MINUTES of the one hundred seventy-third meeting of the Directors of the Manufacturing Chemists' Association, Inc., held at the Union Club, New York City on Tuesday, January 9, 1968, at 11:00 a.m. (EST).

There were present:	John W. Brooks	Kenneth H. Hannan
	F. Leonard Bryant	T. G. Hughes
	E. E. Chipman	Alexander Lewis, Jr.
	John L. Christian	Charles S. Munson
	M. Roger Clapp	Joseph A. Neubauer
	David H. Dawson	Jack M. Pope
	George H. Decker	W. T. D. Ross
	Earle S. Ebers	Edward R. Rowley
	Louis K. Eilers	Charles H. Rybolt
	Raymond F. Evans	Charles W. Smith
	Irb H. Fooshee	Jesse Werner
	Maurice F. Granville	John E. Wood, III
	James R. Carnes	

Alternates:	Frank J. Pizzitola (for John W. Brooks)
	Alfred N. Wohlwend (for George S. Dillon)
	Eugene J. Sullivan (for A. R. Marusi)
	John W. Clinton (for W. Kenneth Menke)
	Bernard J. Quinn (for John J. Powers, Jr.)
	Nels E. Sylvander (for Charles H. Rybolt)
	Bland B. Button (for Nelson C. White)
Present by invitation:	Frank H. Carman, MCA
	George A. Falconer, Gulf Oil Corporation
	Richard D. Lambert, MCA
General Counsel:	Lloyd Symington

In the absence of Mr. Logan and Dr. Gerstacker, General Decker presided.

I. MINUTES OF DECEMBER 12, 1967, MEETING.

The Minutes of the previous meeting of the Board of Directors were duly approved as submitted to the members.

II. REPORT OF THE SECRETARY-TREASURER.

The financial report for the seven months ending December 31, 1967 was summarized by the Secretary-Treasurer.

ON MOTION, duly made and seconded, it was

VOTED: That the report be accepted and placed on file.

III. BOARD OF DIRECTORS.

(a) Finance Committee -- Report of January 8 Meeting. Dr. Werner reported that the Finance Committee had met the previous evening, reviewed the seven months financial report and the investment program and had found them to be in good order. The Committee endorsed the proposed conversion of the 4% savings account and 4-5/8% Certificate of Deposit into medium-term Treasury bonds which provide a higher yield. It appears that better than expected income and underspending of funds budgeted for contingencies and for environmental health and safety and fire protection projects will result in a surplus of approximately $52, 500 at the end of the fiscal year.

The Committee considered the proposal to remove the exemption for captive sales, submitted by the Board of Directors for study, and a proposal to remove the exemption covering man-made fibers and films from the Definition of Chemical Sales used in determining membership fees. The Committee believes that these proposals would disrupt a system that has worked satisfactorily and recommends against their adoption. With respect to the Membership Fee Classification schedule, the Committee recommends approval of a staff proposal that a footnote be added, applicable to sales categories having a percentage fee factor, to eliminate a potential inequity whereby the fee for a company reporting sales near the maximum of one bracket could exceed the fee of a company reporting sales near the minimum of the next higher bracket. The Committee also endorsed a staff recommendation that the annual confidential solicitation of chemical sales for 1968-69 dues purposes be scheduled for the week of January 15.

ON MOTION, duly made and seconded, it was

VOTED: That the report of the Finance Committee, together with its recommendations, be approved.

(b) Proposal for MCA Position on General Rail Freight Rate Increases. Sent to Directors prior to the meeting was a proposal of the MCA Transportation and Distribution Committee that the Association adopt a general position that, when general rail freight rate increases are necessary, they should be applied on an incentive basis with decreasing percentages of increase as shipping weight in present carload increases, and that selected members of the Committee be authorized to present the concept in discussions with rail executives. Chairman George A. Falconer of the Transportation and Distribution Committee outlined the proposal and General Decker reported that the Executive Committee, at its meeting earlier in the day, had endorsed the proposal with the proviso recommended by General Counsel that, when more than one member of the Committee participates in the discussions with rail executives, they be accompanied by the Committee's staff representative or by MCA Staff or General Counsel. Following discussion, and

ON MOTION, duly made and seconded, it was

VOTED: That the position recommended by the Transportation and Distribution Committee and the method of presenting it to rail executives, as endorsed by the Executive Committee, be approved.

(c) Appointment to Membership Committee. General Decker announced that Chairman Logan had appointed Nelson C. White, President, International Minerals & Chemical Corporation, to the Membership Committee to fill the vacancy created by the resignation of Thomas M. Ware.

ON MOTION, duly made and seconded, it was

VOTED: That the appointment of Nelson C. White to the Membership Committee be ratified.

(d) MCA Position on President's Program to Reduce Balance of Payments Deficit. General Decker reported that, at its meeting earlier in the day, the Executive Committee had concluded that a statement by the Association on the President's program to reduce the balance of payments deficit would not be appropriate at this time and that consideration of an MCA position thereon should be deferred pending future developments.

(e) MCA Position on Economic Assistance to Industry for Pollution Control. With respect to the decision of the Board of Directors at the December 1967 meeting that an MCA statement on this subject be placed in the hands of Administration officials prior to the President's State of the Union Message, General Decker reported that a statement had been prepared but the Executive Committee, at its meeting earlier in the day, had recommended that its release be deferred. A Presidential statement on this subject in the State of the Union Message is not now expected and release at this time might place the Association in opposition to influential Members of Congress with adverse effects for the Association's overall legislative interests. Following discussion, and

ON MOTION, duly made and seconded, it was

VOTED: That release of the MCA position on this subject be deferred until a more appropriate time in the future.

IV. COMMITTEE APPOINTMENTS.

The following committee appointments were approved:

(a) Air Quality Committee.
F. G. Krikau, Interlake Steel Corporation

(b) Food, Drug, and Cosmetic Chemicals Committee.
Frank P. DiPrima, Merck & Co., Inc.
Philip J. Franks, Hoffmann-La Roche Inc.
A. M. Schnitzer, Phillips Petroleum Company

V. STAFF REPORT.

General Decker reported a summarization of the developments in the Association's program of projects and activities since the last meeting. Copy of this report is attached as Exhibit A.

VI. COMMITTEE REPORT.

Chairman George A. Falconer of the MCA Transportation and Distribution Committee reported on the projects and activities of that committee, copy attached as Exhibit B.

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There being no further business to come before the meeting, it was unanimously resolved to adjourn.

J. R. Carnes
James R. Carnes
Secretary-Treasurer

Minutes Approved: John O. Logan

Exhibit A

STAFF REPORT
January 9, 1968

Presented by General G. H. Decker

The 90th Congress will reconvene on January 15 and will deal with a number of subjects of concern to the chemical industry.

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Chairman Wilbur Mills has called for an executive session of the House Ways and Means Committee to reconsider the President's tax proposals "around January 22." The tax increase legislation still faces a rocky road although opposition is abating. Our assessment: surtax probable, but at a rate somewhat below that recommended by the President. Surcharge on companies likely to be applied before deductions for foreign tax credits and investment tax credit. MCA has testified in opposition to this and in favor of a bottom line surcharge.

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Once the decks are clear on the tax bill the Administration will send its trade bill to the House Ways and Means Committee for consideration. It will include elimination of the American Selling Price method of customs valuation. This legislation faces a stormy and uncertain future due to widespread protectionist sentiment and the host of import quota bills likely to be advanced as amendments, particularly in the Senate.

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MCA has been notified by the Patents, Trademarks, and Copyrights Subcommittee of the Senate Judiciary Committee that the Association is scheduled to testify on the patent law revision bills on Tuesday, January 30. MCA's testimony will be given by Mr. R. L. Heindel of The Dow Chemical Company, chairman of the MCA Patent Committee. The testimony will be quite similar to the 24-page statement distributed to the MCA Board of Directors on May 24, 1967.

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A rule has been granted on H.R. 2158 on Interstate Taxation but, due to opposition at the state level, the leadership declined to bring the bill to the House floor. MCA has urged floor action but the outlook at this point is uncertain.

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Situs Picketing legislation which, in effect, legalizes secondary boycotts and practices that add to the cost of plant construction, has been tabled by the House Rules Committee after heated controversy and a split vote. It will remain tabled until the Senate acts. Hearings are planned for early this year by the Senate Labor Committee.

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Industry will also be concerned with pending bills relating to equal employment opportunity, employee moving expenses, patent reform, mixed barge tows, unemployment compensation, and crime prevention.

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Two industrial surveys of the chemical industry are currently moving towards completion at MCA, providing facts and analyses on trade union negotiations and agreements. One is a bi-annual wage report; the other is a Southwest labor contract analysis. The previous regional study was made of the Middle Atlantic states two years ago. Since most of the contracts studied will be in force for two to three years, the data will be useful for an extended period.

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Turning to Technical Department activities, we have been much encouraged by the response of member companies to the appeal of Board Chairman John O. Logan for completion of the pollution survey questionnaires. Since a significant number of completed questionnaires continue to be received, it is proposed to hold open the cut-off date on this questionnaire for the time being.

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The Office of the Special Representative for Trade Neogtiations has announced public hearings on the Future of U.S. Foreign Trade Policy. The hearings will begin on March 25. Requests to present oral testimony must be received by Friday, March 8. Written briefs must be received by Friday, March 15. All communications with regard to the hearing should be addressed to the Chairman of the Trade Information Committee in the Office of the Special Representative for Trade Negotiations. The MCA International Trade Committee is meeting today to consider action in connection with the hearing.

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Subcommittees of the Air Quality Committee and the Safety and Fire Protection Committee were organized last month, composed of representatives from Reactive Metals members. For the Air sub-committee, Mr. A. M. Killin of Union Carbide and Mr. F. G. Krikau of Interlake Steel were elected chairman and vice chairman respectively(*); for the Safety sub-committee, Mr. R. L. Payne of Ohio Ferro-Alloys Corporation was elected chairman.

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Two members of the staff visited Dr. John Middleton, Director of the National Center for Air Pollution Control, to discuss ways whereby the chemical industry and the MCA could participate in the activities of the Center, and more particularly, secure representation of industry on the various advisory committees to be

* It was subsequently agreed that Messrs. Killin and Krikau would serve as Co-chairmen to comply with the Board of Directors Resolution of October 10, 1967 which provided that the Chairman of the Reactive Metals Subcommittee would become a member of the parent committee

appointed under the authority of Section 110 of the Air Quality Act of 1967. It was learned that three such technical advisory committees will be appointed, one on criteria, one on control technology, and the third on economics, along with various work groups to assist the advisory committees in their tasks. All appointments to committees and work groups will be upon the basis of personal competence of the individual so appointed, and MCA was invited to submit nominations.

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Mr. D. F. Hollingsworth of Du Pont has been elected a director of the USA Standards Institute.

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The Insurance Committee is holding a symposium in New York City today dealing with the subjects of "Charterer's Liability," "Wharfinger's Legal Liability," and "Products Recall Insurance."

The Safety and Fire Protection Committee will hold a Chemical Industry Safety Workshop in Houston January 31.

The Occupational Health Committee will hold an Occupational Health Workshop in Philadelphia in February 20. Local Chemical Industry Councils will cooperate.

Response to the announcement of the course on "Explosion Problems in the Chemical Industry" to be held at the Explosives Center of the U.S. Bureau of Mines in Pittsburgh during the week of January 15 has far exceeded enrollment capacity so that it appears desirable to hold a repeat course as soon as practicable.

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Two events during the holidays emphasized how incidents in the handling of chemical products have unique potential for affecting the public's attitude toward the industry. That attitude will probably suffer, though neither incident was a direct result of negligence on the part of any MCA member company. I refer first to the incident in Jacksonville, Florida in which a fire caused release of Chlorine and a town had to be evaucated as a result. The other was a train derailment in Indiana shortly after New Year's which created a similar situation. These two incidents emphasized again the importance of finalizing and implementing the hazards information program in which your Association is now engaged.

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As background for our deliberations in the year ahead, results of a recent survey of the Opinion Research Corporation seem relevant. The nationwide index [illegible]y reported late in 1967 was based on more than 6,000 personal interviews. The most important findings for the chemical industry seem to be that it is bringing up the rear in public understanding when compared with nine other segments of industry.

To determine the public's familiarity with major industries, each respondent was asked "How well do you feel you know the X industry?" And to determine the public's favorability toward the same industries, each respondent was asked "How favorable or unfavorable are your opinions of the X industry?" Of the total public, 85 percent indicated that they knew little or nothing of the chemical industry, a rise of one percent since 1965 when a similar survey was made. Probably the most important finding, insofar as the chemical industry is concerned, is the decline in the percent of the public which has a favorable attitude toward the chemical industry -- from 55% in 1965 to 49% in 1967.

The survey also deals with several other aspects of the public attitude toward big business. One finding seems to me to be particularly revealing, and I quote: "All told, there is every indication of greater public receptivity for more government intervention or regulation of business, whether in the antitrust field or in the consumer protection area." And in somewhat the same vein, another point made in the survey states: "Increasing public desire for and acceptance of more government control of business is already a fait accompli, whether in the form of new auto safety regulations or pollution controls."

A survey of those receiving PILOT, the internal publication dealing with environmental health, reflects a highly favorable reaction. Within a week after some 3,000 questionnaires were sent out, more than 700 replies came in, and they continue at a steady rate. While a formal report will not be ready until the next Board meeting, the present trend of enthusiastic endorsement for PILOT among its readers seemingly will continue.

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I am pleased to announce two additions to the MCA staff. On February 1, William Mowbray Stover, for six years legislative assistant to Senator Jennings Randolph, chairman of the Senate Public Works Committee, will become a special assistant in government relations. Robert E. VanWagoner is already at work as Manager of our New York News Services. Formerly in public relations capacities with Corn Products Company and the American Petroleum Institute, he takes the job, established four years ago, of working closely with the New York-based news media.

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The President's program for improving the U.S. balance of payments and curbing the outflow of gold is winning support of key Congressional leaders in both parties. Senate Majority Leader Mike Mansfield has indicated he has "no doubt that Congress will do everything in its power to support the President in maintaining confidence in the dollar."

Chairman Wilbur Mills of the House Ways and Means Committee thinks the program "will do much to improve the situation" and Representative Henry Reuss, chairman of the House Banking and Currency subcommittee, feels the President has ov wisely. Senator Proxmire, Chairman of the Joint Economic Committee, who s n critical of balance of payments measures in the past, said Johnson took xactly the kind of decisive and comprehensive action the situation called for." Other y U.S. Senators backing the President's action include Smathers of Florida, a rank- g member of the Senate Finance Committee; Senator Frank Carlson of Kansas, a nior member of both the Foreign Relations and Finance Committees; Senator Wallace nnett of Utah, senior Republican on the Banking and Currency Committee.

It is clear the the President's program will enjoy broad, although in some ses reluctant, support on Capitol Hill. The curbs on capital movements are already force under authority provided the Chief Executive by the Banking Acts of 1917. But gislation will be required to implement certain key measures such as restrictions on avel, on intensified $200 million export promotion program, authorization for better port insurance, expanded guarantees for export financing, and so forth. In addition legislation asked by the President, it is anticipated that various proposals will be ade in Congress. Senator Hartke of Indiana, for example, suggests that repatriated rnings be subject to a corporate tax rate of only 26 percent. This would bring home billion in Eurodollars immediately, Hartke thinks. Tax policy is an important part the President's new attack on the chronic deficit and this provides an advantageous imate for achieving changes to encourage repatriation of earnings from abroad.

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Exhibit B

REPORT TO THE BOARD OF DIRECTORS
of the
MANUFACTURING CHEMISTS' ASSOCIATION, INC.

By Geo. A. Falconer, Chairman
Transportation and Distribution Committee
January 9, 1968

It is a pleasure to be here to report to you on the activities of the Transportation & Distribution Committee. Transportation charges alone approximate 10% of gross national product. Add to this, other distribution costs of warehousing - privately owned transportation equipment such as tank cars, trucks, barges, etc., and the general concern over total distribution costs is well-founded.

The Transportation & Distribution Committee provides a means of co-ordinating efforts seeking the best solution to many common transportation and distribution problems in the Chemical Industry. In 1966 we went to a general meeting schedule of twice annually. However, because of increased activities from various outside sources we returned to three scheduled meetings in 1967. Additionally, it was necessary to have a special meeting of the T&D Committee in December.

During 1967 we operated with a total of 12 sub-committees and several task groups. The number of sub-committees and task groups is not static. For example, in 1967 we added two sub-committees and eliminated one.

A brief review of active subjects for your information:

CAR ADVISORY -- Continues work on the tank car allowance case before the Interstate Commerce Commission, I. & S. Docket 8135. The I.C.C. has recently issued an order to the railroads directing compliance with the decision in their report of February 24, 1967. This compliance date is April 1, 1968.

Present compensation (based upon 1964 total tank car fleet and utilization) is at the rate of approximately $112,000,000 annually -- while the I.C.C. did not specifically order particular mileage allowances, their report was highly favorable to M.C.A.'s position and our proposal with six categories would produce a total payment (based on 1964 car fleet and utilization) of approximately $128,000,000. These figures are for the total car fleet. M.C.A. member firms' car fleets will participate in the increased mileage allowance compensation.

Under direction of Task Group 2 of Car Advisory Sub-committee, a very technical study was just completed to determine the optimum in railway cars. Axle capacities and the best tare to net ratios along with the views and positions of the major railroads involving several rather controversial issues concerning roadbed and rail capacities in relation to jumbo tank cars. This provided a wealth of important information for M.C.A. member firms.

DEPARTMENT OF TRANSPORTATION - DANGEROUS ARTICLES
This is one of our new sub-committees. The administration of public law providing for regulations governing the transportation of dangerous and hazardous articles was changed from Interstate Commerce Commission to the Department of Transportation. These functions were transferred to the new Department of Transportation on April 1, 1967.

The sub-committee has met with the new Hazardous Materials Regulations Board and with the help of Secretary Clark they are endeavoring to keep a good line of communications. A special meeting is being held later this week involving this sub-committee and an M.C.A. reply to "Rules of Procedure" proposed by the new Hazardous Board and released on November 13, 1967. We are hopeful of successfully suggesting a few important changes in procedure. Replies are required to the notice by January 30, 1968.

DEPARTMENT OF TRANSPORTATION - GENERAL LIAISON
The Department of Transportation has regulatory authority beyond the involvement of dangerous and hazardous articles. A new sub-committee was established during 1967 to provide liaison and communications between D.O.T. and M.C.A. Informal discussions have been held between Secretary Allan Boyd and Under-secretary Public Relations, John Sweeney. Two or three of the D.O.T. staff including John Sweeney and the new Under-secretary for Research and Technology will join the M.C.A. T&D Committee at luncheon during our coming February meeting in Washington.

DOMESTIC WATER TRANSPORTATION -- The continued exemption from I.C.C. regulation of the transportation of bulk commodities on the inland waterways is being actively pursued. New legislation must be enacted and a critical deadline was passed when the I.C.C. recently extended a deadline date from January 1 to July 1, 1968.

LEGISLATIVE -- Keeps T&D Committee and all member firms appraised of new legislation -- federal and state -- affecting transportation.

RESEARCH & DEVELOPMENT -- Among other subjects on their agenda is the "computer application to freight rates". R&D conducted a very successful Seminar on Rail Car Utilization, November 30, Hotel Americana, New York.

TANK TRUCK -- Two almost consecutive general rounds of increases in tank truck freight rates have kept this committee active. An important complete revision of the bill of lading contract terms and conditions for tank truck shipments has also taken a good bit of time. The carrier and shipper liabilities and responsibilities could be substantially affected.

TOFC -- Trailer on Flat Car Committee has had several assignments including a most recent job of opposing numerous changes in the TOFC rules that would result in a substantial increase in freight charges for M.C.A. member firms. Those changes followed the I.C.C. findings in Ex Parte 230 investigation by the I.C.C. that was upheld by the U. S. Supreme Court. A number of the changes proposed by the railroads were not included in the I.C.C. order and this sub-committee is now before the Commission protesting.

Limited time permits only a partial review of activities. The work of the Motor Carrier Committee (other than tank truck) -- Transportation Instrumentalities (transportation equipment supply) -- Membership and Policy Advisory are all important to our proper functioning. M.C.A.'s Washington staff is very industrious and provides a major contribution to our efforts. It is extremely important M.C.A. staff continues to develop contacts with such agencies as D.O.T. -- I.C.C. -- Coast Guard and for hire carrier industry organizations, permitting free communications between them and M.C.A. The importance of this function will continue to grow.

The T&D Committee assignments are usually for a two year term. Serving as Chairman has provided me a very busy but most rewarding two years. The T&D Committee is most respected and continues to establish important "bench-marks".