigns. And labor's lobbying muscle on Capitol Hill is the envy of those of us on the business side.

Television is another factor that has changed the process of selecting and influencing Members of Congress. The medium puts a premium on an appearance of freshness, of youthful vigor and vitality, and on the ability to articulate ideas. Furthermore, the wide exposure TV gives to candidates tends to open up the selection process.

Another and more recent development has been the rise of public interest groups. They are dedicated and persevering. A Member of Congress must be responsive to their pressures or else he'll find himself facing more competition for his seat in the next primary and general elections.

Business has not been totally unresponsive to these changing factors. With the rise of big government and big labor after WWII, some large companies opened Washington offices to assure that their views were being conveyed to Congress and the Administration. At the same time that the Washington corporate office was being developed, by a relative handful of companies, I must add, there was a parallel development of the trade association as an instrument for communicating with government. In the last two decades, trade associations have become as much a Washington growth phenomenon as government itself.

And finally, within the last few years we have even seen the CEO coming to Washington to engage in direct lobbying where an issue was of such paramount importance to the corporation that it merited his personal attention. This technique became so important, in fact, that the Business Roundtable was formed expressly to assure organized CEO involvement in the lobbying effort.

But the Washington corporate office and the trade association and the CEO as lobbyists are not totally responsive to today's need.

What business lacks is a grassroots voice. Many Members of Congress are candid in saying this to your Washington corporate representative. Right or wrong, Members of Congress are telling us that opinions from the corporate board room no longer carry the weight they once did. In the vernacular of Capitol Hill, they ask us: "How many votes have you got?"

Unfortunately, too many in business fail to understand that to a politician the vote tally on election day is the end-all and be-all, in the same manner as is to you the bottom line on your corporate financial statem nt.

How do we get a grassroots voice on Capitol Hill? We start by developing two resources that presently are largely untapped by business -- employees and stockholders.

First, we give our employees an understanding of how our businesses work, an understanding of the kind of governmental climate that must exist for preservation of private enterprise, and an understanding of how their personal welfare relates to that of the corporation.

Lest anyone assume that this is not a bonafide need, I quote from the January issue of The Conference Board magazine, which said of the American people: ". . . they misunderstand the relationships between prices and costs and between real wages, productivity and capital investment; they overestimate the level of corporate profit margins; and they believe that it is business, not people, who pays the corporate income tax."

If we help our employees understand these things, then they will see that their Congressional representatives understand them.

The stockholder is not so much in need of economic education as he is of being informed about how prospective government actions will affect the return on his investment. Once he has that information, communication with Congress will take care of itself.

Let me illustrate what I'm saying with a true story. It involves Burt Talcott, a seven-term member of the House of Representatives from California until his defeat last November. Mr. Talcott voted in line with the business community position on issues about 80 percent of the time. Conversely, labor gave him only a 13 percent favorable vote rating.

In October 1975 a delegation of California businessmen met with the California congressional delegation to express its views on then pending legislation. Afterwards, Mr. Talcott wrote to these businessmen. Let me quote from that letter:

"As representatives of the people, we cannot (in a practical or political s nse) support an issue, or a bill, without support of people - the people we directly represent. We need support as you need a market.

Your aim must be 'the people'. There is no easy way to leapfrog them to persuade a group of legislators.

You can, you must, begin by persuading your employees -- your investors who are our constituents. They pack the political clout. They can be mobilized; but I, as a legislator, cannot do it -- at least without your help.

Perhaps one of your union leaders should have appeared with you. One union leader would have impressed more than half of our delegation."

Mr. Talcott's advice to the California businessmen was echoed by Rep. Barber Conable of New York, one of the brightest and most capable members of the House, when he spoke not long ago to a group of Pfizer management personnel. He counselled Pfizer to talk to its own people so that they would understand why Mr. Conable takes the positions he does. Without such backup, Mr. Conable is vulnerable.

Mr. Talcott's reference to a union leader doesn't mean that union leaders are more persuasive than businessmen. It simply means that from a congressman's perception, union spokesmen presently represent more votes than we do.

That perception is certainly true in Mr. Talcott's case. He's no longer in Congress, thanks to labor union and environmentalist political clout.

Bryce Harlow, counsellor to Presidents and Procter & Gamble's Washington representative, has an interesting concept of this matter of perceptions. He says that when a politician looks at you as a company executive, or me as a Washington representative, or at MCA, he looks through us -- as though we were a window. He wants to see what is behind us to determine if we can hurt him or help him. Too often, the politician sees nothing behind us and, when he does, he knows he can ignore our views.

Sо much then for the need for grassroots support if our positions are to prevail in Washington. It is not my intent nor have we time for the mechanics of how this will be accomplished.

Except that it will not be done by slick PR techniques nor by writing a check once a year to some organization that promises you it can "educate the American public about free enterprise".

Now let me shift focus to another subject, but which is related to all that I've said so far, like one side of a coin is related to the other.

Business cannot be persuasive, either to its own employees or to Congress, if it lacks credibility. And business has a credibility problem stemming from such things as price fixing, bribery, and environmental incidents.

I do not believe that, except for a few amoral businessmen, today's corporate leaders consciously condone breaking the law. Rather, these things happen because not enough attention is paid to establishing controls that will prevent them.

And so I make this suggestion: that every company have a system of internal "auditing" which has the express purpose of identifying for management potential problem areas within the corporation. It is my belief that somewhere in any company there are always individuals who know when the fine line of illegality is being crossed, or some practice is being followed that is questionable from an environmental, safety or health view. There must be a way for these people to report their concerns so that management can take corrective steps before irretrievable damage is done -- both to the company and to the business image.

I'm not advocating do-goodism. Gulf's CEO announced recently that it has set up a system that gives its divisional finance officers an opportunity to report problem areas. Anoth r MCA company, I'm told, has recently instituted an auditing procedure in th health and safety ar a. S , this is a practical sugg stion.

In summary, I have suggested to you that we should do two things to help preserve private enterprise; first, enlist the participation of our employees and stockholders and, second, establish an internal method for identifying potential problem areas. If you feel that these suggestions have merit, the Government Relations Committee is ready to work with you in designing a model program which you can adapt to your own operations.

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Exhibit G

REPORT TO THE BOARD OF DIRECTORS
MANUFACTURING CHEMISTS ASSOCIATION

C. J. O'CONNOR, CHAIRMAN
LABELS AND PRECAUTIONARY INFORMATION COMMITTEE

FEBRUARY 8, 1977

Publications

As you know, questions have arisen in regard to MCA's Publication Program. Labels and Precautionary Information Committee (LAPIC) members together with members of the Legal Advisory, Occupational Health, and Safety and Fire Protection Committees, and Mr. Dan Marcus of Outside Counsel, were instrumental in preparing an internal guide for publications.

International

We have renewed exchange of minutes with the Chemical Industries Association (CIA) of Britain. Following transmittal of a copy, a representative of a member company visited with CIA's labeling committee for the purpose of introducing our ANSI Z129.1 Label Standard, and insuring increased cooperation and liaison with the chemical industry in the European Economic Community (EEC), as well as in the United Kingdom.

There is concerted worldwide action on the part of foreign governments to update and intensify chemical regulation. For example:

the Dominican Republic recently enacted a law regulating poisonous materials;

the EEC now has under consideration a "European" toxic substance law;

Australia will shortly prohibit dual dimensions for metrication;

Brazil has just passed new legislation regarding the registration and labeling of pesticides which goes beyond EPA requirements;

Venezuela now requires that all chemicals must be labeled in Spanish, and dimensioned in the metric system.

Personnel

There is a crucial need to obtain the best qualified Committee members, as well as to improve the ratio of individual disciplines. The work of operating committees can only be as good as the people involved.

Domestic

We now have good reason to expect label regulations to issue under OSHA. The recent January 28 release in the Federal Register substantiates this reasoning. The basis of these regulations will evolve from an OSHA advisory committee report. LAPIC-MCA, our industry, was represented on this panel, and the Federal Register release mentioned earlier acknowledges the contribution of the MCA labeling system.

LAPIC has subsequently met with OSHA people to refine this input. In a related manner, the Chairman of LAPIC along with the Chairman of the Occupational Health Committee, testified before a Congressional subcommittee with oversight responsibilities for Department of Labor (OSHA). We have as a result had an opportunity to influence Congressional thinking, and in turn, obtained a fair idea of their positions. There is a strong desire to identify components of mixtures on labels, including proprietary preparations.

We are currently wrestling with the problem of labeling for chronic hazards; problems involving carcinogenicity, mutagenicity, teratogenicity, hepatotoxicity and the difficult interface between suspected carcinogenicity in test animals versus proven carcinogenicity in humans. A subcommittee consisting of Dr. Warren Jones of Kodak, Thayre Talcott of Dow, Orton Overman of Stauffer, Moe Lore of DuPont, Don McKellar of FMC, and Bob Sido of Monsanto has been appointed to prepare recommendations in this critical area.

Metrication

In working toward industry metrication goals, Committee interest has been concerned with the process of "soft" conversion regarding label declaration of weight, volume, and area.

Exhibit H

STAFF REPORT

by

William J. Driver

February 8, 1977

MCA proffered preliminary comments in January on hazardous waste criteria and on sanitary landfill criteria and dump inventory to EPA's Office of Solid Waste Management Programs.

We said the first criteria to be developed should be those that categorize certain types of wastes as hazardous. These wastes include those which produce unacceptable health or worker safety, and those which create serious pollution problems if a municipal landfill is used.

Primary criteria should include explosiveness, flammability, ute mammalian toxicity of waste or leachate and skin irritation contact with waste or leachate.

The extent to which sanitary landfill reduces hazards to an acceptable level should correspond to the degree of hazard, and three or four categories should suffice. The definition of sanitary landfill should be as broad as possible and include all forms of disposal.

* * *

The European Study Group for Vinylidene Chloride Toxicity r cently reported finding kidney tumors in mice exposed to 25 ppm VDC. Professor Caesare Maltoni, who is conducting this work, observed no tumors in exposures of mice to 10 ppm, rats to 10 and 150 ppm or hamsters to 25 ppm VDC. He presented interim results on these studies, started in early 1975, in a paper presented at a January meeting in Germany. The study group also noted that epidemiological studies on limited populations of workers exposed to VDC have not indicated any carcinogenic effect of such exposure.

An MCA-administered long-term inhalation study of rats exposed to VDC is nearing completion.

* * *

MCA is changing its industrial injury reporting by member companies to a method develop d by the Occupational Safety and Health Administration. The Association had been using a method of the Am rican National Standards Institute. All reporting and associated MCA saf ty awards reflecting performance in 1977 will be based on the OSHA method.

The awards for 1976, to be presented in 1977, still will be based on the ANSI system.

* * *

Regulatory agencies often use the findings of epidemiological studies when they make decisions and issue guidelines. The kinds of epidemiological studies, however, as well as the data they require and their scope and usefulness, are sometimes not well understood. On recommendation of the Occupational Health Committee, therefore, MCA engaged Dr. William R. Gaffey to write an explanatory article in non-technical language on occupational epidemiology. The article has now been printed as a four-page booklet, "A Brief Overview of Occupational Epidemiology." Dr. Gaffey, who was with Equitable Environmental Health, Inc., when engaged to write the article, is now at Stanford Research Institute.

* * *

MCA's eighth Chemical Industrial Relations Conference will be held May 17 at the Cherry Hill Inn, Cherry Hill, N.J. John M. Henske will be the luncheon speaker.

* * *

Rep. Paul G. Rogers (D-Fla.) will be the speaker at the next Chemical Forum on March 1 in the Washington Hilton Hotel. Rep. Rog rs, chairman of the Public Health and Environmental Subcommittee of the Interstate and Foreign Commerce Committee, will speak on Clean Air Act amendments and other priority legislation within his subcommittee's purview. Rep. Rogers was the author of the Clean Air Act of 1970 in the House of Representatives, and h also has produced laws designed to limit noise and find solutions to the problems of solid wastes. One of the more prominent pieces of legislation to bear his name is the National Cancer Act.

* * *

Two assistant technical directors have joined MCA's staff. They are Henry J. Sauer, responsible for the Solid Wastes Management Committee and certain special projects, and Jay A. Young, in charge of the MCA safety publications program. Mr. Sauer comes to the Association from the Great Lakes Chemical Corporation. Dr. Young was with the Individualized Science Instruction System at Florida State University in Tallahassee, where he also was a visiting professor of chemistry.

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