Monsanto

FROM: D. R. Bishop - B1ND

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SUBJECT:

REFERENCE: CONFIDENTIAL

TO: Mr. F. J. Fitzgerald
B3SA

cc: Mr. W. R. Corey - B2SA
Mr. J. E. McKee - C2SA
Mr. P. R. Wilkins - 1650

BCC: Mr. W. B. Papageorge - B2SK
Mr. W. W. Withers - B2SA

The following thoughts are offered for consideration as we begin to analyze the advisability of voluntarily getting out of the PCB business "to avoid any depreciation in our total image as a responsible chemical manufacturer."

Insofar as press activity relates to image, here is what has happened since 1970, based on a review of Monsanto's press clipping reports. After the initial surge of press attention in 1970-71 during Congressman Ryan's investigation, the PCB issue settled down and publicity remained at a relatively low and stable level through 1974. For the most part during this period, Monsanto was treated better than one might have expected, given the emotional issue involved. Nearly every account credited us with being responsible and concerned. It is only my opinion (and I certainly have no studies to back this up) that our public image was relatively uneffected during this period.

It could even be argued that our image with some important publics, i.e., government, the electrical industry and the trade press, was actually enhanced by our actions.

In the spring of this year, press clippings began to increase significantly but they were almost exclusively coming from the Great Lakes region and received little notice elsewhere. This situation existed until early August when The New York Times broke a front page story on PCB contamination in the Hudson River. The power of the Times being what it is, this triggered a renewed flurry of press attention, including major articles in Sports Illustrated and The Wall Street Journal. It no doubt prompted the interest of CBS News as well. The St. Louis Park Lakes fiasco also occurred in August and contributed to the activity.

So we know there has been a dramatic increase in press activity but we do not know what effect, if any, that it has had on our image. A study might give us an indication.

The real question, as I see it, is what effect will a continuance of this high level of activity have on our image? If you will accept the assumption that the EPA and other political forces are behind this surge and that PCBs are being exploited in an attempt to drum up support for passage of Toxic Substance Control Legislation, then I think you will agree that the attacks and the press attention will continue at a relatively high level, regardless of what Monsanto does, until the legislation is passed.

Another equally pertinent question might very well be, what would happen to our credibility if we suddenly reverse our stand and bail out? I do not know whether a study could be designed to answer this point or not.

I think we should keep in mind that there is a real possibility that unilaterally withdrawing might, in the long run, do more harm to our credibility and our image than hanging tough and continuing to cooperate with the government.

On the other hand, we really are not in complete control of the situation. Our customers may well succumb to pressure and switch to alternate fluids on their own. Notwithstanding Toxic Substance Control Legislation, the EPA could act under Section 504 of the Water Pollution Control Act to halt the discharge of PCBs on the grounds that they present "an imminent and substantial hazard to the health or livelihood of persons..." Either possibility would render our actions moot.

I think Mr. McKee's suggestion that an action group be formed to study all aspects of this dilemma is the right approach. I am not at all convinced, however, that a study would be helpful.

DRB

D. R. Bishop

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