

MINUTES of the one hundred fifth meeting of the Directors of the Manufacturing Chemists' Association, Inc., held at the Union Club, New York City, on Tuesday, February 14, 1961.

There were present:	Peter C. Allen	R. F. Huntley
	L. G. Bliss	R. W. KixMiller
	Howard S. Bunn	W. G. Malcolm
	Bennett S. Chapple, Jr.	R. C. McCurdy
	R. F. Coppedge, Jr.	Warren H. Moyer
	J. Robert Fisher	Charles S. Munson
	Kerby H. Fisk	G. L. Parkhurst
	William B. Graham	Robert B. Semple
	George E. Holbrook	Harry B. Warner
	John E. Hull	M. F. Crass, Jr.

Alternates:	Henry Avery (for W. Kenneth Menke)
	C. W. Baldwin (for Bennett S. Chapple, Jr.)
	Arthur C. Emelin (for William B. Graham)
	Henry L. Ford (for James C. White)
	John A. Hill (for Charles S. Munson)

General Counsel:	Marx Leva -- Fowler, Leva, Hawes & Symington
	Lloyd Symington -- Fowler, Leva, Hawes & Symington

Present by Invitation:	William E. Chace -- MCA
	John T. Connor -- Merck & Co., Inc.
	William A. Durbin -- American Cyanamid Company
	David H. Morgan -- The Dow Chemical Company
	Arthur Northwood, Jr. -- Shell Chemical Company
	Allan E. Settle -- MCA

I. MINUTES OF JANUARY 10, 1961, MEETING.

The Minutes of this meeting were duly approved as submitted to the members.

II. REPORT OF THE EXECUTIVE COMMITTEE.

The Chairman stated that a meeting of the Executive Committee had been held earlier that day and that the items discussed would be taken up by Mr. Bunn in their respective places on the Board agenda.

III. REPORT OF THE TREASURER.

(a) Financial Report, June - January 1961. The financial report for the eight months ending January 31, 1961, was summarized by the Treasurer.

ON MOTION duly made and seconded, it was

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

(b) Financing for 1961-62. The Secretary stated that letters had been sent to Executive Contacts on February 1 requesting submittal of confidential chemical sales data for calendar 1960 -- this to be utilized in calculating over-all income and membership fee structure for the new fiscal year. He urged those present to submit their forms promptly.

IV. BOARD OF DIRECTORS.

(a) Report of the Membership Committee. In the absence of Mr. Stauffer, the Secretary reported that application had been received from Metal Hydrides Incorporated and that, in the opinion of the Membership Committee, the applicant was qualified for membership under the Association's By-Laws.

ON MOTION duly made and seconded, it was

VOTED: That the applicant be approved, subject to the 30-day notification to members provided under Article III, Section 4, of the By-Laws.

(b) March 1961 Regional Directors' Meeting. Mr. Semple reported that all arrangements had been made for the Regional Directors' Meeting to be held at Detroit on Monday and Tuesday, March 13 and 14. On Monday evening, Directors and Alternates will be guests of area members at a reception and dinner at the Detroit Club beginning at 6:00 p.m. The Directors' Meeting will be scheduled at 10:30 a.m. the next day at The Sheraton Cadillac Hotel, and this will be followed by luncheon at Noon. That afternoon, registrants will be conveyed to the General Motors' Research Center for a two-hour tour. Directors and Alternates should write promptly to The Sheraton Cadillac Hotel, Detroit 31, Michigan, for their over-night accommodations, making reference to the MCA meeting. Full details will be circularized within a day or two.

(c) Terms of Reference -- Technical Subcommittee on Chemical Propellant Safety. At the January 10, 1961, meeting, the Board of Directors approved organization of this group, subject to later consideration of terms of reference. Draft of the latter was subsequently prepared by staff, approved by Counsel, and on February 6 transmitted to Directors for advance consideration.

ON MOTION duly made and seconded, it was

VOTED: That the terms of reference be approved.

The staff will now proceed with organization of the subcommittee. Copy of the approved document is appended to these Minutes.

(d) Statement of Principles for Water Pollution Control. Draft of general industry principles relating to water conservation and pollution control was prepared by the Association's Water Pollution Abatement Committee sometime ago, this to be ultimately utilized and circulated widely as a statement of policy of the chemical industry in this field. Copies of the draft bearing an editorial correction by the

staff were circulated to Directors on February 6.

ON MOTION duly made and seconded, it was

VOTED: That the statement be approved in its edited form as recommended by counsel and the staff.

Copy is attached to these Minutes.

(e) Trade with Russia. General Hull reviewed the Association's statement of policy with respect to the sale of chemical plant, equipment, and know-how to Russia and recommended that consideration be given to a reaffirmation, as recommended by the International Operations Committee, in view of the change in Administration. Copies of suggested draft of letter to Secretary of Commerce Hodges, making such affirmation, were distributed to those present.

Mr. Bunn stated that the matter had been considered earlier that day by the Executive Committee which recommended that the Board reaffirm its policy and that General Hull be authorized to transmit the letter personally to the Secretary of Commerce, as well as appropriate officials within the Departments of State and Defense. During discussion, minor editorial changes in the letter were suggested by Counsel.

ON MOTION duly made and seconded, it was

VOTED: (Mr. Allen abstaining) That MCA policy in this respect be reaffirmed; that the amended letter be approved for transmittal to Secretary of Commerce Hodges and other appropriate Government officials; that the policy be extended to include all satellite countries in addition to Russia; and that transmittal to the Government officials be handled as promptly as possible.

Following a statement by Mr. Allen that the Association's Canadian members might not necessarily agree with this statement, it was agreed that Mr. Allen's abstention from the above vote should be recorded and that the action would not be considered as committing the Association's Canadian members.

V. TECHNICAL AND FUNCTIONAL COMMITTEE APPOINTMENTS.

The following committee appointments were approved:

- (a) Advisory Committee for Physical Properties Research Project.
O. C. W. Allenby, Du Pont of Canada Limited, replacing
H. F. Hoerig.

- (b) Air Pollution Abatement Committee.
J. H. McClintock, Enjay Chemical Company, replacing
John G. Souder.
- (c) Ammonium Nitrate Technical Committee.
G. L. Frear, Allied Chemical Corporation, replacing R. M. Jones.
- (d) Committee on Tank Cars, Tank Trucks, and Portable Tanks.
J. R. Egan, Allied Chemical Corporation, replacing D. D. White.
- (e) Industrial Alcohol Technical Committee.
John A. Tierney, Union Carbide Corporation, replacing D. B. King.
- (f) Industrial Relations Advisory Committee.
Harold A. Mercer, Pittsburgh Metallurgical Company, Inc.
Luther R. Strole, National Lead Company.
- (g) International Operations Committee.
Clay R. Smith, Chas. Pfizer & Co., Inc. replacing C. G. Hurlimann.
- (h) Physical Distribution Subcommittee.
H. G. Miller, The Dow Chemical Company, replacing H. W. Bull.
W. H. Rockwell, Canadian Industries Limited.
R. O. White, Pennsalt Chemicals Corporation.
- (i) Reactive Metals Steering Committee.
Joseph Shrawder, Jr., E. I. du Pont de Nemours & Co., Inc.,
replacing H. E. Martin, Metal & Thermit Corporation.
- (j) Traffic Committee.
C. H. Vescelius, Olin Mathieson Chemical Corporation, replacing
L. P. Nelson.
- (k) Water Pollution Abatement Committee.
Hugh K. Clark, E. I. du Pont de Nemours & Co., Inc., replacing
Carl E. Geuther.
J. H. McClintock, Enjay Chemical Company, replacing John C. Souder.
A. J. von Frank, Allied Chemical Corporation.

VI. TECHNICAL AND FUNCTIONAL COMMITTEE REPORTS.

Chairman McCurdy stated that reports would be received from two functional advisory committees, those on Education and Public Relations, and that both would deal with proposed programs and budgets for the fiscal year beginning June 1 next. He stated that the two activity programs had been discussed that morning by the Executive Committee and invited Mr. Bunn to report on that discussion.

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Mr. Bunn, in behalf of the Executive Committee, recommended that the Board hear both presentations objectively and withhold its decision pending an evaluation of the entire Association program in relation to available funds. He referred to the feeling of a number of members that membership fees should not be raised at this time and stated that the Executive Committee planned to visit the Association's Washington Office during early April to conduct its evaluation. An estimate as to available funds will be ready at that time, staff-prepared budgets and activity programs will have been evaluated, and the Executive Committee will be in position to present over-all program and financing recommendations to the Directors on April 11. This procedure was agreed to by all present.

(a) Education. Mr. McCurdy then welcomed Dr. Morgan and requested his report. Copies of estimated budget and program had been previously distributed to those present. The program, calling for an expenditure of \$100,000 (to be financed by \$90,000 of new funds and \$10,000 from an estimated June 1, 1961, surplus of \$50,000) was explained, and an EAC recommendation made that, instead of continuing as a separate activity financed by voluntary contributions, the new program be incorporated within the regular MCA budget for fiscal 1961-62.

(b) Public Relations. The Public Relations report, with slides, was then presented by Chairman Arthur Northwood and W. A. Durbin of the Public Relations Advisory Committee. It outlined major problems facing the chemical industry, reviewed the existing MCA public relations program and presented recommendations for increasing the present staff and expanding the program. The latter called for four staff additions and an expenditure of \$102,500 in new funds.

Copies of both presentations are attached to these Minutes. At the conclusion of their remarks, Dr. Morgan and Mr. Northwood were questioned on phases of the presentations. Both were thanked by the Chairman for their appearances and remarks.

VII. STAFF REPORT.

In view of the lateness of the hour, the regular report on miscellaneous staff items was deferred until the next meeting.

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

M. F. Crass, Jr.
Secretary

APPROVED: R. C. McCurdy
Chairman

Attachments

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TERMS OF REFERENCE
TECHNICAL SUBCOMMITTEE ON CHEMICAL PROPELLANT SAFETY

A. Organization.

1. The Subcommittee will operate and function under the general guidance and direction of the General Safety Committee.
2. Subcommittee members shall be technical representatives of interested member companies, experienced in the manufacture, storage, transportation, handling, and application of chemical propellants.
3. Meetings shall be held with a frequency dependent upon the problems assigned and the business at hand within the objectives set forth below. An agenda for each meeting shall be prepared and circulated in advance, and full minutes of each meeting shall be kept by the Secretary.
4. The Secretary of the Subcommittee shall be from the MCA staff and shall attend all regularly scheduled meetings. The Chairman and Vice Chairman (if one is desired) may be elected by the Subcommittee, the terms of office not to exceed two years.
5. Liaison with the parent Committee will be through the staff Secretary and at least one other individual who may hold common membership on both the Subcommittee and the parent Committee.
6. Size of the Subcommittee will be in keeping with efficient operation and fair representation of interested members.
7. The initial tenure of the Subcommittee shall be two years.

B. Purpose and Objectives.

The Subcommittee will endeavor to:

1. Make available to the military services and applicable Government agencies authoritative technical information on safety aspects of manufacture, handling, storage, and transportation of chemical propellant materials;
2. Promote, to the extent practicable and in keeping with the foregoing, the preparation and publication of safety data sheets where the need exists. Such data sheets shall follow the general pattern of the existing MCA data sheet series and, where appropriate, may include toxicity data in terms accepted as authoritative by industry;
3. Assist the military services, applicable Government agencies, propellant manufacturers, rocket engine manufacturers, and others in developing uniform standards of safety for chemical propellants;

(OVER)

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4. Promote recognition of the basic hazards involved, where they exist, and develop recommended guide lines or regulations for the transportation and storing of those products whose regulation is deemed necessary by regulatory authorities. In this connection, the Subcommittee will endeavor to impart industrial experience and safety information to bring about revision and updating of presently existing requirements deemed inadequate and/or unworkable, as may be consistent with the above objectives.

Approved by MCA Board of Directors 2/14/61

PRINCIPLES FOR WATER POLLUTION CONTROL

The surface waters are one of the nation's most valuable, renewable natural resources. This vital resource must not be destroyed by uncontrolled stream pollution. The chemical industry, as well as all other industry, has a great stake in this water resource. Growth and development depend upon it.

Proper control of stream pollution is one of the obligations of responsible corporate citizenship.

Avoiding harmful pollution is a necessary business cost. As with other aspects of business, qualified people with clearly defined responsibilities must be assigned to bring and keep pollution under control.

Adequate waste-control facilities must be included in the design and construction of new plants and major additions to existing plants.

Adequate research in waste control is essential.

The chemical industry recognizes the community nature of water pollution control and desires to cooperate fully with the control agencies that are responsible for safeguarding the health and welfare of the people.

When new laws and ordinances are being considered, the chemical industry pledges itself to be a constructive contributor in promoting measures which will be sound, effective, and equitable.

The employees and the general public should be kept informed on the waste treatment and stream pollution control program under way at each plant. Knowledge of and acceptance by the public is the measure of success of a control program.

Information on waste treatment should be exchanged with other industries working in the field. Waste-control personnel should be encouraged to prepare and present appropriate waste treatment papers. Those people with experience with the many complex problems should be encouraged to support and participate in the activities of the waste-control organizations serving in the field.

* / The solution of stream pollution problems of the individual companies is not a determining factor in competitive production and, therefore, the knowledge pertaining to solution of these problems should be freely shared. /

*Note: This paragraph of the Committee draft was deleted on recommendation of staff and Counsel.

Approved by MCA Board of Directors 2/14/61

CMA 067869

REMARKS OF DR. DAVID H. MORGAN, CHAIRMAN
EDUCATION ADVISORY COMMITTEE, AT
MEETING OF BOARD OF DIRECTORS
MANUFACTURING CHEMISTS' ASSOCIATION, INC.
TUESDAY, FEBRUARY 14, 1961

Gentlemen:

Just a year ago this month, it was my privilege, as Chairman of the Education Advisory Committee, to appear before you. On that occasion I was invited to present the thoughts of our Committee on future education activities of the Association. I am honored to carry out the same mission today.

In February, 1960, we offered general recommendations, and it is my understanding that without a dissenting voice you accepted them in principle. In the intervening twelve months, we have continued to give concentrated attention to the problem because the present five-year program will terminate on May 31, only a little over three months from now. We realize that your final decision on continuation of MCA's education activities must be made well in advance of that date. We, in turn, need to know this decision to guide us in our future planning. The regular staff of the E.A.C. which is housed in the M.C.A. headquarters naturally has a personal interest.

Perhaps what I have to report may assist in making this decision. It is simply this -- The Advisory Committee does not wish to alter in any important respect those general suggestions originally laid before you. The passage of time has only reenforced our convictions as to their validity. New evidence provides additional support for our beliefs and we wish you to know the nature of this evidence.

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Equally important, our deliberations have resulted in the development of specific facts and figures with which to clothe the skeletonized generalities offered previously. We desire to acquaint you with this information, too, in order that you may have detailed proposals to consider.

Possibly the best way to approach the matter is to repeat the resolutions enthusiastically subscribed to by every member of the Education Advisory Committee last February and then add a few words explaining the group's current reflections on each of them.

The first resolution is the cornerstone of our recommendations:

That the Education Program should continue after expiration of the five-year period originally provided for.

In our opinion, taking any other course would be the height of folly. It would be comparable to constructing a chemical plant and establishing a profitable market for valuable products without going "on stream". The Education Program has become one of the Association's best investments and greatest assets! Substantiation of this statement was provided in my earlier report to you. Our headquarters' files bulge with unsolicited expressions of gratitude and endorsement from educators of every type and from every geographic area. Our materials, including films, experiments and career booklets, have been in demand far exceeding our anticipations, and even more important, their pioneering attributes have been adopted by many groups with similar aspirations. It has become an axiom that MCA's name on an education aid today has become a symbol of quality in every teacher's mind. This quality is clearly demonstrated by the

eagerness with which a leading text-book publisher has embraced the opportunity to promote and sell three of the Association's booklets of experiments.

Our objectives were noble -- aid to education; the results have been beneficial to the chemical industry, at a cost lower than could have been achieved in any other way.

In less than the allotted sixty months, a greater number of projects have been brought to completion than were originally contemplated; still others are in their final stages. Before the next Annual Meeting, a comprehensive summary of all these achievements will be presented to you and to other people of the industry as well as to our educator friends.

But the question facing us today is: "Are you going to permit that document to be the final story of the Association's aid to education?" The need for scientists still exists; there is much more to be done. In executing our work we have uncovered other educational opportunities and needs equally worthy of the industry's attention, some of which can be handled effectively only by the chemical industry. I should like to mention only two of these; First, a survey to determine just what sort of training the industry is likely to hope for among candidates for employment in the years immediately ahead, and second, a strong program to undergird the plant community activities being further developed throughout the nation. These are two areas which we believe deserve our careful attention.

The second EAC resolution was worded in this fashion:

That the EAC should, at the conclusion of the five-year period, become a regular committee of MCA, financed from the regular MCA budget.

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This conclusion is inescapable, it seems to us, if the first proposition is accepted. For certainly any skepticism as to whether MCA has a practical role to play in assisting our schools has now been dissipated. The aid-to-education program has earned the right to be incorporated into the other work of the Association and to be conducted and financed in the same manner. This move would clearly demonstrate the acceptance by one industry of its responsibility to education at a time when the popular, at least vocal, clamor is for governmental action.

The transition should be an easy one since such a large proportion of our Member Companies already support the activity on a voluntary basis. Each year the number has grown. This year a new record was set. Today 113 firms, including all the major ones, are among the contributors. Of the 113 companies, a total of 18 did not participate in 1959-60.

When one eliminates those companies which were not invited to contribute -- 12 Canadian firms and 12 other Members that had not been Members during the full preceding solicitation -- he can readily understand how relatively easy and strongly supported the contemplated move should be.

The final resolution, designed to explain how the budget for education activities might be determined, was presented in two sections. Today they remain the same in principle; only in detail do they differ. In its new wording, the first section provides:

That the minimum budget should be in two parts:
first, the amount necessary to maintain the staff
and such regular services as liaison with the

commercial publisher of many of our aids and
with the producer of our films, and continued
cooperation with professional organizations.
Second, the amount necessary to continue
established programs of superior and proven
value, and to develop and execute a minimum
number of new projects especially warranted
and practicable.

In connection with this final resolution, a single observation may be in order. It is our belief that the first year of integrated operation should be on a modest scale, with emphasis more on consolidating our efforts, on strengthening our collaboration with other groups, and on utilizing our leadership than on executing additional projects that involve high costs for creating, printing and distributing new materials. In consequence, the estimated outlay for continuance of the program in 1961-62 is considerably lower than for any of the five years preceding.

We do not appear before you empty-handed. Through efficient operation, we anticipate that a considerable surplus will be available to help support the conduct of the program in the years ahead. Included on the budget page is a suggestion for balanced expenditure of this surplus.

It is our sincere hope that you gentlemen will look favorably on our proposals. We believe their acceptance would receive hearty acclamation throughout the industry. Their endorsement would also be applauded by countless educators

and students who have learned to depend on MCA for its experienced assistance.

Finally, it is our view that the Association cannot afford to overlook the main objective of its efforts in this field. That purpose, as stated when the program was first launched, is to help awaken in talented students a genuine interest in science, especially chemistry, and to encourage them to follow such a career in industry, government, or education. It is impossible to estimate our progress in achieving these objectives. There is no way of measuring how much MCA has contributed to the elevation of science instruction in America or how many students we have inspired to choose science as their life's work.

We are confident, however, that this program, so soundly conceived and so ably executed, merits your continued support. It has made friends for the chemical industry throughout the land. It has served the crucial cause of Education. With your help, we hope to strengthen this program in the days ahead.

Now, let us talk about costs. A copy of our recommended budget will be distributed to you.

The program was conceived originally as a million-dollar one, approximately \$200,000 per year for five years. Actually, we have budgeted \$904,000 and will have dispersed \$102,000 less than this amount by the end of this fiscal year. You can see that we have been conservative in our spending. The voluntary contributions of the companies supporting this program total \$856,000, about \$50,000 more than we have spent, but \$50,000 less than we have budgeted. We could have collected more from the companies, but we reduced our solicitation rate in 1959 from one-third of the annual dues to 26 per cent and re-

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duced it again this year to 22 per cent. Although we have not been in the business to make money, our sales have increased from \$1,500 the first year to an estimated \$9,000 this year for a total of over \$23,000.

The MCA contributed about \$15,000 during the first year of EAC's establishment. But the EAC has paid \$26,000 in rent to the MCA and substantial contributions toward accounting office and mailroom salaries during the five-year period. These items continue in our budget for next year, but will be a net loss of income to the MCA regardless of your decision relative to EAC.

Last year our general supporting costs were \$71,600. This year that budget item has been reduced by \$10,500 to \$61,100. We are recommending for next year, as the basic minimum, a general-supporting-costs budget of \$61,000. This is the amount that can be expected annually, adjusted to increasing costs of operation with which all of us are only too familiar.

For a program, we are recommending \$39,000 of which \$11,000 is necessary for continuation of the College Chemistry Teacher Awards Program, the results of which you have been able to evaluate at your annual meetings in White Sulphur Springs.

For \$10,000 each we can help promote the community education co-operation program and reprint some of our present publications that are much in demand. For \$5,000 we can add to our senior and/or junior high school experiment programs to make them of greater use to secondary education. The only "new" money in our budget is the \$3,000 allocated to survey the chemical industry's education needs.

In requesting adoption by you we come to you not without funds. In fact, we will have more than enough - (\$50,000) - to cover the costs of these special projects. However, our recommendation to you is that the MCA accept the surplus from our operations and allocate 20 per cent of it each year to special projects. If this recommendation is accepted, we shall need from the MCA \$90,000, which we consider is indeed a modest cost for a program which is bringing so much prestige and good will to the chemical industry. Where else could you buy a growth company, after growth has been achieved, for less than the original operation cost?

We sincerely appreciate your courtesy in allowing us to present the EAC story and needs to you and hope that we may continue to serve the MCA in the future.

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APPENDIX
SUMMARY OF ESTIMATED BUDGET FOR SUPPORT
OF MCA'S AID-TO-EDUCATION PROGRAM

(1961-'62)

I. General Overhead Expenses

Note: These are fixed charges for the maintenance of a minimum aid-to-education operation. The cost would cover the handling of thousands of inquiries and requests made by educators and students each year, liaison with the commercial publisher of MCA-originated materials and with the producer of MCA films, the review and updating of existing programs, continued cooperation with professional organizations, and the necessary staff to manage existing and proposed projects.

Salaries and Wages -----	\$ 37,000
Retirement Plan -----	4,500
Rent -----	5,205
Taxes -----	700
Supplies and Equipment -----	2,000
Telephone and Telegraph -----	4,500
Postage and Distribution -----	1,000
Travel -----	2,500
Subscription Services -----	100
Organizational Memberships -----	150
Audit -----	250
Hospitalization Plan -----	200
Contingency -----	<u>2,850</u>
Total Overhead Expenses	\$ 61,000

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II. Direct Costs of Proposed Special Projects

Note: The funds represent MCA's actual costs of these projects. No costs of staff administration are included.

Survey of Industry's Education Needs -----	\$ 3,000
College Chemistry Teacher Awards Program -----	11,000
Community Education Cooperation Program -----	10,000
Reprinting of Present Publications -----	10,000
Additions to Senior and/or Junior High School Experiment Programs -----	<u>5,000</u>
TOTAL SPECIAL PROJECT COSTS -----	\$39,000
TOTAL: ALL COSTS -----	100,000
PORTION OF 1960-61 SURPLUS -----	<u>10,000*</u>
TOTAL: NEW FUNDS REQUIRED -----	\$ 90,000

*Total anticipated surplus in the Education Fund on May 31, 1961: \$50,000. It is suggested that this sum be divided into five equal parts, one part to be used in each of the fiscal years of 1961-1966 period to help subsidize the Education Program.

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MCA EDUCATION PROGRAM BUDGETS, RECEIPTS AND EXPENDITURES (1956-61)

YEAR	TOTAL BUDGET	TOTAL RECEIPTS	CON- TRI- BUTIONS	# OF CONTRI- BUTIONS	# CO'S SOLICI- -TED/e	SOLICI- TATION RATE	MEMBER- SHIP TOTAL	SALES /f	ANNUAL DIS- BURSE- MENTS
1956-57	\$193,250	\$180,875/ ^d	\$179,321	97	100	1/3 of An.dues	149	\$1,554	\$106,282
1957-58	238,112	190,554	188,369	95	137	1/3 of An.dues	159	2,183	192,184
1958-59	167,650/ ^a	177,167	172,247	93	142	1/3 An. dues less 10%	170	4,892	165,335
1959-60	155,546/ ^b	167,663	161,858	108	157	26% of An.Dues	172	5,805	157,583
1960-61	149,825/ ^c	160,418/g	154,499/g	116	159	22% of An.Dues	182	5,919/g	180,905/ ^h
=====									
TOTALS	\$904,383	\$876,677	\$856,294					\$20,353	\$802,289
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NOTES

- | | |
|---|---|
| a. Actual total : \$178,650. Reduced to above figure by anticipated surplus from preceding year. | b. Actual total: \$166,479. Reduced to above figure by anticipated surplus from preceding year. |
| c. Actual Total: \$204,705. Reduced to above figure by anticipated surplus from preceding year. | d. Sum of \$14,809 contributed from regular MCA funds. |
| e. Contributions not solicited from companies in Puerto Rico, or Canada, or from those not members of full twelve months preceding. | f. Publications and films. |
| | g. As of December 31, 1960. Total for year - \$9,000 (est.) |

h. Anticipated as of December 31, 1960.

(Prepared by MCA Education Staff,
February 1, 1961).

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PROGRAM - FOR SELECTED YEARS
Dr. David H. Morgan, EAC Chairman)

ANTICIPATED EXPENDITURES (1960-1961)

GENERAL SUPPORTING COSTS

Salaries and Wages -----	\$ 37,000
Retirement Plan-----	4,500
Rent-----	5,205
Taxes-----	700
Supplies and Equipment--	2,000
Telephone and Telegraph--	4,500
Postage and Distribution-	1,000
Travel-----	2,500
Subscription Services----	100
Organizational Memberships	150
Audit-----	250
Hospitalization Plan-----	200
Contingency-----	3,000

TOTAL: GENERAL SUPPORTING COSTS----- \$ 61,105

DIRECT COSTS OF PROJECTS

Future Planning Studies--	\$ 3,000
Additions to Senior and Junior High School Experiments-----	10,000
Chemistry Teaching Films	67,500
College Awards Program---	11,000
Community Education Program-----	25,800
Continuance - Elementary Program-----	1,000(a)
Conventions and Exhibits---	1,500

TOTAL: DIRECT PROJECT COSTS-----\$ 119,800
TOTAL: ALL COSTS-----\$ 180,905

(a) Only incidental expenditures required
since commercial publisher has taken
over the elementary school booklet.

PROPOSED BUDGET (1961-62)

GENERAL SUPPORTING COSTS

Salaries and Wages-----	\$ 37,000
Retirement Plan-----	4,500
Rent-----	5,205
Taxes-----	700
Supplies and Equipment--	2,000
Telephone and Telegraph-	4,500
Postage and Distribution-	1,000
Travel-----	2,500
Subscription Services---	100
Organizational Memberships	150
Audit-----	250
Hospitalization Plan-----	200
Contingency-----	2,895

TOTAL: GENERAL SUPPORTING COSTS---\$ 61,000

DIRECT COSTS OF PROJECTS

Survey of Industry's Education Needs-----	\$ 3,000
College Awards Program-	11,000
Community Education Program-----	10,000
Reprinting of Publica- tions-----	10,000
Additions to Senior and Junior High School Experiments---	5,000

TOTAL: DIRECT PROJECT COSTS-----\$ 39,000
TOTAL: ALL COSTS-----\$100,000
PORTION OF 1960-61 SURPLUS----- 10,000*
TOTAL: NEW FUNDS REQUIRED----- \$ 90,000

* Total anticipated surplus in Educ. Fund on
May 31, 1961---\$ 50,000. It is suggest-
ed that this sum be divided into five
equal parts, each part to be used in
succeeding years to help subsidise
Education Program.

CMA 067881

BUDGET AND EXPENDITURES - MCA EDUCATION
Requested by

EXPENDITURES (1959-60)

GENERAL SUPPORTING COSTS

Salaries and Wages---	\$ 34,762
Retirement Plan-----	4,055
Rent-----	5,208
Taxes-----	930
Supplies and Equipment	1,400
Telephone and Telegraph	4,500
Postage and Distribution	717
Travel-----	3,119
Subscription Services---	11
Organizational Memberships	180
Audit-----	220
Hospitalization Plan---	181
Contingency-----	3,996

TOTAL: GENERAL SUPPORTING
COSTS ----- \$ 59,279

DIRECT COSTS OF PROJECTS

Junior High School Program	
-----	\$ 5,498.
Senior High School	
Program-----	7,236
Elementary School	
Program -----	31,149
College Awards Program-	10,384
Community Education	
Program-----	8,188
Exhibits-----	2,663
Teaching Films-----	33,186

TOTAL: DIRECT PROJECT COSTS----- \$ 98,304

TOTAL: ALL COSTS----- \$ 157,583

BUDGET (1960-61)

GENERAL SUPPORTING COSTS

Salaries and Wages----	\$ 45,000
Retirement Plan-----	4,500
Rent-----	5,205
Taxes-----	700
Supplies and Equipment	2,000
Telephone and Telegraph	4,500
Postage and Distribution	1,000
Travel-----	5,000
Subscription Services---	100
Organizational Memberships	150
Audit-----	250
Hospitalization Plan----	200
Contingency-----	3,000

TOTAL: GENERAL SUPPORTING
COSTS----- \$ 71,605

DIRECT COSTS OF PROJECTS

Future Planning Studies	\$ 7,200
Additions to Senior	
High School Experi-	
ment Program under	
agreement with com-	
mercial publisher---	10,000
Chemistry Teaching Films	62,500
College Awards Program--	11,000
Community Education	
Program-----	25,800
Continuance of Element-	
ary School Program--	14,600
Conventions and Exhibits	2,000

TOTAL: DIRECT PROJECT COSTS--- \$ 133,100

TOTAL: ALL COSTS----- \$ 204,705

(Prepared by MCA Education Staff,
February 1, 1961)

CMA 067882

MANUFACTURING CHEMISTS' ASSOCIATION, INC.

A REPORT TO THE BOARD OF DIRECTORS

BY

THE PUBLIC RELATIONS ADVISORY COMMITTEE

Feb 14, 1961
~~January 5, 1961~~

CMA 067883

SECTION I - INTRODUCTION

The research and planning which resulted in this report were prompted by the request of some members of the Board that the Public Relations Advisory Committee conduct a critical re-evaluation of MCA's public relations programs and policies.

We all recognize that American industry today is confronted by an increasing number of major problems involving public understanding. The scope and intensity of these problems have created a feeling of growing urgency in the search for possible solutions.

If solutions are not found, these problems threaten to make it more difficult for companies to operate efficiently, to maintain good labor relations, and to keep earnings at a satisfactory level.

The chemical industry, as part of the American scene, shares the burden of these general industrial problems. Moreover, it is confronted with a number of troubling public opinion situations peculiar to itself, all of which compound the threat to continued successful operations.

The Public Relations Advisory Committee, in this report, has attempted to outline some of the principal problem areas facing the chemical industry in an effort to determine how MCA might more effectively approach them.

In the past decade, PRAC's recommendations generally have created a routine pattern of broad activities aimed at main-

taining a favorable atmosphere of opinion for industry operations. Because of the limitations of a traditional budget policy we have not attempted to specifically attack particular problems.

To all this, there have been two exceptions - and in both instances the Board, as well as the membership, were responsive to the definition of a specific need. The first was MCA's education program, a rather elaborate outgrowth of previous work by PRAC. The second was the more recently approved special program on food additives.

This report requests a third such exception. It is presented to you because, as a result of the re-evaluation already mentioned, the Public Relations Advisory Committee is convinced that MCA's present program and expenditures are not adequate to do the job.

We have attempted to identify the problems which dictated such a conclusion. Also, as an important part of the task, we have framed certain recommendations designed to bring the full opinion--making strength of the Manufacturing Chemists' Association to bear in an effort first to contain these problems, and ultimately to help solve them. The suggested approach, as you will see, is specific in content and straight-forward in direction.

SECTION II - THE PROBLEMS

The major problems facing the chemical industry today, those which are affected adversely or favorably by public opinion, pose an increasing threat to the successful and profitable operation of MCA member companies.

Problems Facing the Chemical Industry:

Pollution Control	Food Additives
Hazardous Products	Government Control
Patents	Foreign Competition
Taxation	Price Controls

These problem areas are familiar to members of the industry: pollution control, the manufacture and handling of hazardous products, patents, inequitable taxation, the food additives scare, foreign competition, and price controls.

Many of these problems will become even more intense, and more costly to the chemical industry, unless the industry

makes a continuous effort to educate the American people about its activities, its goals, and its significance in their daily lives. At the same time, the industry should explain to the public the reasons why it has taken certain positions on the particular problem issues.

It is obvious that no public information effort, no matter how effective, can by itself provide solutions to all of our problems. But without public understanding, the achievement of industry goals, if possible at all, will require a much greater investment in both time and money.

Thus, during the coming months, MCA's task will be more specific. Its public information programs must of necessity be tailored to meet its problems squarely.

Taking a closer look at these problems, we can begin with the impact of pollution control upon operating costs.



During 1960, these and other large circulation publications carried strong articles favoring the demand for stricter pollution control. Here are a few of the titles: Time Magazine, "Subtle New Pollutants Endanger Health"; Good Housekeeping, "The Danger In Your Water"; Science Newsletter, "Our Polluted Inheritance".

There can be no doubt of the increasing public interest in pollution control.

New Pollution Control Projects:

	<u>Current</u>	<u>By 1980</u>
Industry	\$1,900,000,000	\$10,200,000,000
Local Communities	\$4,600,000,000	\$44,500,000,000

Both corporations and communities are facing a possible increase of authoritative power by the Public Health Service in water and air pollution control. The Wall Street Journal, in November, reported that current industrial pollution

control projects are costing industry about \$1.9 billion. The estimated expenditure by industry on future projects between now and 1980 rises to \$10.2 billion. A similar increase is projected in community spending.

Last month, Albert Forster of Hercules Powder spoke for the chemical industry at the National Conference on Water Pollution in Washington. He presented a broad, impressive approach to the pollution problem and phrased one of his proposals, which he said holds the key to success or failure, as follows:

"The problems of water management in the United States are the responsibility of every citizen. Until a majority of our citizens are convinced, first that a problem does exist, second that we have no choice but to find a solution -- and soon -- and third that they must assume their share of responsibility in the solution, we as a nation will fall short of the solution required.....In simple words, I am suggesting that a well planned information and education program must be launched and carried through to success if we are to solve our water resources problem."

Following Mr. Forster's suggestion, the chemical industry can play its part in helping to increase public understanding concerning the complex problems of pollution control. The industry, we feel, recognizes its own responsibilities in pollution control, and agrees that additional expenditures will have to be made. However, the industry must also try to protect itself against the financial burdens of meeting unrealistic demands in pollution control.

Somewhat in the same field, the chemical industry is facing special problems because of the inherently hazardous nature of many of its products.

Control of Hazardous Products

State Level — 1960

Ammonium.Nitrate — 10 bills introduced

Chlorine & Others — 14 bills introduced

In 1960 there were 24 bills introduced in state legislatures restricting and controlling the handling and shipment of the products listed.

Because of a lack of understanding of some of our products by public officials and citizens generally, the chemical industry continually faces the possible imposition of unreasonable restrictions in both production and distribution. Improper handling or improper use receives wide public attention, hurts industry sales, and opens the door for "panicky" enactment of unrealistic controls. Each of

these new curbs in turn adversely affects the industry's costs of operation, and public understanding -- or lack of it -- will play a key role.

Another problem area for the chemical industry, in which public understanding also will be needed, is the subject of patents.

Chemical Week

A MCGRAW-HILL PUBLICATION PRICE FIFTY CENTS

Junk the patent system! That's the advice given this week to the Senate Judiciary Subcommittee on Patents, Trademarks and Copyrights by Seymour Melman, professor of industrial engineering at Columbia University and an industrial consultant. The report, "The Impact of the Patent System on Research," calls the patent system an "anomaly" on today's industrial scene and a danger to scientific progress.

Says Melman, "The administration of the Patent Office and adjudication of patent cases in the courts have both become so complicated as to present formidable and costly obstacles to the use of the patent system, especially by individual persons."

He complains that large firms have especially profited by the patent system, employing patents tactically as a control over the use of knowledge. He believes industrial firms will continue to operate and expand their research facilities whether a patent system exists or not.

As an example of the strong statements which threaten the security of the patent system, we refer to the testimony presented the Senate Judiciary Committee on Patents not long ago by Seymour Melman, professor of industrial engineering at Columbia University and himself an industrial consultant. He said that the present patent system is a danger to scientific progress and that it especially profits large firms. He added that industry would continue to operate and

This school of thought received another boost just last month when Senator Kefauver announced that he would push for legislation that would slice the nation's traditional 17-year patent protection to a single year on new drug products. His reasoning is that this would ultimately reduce consumer prices on the new drugs -- but he made no mention of what effects the cut in protection might have on the development of yet-undiscovered lifesaving products.

The Dangerous Victory

[illegible]

THE WALL STREET JOURNAL.

not manufacture equipment for the man, and it must cost no more than the man himself. The investment is as useful as investment in any other non-manufacture economic activity. The man is the most important asset. The license is a reasonable rate all future years. The man is the most important asset. The license is a reasonable rate all future years. The man is the most important asset. The license is a reasonable rate all future years.

- 9 -

CMA 067892

ment in the Wall Street Journal: "It may turn out that these government victories over patent rights, being boasted about, are dangerous. The settlements in these cases indicate a belief that everybody's patents should be everybody else's. But this is a philosophy that strikes at incentive...."

In attempting to shed a little more light on the patent situation, the Committee is suggesting that if the chemical industry feels that it is a problem, then the industry should mobilize its information forces to help gain better public understanding of the industry's need of patent protection.

Any list of industrial problems affecting operating costs must include the recurring pressures of inequitable taxation. The chemical and petroleum industries, as examples, are burdened with Louisiana's heavy severance taxes. Many MCA member companies also face the inequities in taxation favoring cooperatives.

Proposed Severance Tax:

Florida Phosphate Rock Operations

— 50 cents per ton

But, as the industry was quick to point out, such a tax threatened the employment of 35 per cent of the industry's Florida payroll and would put Florida phosphate rock out of the export business, 30 per cent of their production.

On a much broader industry scope, the national government's reaction and policy on tariffs could have a sizeable effect on some industry sales depending on the final agreements reached at the GATT conferences in Geneva.



What happens at tariff negotiations at Geneva this fall can be vital for U.S. chemical industry's operations at home and overseas.

Two years of litigation that has had much to do with the fact that the Supreme Court has not yet ruled on the constitutionality of the law. The Supreme Court has not yet ruled on the constitutionality of the law. The Supreme Court has not yet ruled on the constitutionality of the law.

The tariff question is, of course, exceedingly complex. The chemical industry and its related trade associations gave voluminous testimony in Washington last year against any further reduction in tariffs. The list of products under consideration included: methyl esters, dyestuffs intermediates, ammonium bicarbonate, barium compounds, phosphate salts, and many others.

One witness, from the laminated products industry, appeared before the Tariff Commission and said bluntly: "If this industry is to continue as a freely competitive unit of our economy and continue its contributions to the national economy and security, we must be left free from these repeated, unsettling attacks on our tariff structure."

While the situation varies from product to product, in many areas low foreign production costs, especially labor, "cause or threaten serious injury" to American manufacturers in the U.S. Market.

Employee Opinion Survey

Q. What effect will foreign competition have on jobs?

Will Hurt:



Will Help:



No Effect:



A discouraging situation is that, in addition to public unawareness of these facts, they are not yet fully understood by industry's own employees. In this survey of 500 affected manufacturing employees by Fred Rudge Associates in 1960, only one in seven felt that foreign competition might hurt their job prospects. The same amount, one in seven, said that imports will actually improve their jobs. The remaining five didn't feel that foreign competition would have any effect one way or the other.

Naturally, the task of informing employees rests largely with individual companies, and many of them are working at this task.

However, if our own employees are not aware of the issues involving foreign competition, it seems reasonable to assume that the general public also is uninformed and that a well-planned communications effort would fall on fertile ground.

There remains one area of great concern to the entire chemical industry - one which cuts across all phases of our operations: excessive or unreasonable antitrust investigations and possible unfair legislation resulting therefrom.



"There needs to be
a strengthening of
the anti-trust laws."

Senator Kefauver is on record as saying that, "The high cost of living is due in no small part to the upward manipulation of prices by big companies in administered price industries."

Political pundits speculate, and probably with accuracy, that Kefauver will step up his anti-trust activities because of his impressive re-election victory, which he refers to as his "mandate from the people."

U.S. Probers Hint Price-Fixing By 3 Drug Firms

WASHINGTON (AP)—Senators Kefauver and McNamara today hinted that they might charge three drug firms with price-fixing. The firms are Bristol-Myers, Parke-Davis and E. R. Squibb.

The senators said they had received information from a source that the three firms had agreed to fix the prices of certain drugs. They said they would be looking into the matter.

The source said that the three firms had agreed to fix the prices of certain drugs for a period of five years. They said they would be looking into the matter.

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Price Plot Hinted at Drug Probe

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Drug Price Curbs Urged by Admiral

WASHINGTON (AP)—The new medical supplies bill introduced in the House today urged curbs on drug prices. The bill was introduced by Rep. James W. Thompson (D-N.Y.).

The bill would require the Federal Bureau of Investigation to investigate the prices of certain drugs. It would also require the Federal Bureau of Investigation to investigate the prices of certain drugs.

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Reopened Drug Probe Seeks Clue To High Prices for Antibiotics

WASHINGTON (AP)—Senators Kefauver and McNamara today reopened their probe into the high prices of antibiotics. They said they would be looking into the matter.

The senators said they had received information from a source that the prices of antibiotics had risen sharply. They said they would be looking into the matter.

The source said that the prices of antibiotics had risen sharply. They said they would be looking into the matter.

The source said that the prices of antibiotics had risen sharply. They said they would be looking into the matter.

'Excessive' Fee Held Charged on Antibiotic

WASHINGTON (AP)—Senators Kefauver and McNamara today charged a fee of \$100,000 on an antibiotic. They said they would be looking into the matter.

The senators said they had received information from a source that a fee of \$100,000 had been charged on an antibiotic. They said they would be looking into the matter.

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These are only a few of the headlines which resulted from Kefauver's recent drug hearings.

While it is too early to predict any similar attack on the chemical industry as a whole, the senator already is working on a review of identical bidding on government contracts and has said that the report will include chemicals.

Mr. Kefauver and his staff have demonstrated their skill in taking their case to the public - MCA as well as individual chemical companies should do no less when circumstances warrant.

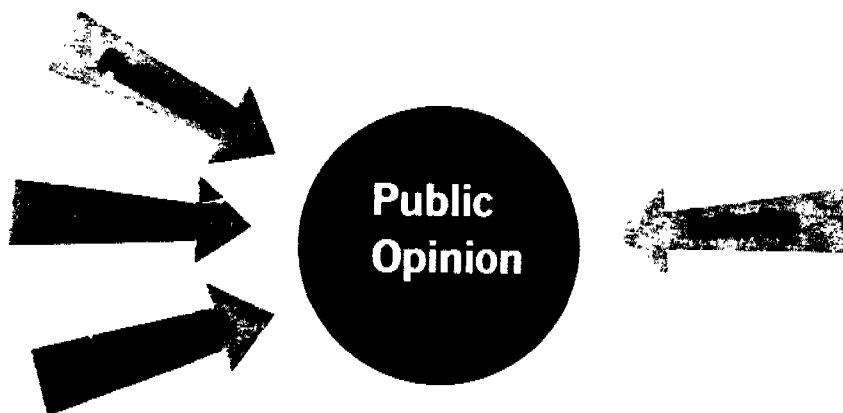
We naturally do not wish to suggest to the public that the chemical industry is opposed to vigorous enforcement of the anti-trust laws. But the industry should be alert to make known its positive contributions to a competitive economy, such as, for example, its outstanding achievements in research. It should also be prepared to develop an industry position in response to particular situations where specific governmental proposals or activities in the antitrust field seem to be clearly excessive.

[illegible]

Even though the new President's cabinet appointments caused mixed reactions concerning the administration's political direction, the Wall Street Journal made this prediction as to what businessmen might expect:

**"Expectation is for tough regulation
of most business. More money and
manpower for policing seems likely."**

— WALL STREET JOURNAL



In each of the problem areas discussed in this report, public opinion should be based on public understanding of all the facts, and the ability of the people to reject falsehoods and misleading arguments being presented from a variety of sources. It is obvious that the mind of the public is being reached, almost daily, by those who hold views contrary to our own. Certainly the people have a definite right to be concerned with these issues because their lives, either directly or indirectly, will be affected by the outcome.

Our responsibility is to see that the public hears our side of the story. As duPont's David Dawson pointed out at the MCA semi-annual meeting, "We have an obligation to create a clear and accurate public image of our industry, and of our individual companies as part of the industry. Hopefully, it will be a favorable image, but the foremost requirement is that it be clear and accurate."

This is not our only task, but it is clearly an essential one. The Public Relations Advisory Committee, after a careful evaluation, is convinced that MCA is not adequately staffed to accomplish the goals -- to meet these growing problems and responsibilities facing the industry.

VIEWPOINT

MCA's Boy-Size Budget

DO YOU BELIEVE IN PUBLIC RELATIONS, OR DON'T YOU? That's the basic question the Manufacturers' Assn. must answer for itself.

At its recent annual meeting MCA voted—by a show of hands, and with no discussion from the floor—an operating budget that included \$296,000 for public relations. Perhaps someone should have risen to his feet and asked, "Is it enough?" It is certainly not an impertinent question, since the association, by voting any money at all, has demonstrated its belief that public relations activities are useful.

It first demonstrated that belief 10 years ago, when it set up a formal PR program. At that time an editorial in "Chemical Industries" said: "The favorable reaction to MCA's announced intention to step up its chemical industry public relations activities is an encouraging sign. A number of industry leaders have been arguing for some time for an intensification of effort in this direction—on both an industry basis and an individual company basis . . . Where cooperative work through a trade association can be most effective is in carrying the story of the industry as a whole to the broader reaches of the public."

What has happened in the ensuing 10 years? The program has moved along unspectacularly—first under MCA's own staff, then under an outside agency, and finally under MCA again. The budget has inched up from about \$175,000 in '52, but it's still at a modest figure—as if the association regarded PR as "the thing to do" rather than as a tool to get a job done.

Why do we save the budget is modest? Simply by comparison with the money spent by other associations, such

The Advisory Committee also recognized a certain degree of truth in this editorial, which said, "What we suggest is that a \$26-billion industry is looked upon with unjustified disfavor by the public at large, and that this disfavor can lead to crippling counteractions. This is no time to send a boy-size (public relations) budget to do a man-size job."

The committee believes that an effective approach to the solution of its problems requires a planned information effort on three fronts in each trouble area.

Chemical Week

Robert S. Muller Publisher
Howard C. E. Johnson Editor-in-Chief
Ralph R. Schulz Managing Editor
Emil J. Mikity Assistant Managing Editor
J. Robert Warren Assistant Managing Editor
Donald P. Burke Associate Editor
Anthony J. Piombino Associate Editor

DEPARTMENTS

Administration Cooper R. McCarthy, editor
F. Bryan Williams
Business News Homer Starr, editor
Jane B. Munger
Engineering Kenneth C. Wilsey, editor
Ryle Miller
Foreign Bruce Bendow, editor
Markets Philip A. Cavalier, editor
Production Herbert C. Short, editor
Research Joseph F. Kalina, editor
Philip A. Untersee
Sales Carl A. Hiester, editor
Walter E. Andrews
Specialties Richard J. Callahan, editor
Marion L. Meade
Reports Jorma Hyypia, editor
Vincent L. Marsilia
Copy William Mullinack, editor
Henry S. Gordon
Art P director

Industry Message

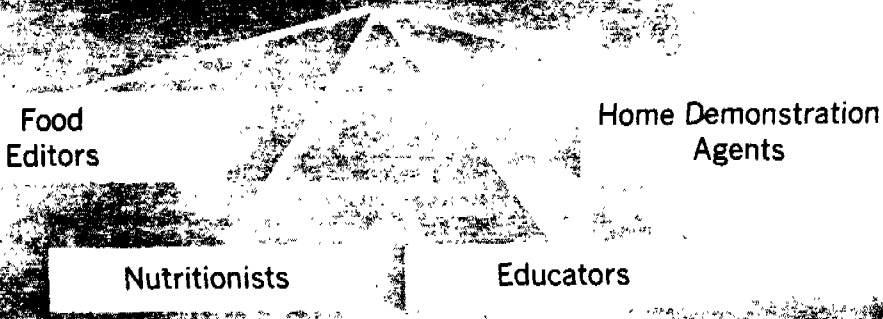
General
Public

Local
Communities

Special Influence
Groups

The first should be aimed at greater understanding of the industry's position on the part of the public in general using mass communication media. The second is to drive home the industry message in our plant communities. This phase will depend heavily on local action by CIAC groups, or as they are now called, Chemical Industry Councils. The third is to secure the support of those special groups, or opinion leaders, whose influence will enhance the possibility of favorable solutions to each of our problems.

An illustration of this kind of approach is in the field of food additives.



MCA Food Additives Program

Food
Editors

Home Demonstration
Agents

Nutritionists

Educators

In addition to routine public information activities, the food additives program provides for contacts with particular groups through specially tailored materials. The preparation of a basic booklet on the positive contributions of chemical food additives, for example, filled a need that existed long before the current attacks.



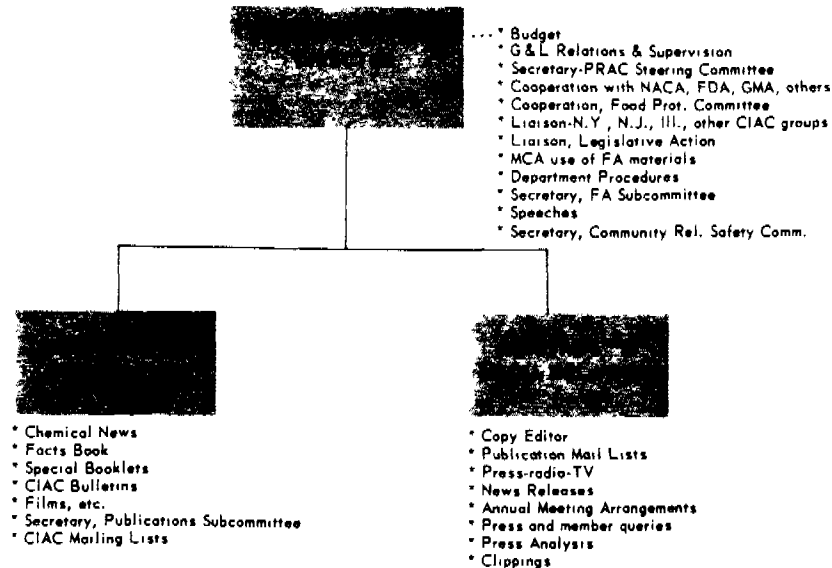
To indicate the potential in following this type of program, this is only a small percentage of the favorable notices published under the by-lines of food editors after an MCA representative addressed their national convention.

It should be obvious that our food additives program can be even more effective if we extend its message through the second phase of support by local chemical industry groups.

The committee therefore recommends a staff adequate to create and carry out more programs of this kind, each aimed at the solution of a particular industry problem, each being carried on both nationally and locally by qualified chemical industry representatives.

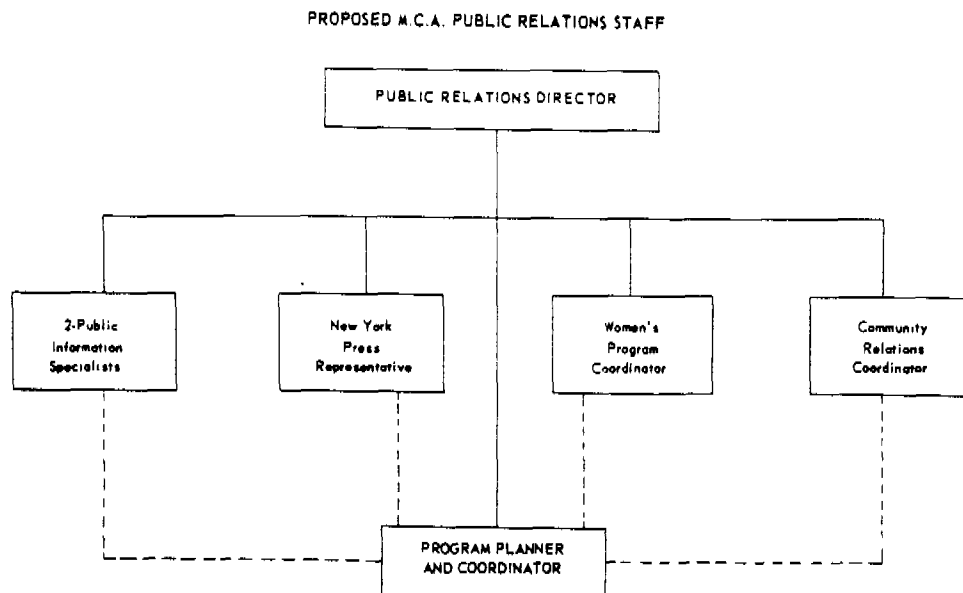
SECTION 3 - RECOMMENDATIONS

PRESENT M.C.A. PUBLIC RELATIONS STAFF AND DUTIES



MCA is not now sufficiently staffed to attack the problems outlined in the fashion just suggested. As slide No. 19 makes apparent we have a three-man department - each man weighted by such a variety of duties that the wonder is that anything good is accomplished on time. These three men have succeeded in conducting a crowded routine program of public information; they can not be expected to plan and execute the program which we think is called for by today's conditions. Having said this we hasten to add that we have the greatest confidence in our Director of Public Relations. With a strengthened staff and adequate funds for program implementation we believe that MCA will be able to deal

positively with the problems outlined in this report.



Your Advisory Committee proposes the addition to the staff of four specialists each of whom would have specific responsibility in areas not now provided for. As chart 20 makes evident the key additional man is the Program Planner and Coordinator. Under the guidance of the Director, he would be responsible for planning the multiple attack on the industry's problems as we have described them and coordinating the efforts of the additional staff members so that all work toward the same goals with their different audiences. Essentially he would, over a period of time, do the same type of work on each of these problems that your Educational Advisory Committee, your Food Additives Committee and your Public Relations Advisory Committee, with the help of outside consultants, have done with the few specific

problems that they have come to grips with. He would marshal the resources of the chemical industry for a positive plan of achievement in the opinion field. Whether his first center of interest would be water pollution or patents or ammonium nitrate we know not. We do know he would cover these in due course as well as the other problems of the industry in which public opinion is a major factor.

Having worked out a basic program on a problem, he would then seek to have it interpreted correctly to the general public nationally and locally, and to the groups that have special leverage on that problem. He would reach them through the efforts of the entire staff, but more particularly through the Community Relations Coordinator, the Women's Programs Specialist and the New York Press Relations Specialist, new positions described below.

In the opinion of your Committee the planning work of this man is almost essential if MCA is to assume the position of leadership now anticipated for it among organizations of the chemical industry. Without such staff work the leadership role of MCA is not likely to be very effective.

Before we have coordination we must have content. The pipelines are needed, but the information to go through the pipelines must first be properly developed and organized.

Possibly a word is necessary on the relationship between this man and MCA's technical committees. All of his work would require the same kind of back and forth relationship there has been between the Public Relations staff and the Food Additives Committee on the specifics of the Food Additives program. We anticipate a constant exchange of viewpoint between public relations experts and technical

experts.

Your Committee next recommends the employment of a Community Relations Coordinator to give life and guidance to our Chemical Industry Activities Committees or Chemical Industrial Councils, as they are now called. To explain this position we must first review MCA's local effort. We all remember how the first and second Chemical Progress Weeks called into being an enormous number of local chemical industry organizations. In an endeavor to keep these going after the first crusading spirit subsided we changed Chemical Progress Week to year round chemical industry programs. At little or no cost to ourselves we sought to maintain a steady pressure in many areas of this country. This has not worked.

Your Public Relations Advisory Committee gave you poor advice on this, and for this we must accept the responsibility. We now see clearly that to maintain hundreds of local organizations across the country takes staff time and initiative. We feel it is eminently worthwhile and it is an essential part of influencing public opinion in America. There are several reasons why we feel this way:

1. Our reputation is most important to us and we are believed most readily in our own plant communities.
2. We can deal with State and Local problems only on a State and Local basis.
3. The cumulative results of effective local action multiplied by the dozens of areas in which the industry operates, helps create a national impact.

4. The most effective approach to national problems, is usually through local groups. The elements of effective political power in America are local.

The Community Relations Specialist recommended in this report would help and advise local chemical industry councils. He would offer the leadership and staff assistance that make the difference between sporadic and ineffective activity and a solid local organization.

The potentialities of this job assume new significance when we compare the original Chemical Progress Week materials with the truly substantial information packages which MCA now has available in the fields of chemicals and foods, plant community safety and education. It is more material of this type that we can expect from the Program Planner.

Having developed the materials, we need manpower on the staff to aid and encourage the local groups that can use them to the benefit of the chemical industry.

One long standing MCA problem has been that of proper press, radio and television representation in New York. Through the years we have tried to solve this problem in many different ways and none has worked satisfactorily. After giving the situation extensive study your Committee now recommends the creation of an additional press relations job in the Washington office, with the idea that the man who holds it will spend about three days out of every week in New York. Since his headquarters will be in Washington, he will not have a New York office; he will, however, have a telephone number and address in New York on as economical

a basis as can be arranged. His prime mission will be to keep in touch with newspapers, magazines, radio and television people in New York and furnish guidance and information on chemical industry activities as the opportunity offers. New York is the communications hub of America and MCA ignores it at its peril. The arrangement described here recognizes its importance, but at the same time keeps full control inside MCA headquarters.

The fourth and final staff addition we propose is a person skilled in communicating with women. The chemical industry very badly needs the support of this specialized and numerous group and fortunately has much to say to its members. On a systematic and programmed basis we should tell them how our research and our products have made their lives easier and more enjoyable, how we have helped them in their domestic tasks, helped them in their clothing and grooming, made their homes more beautiful at reasonable cost, made their gardens and flower beds more colorful and helped fill their shopping baskets with more nutritional foods. We feel that our previous work in one section of this field proved its worth and showed the opportunity that lies there. It is not hard to visualize how readily our food additive publications can be converted into program materials for women's clubs. Other opportunities will certainly develop as the Program Planner deals with other chemical industry problems.

The loyalty of women can help us tremendously if they understand the facts about food additives, labelling, water pollution and even plant safety.

Your Committee estimates that this proposed expansion will cost MCA about \$100,000 a year. For budget purposes we have endeavored to pin these costs down as specifically as possible in relation to each of the four positions proposed and we give them to you here. These are necessarily estimates. Though there may be minor variations in individual items, we do feel that the overall estimate is reasonably accurate.

PROGRAM PLANNING AND COORDINATION

\$23,600.00

COMMUNITY RELATIONS COORDINATION

\$30,300.00

THE NEW YORK PRESS RELATIONS ACTIVITY

\$24,300.00

THE WOMEN'S PROGRAM

\$24,300.00

\$102,500.00

As part of this study, the Committee surveyed the public relations programs of other industry associations. It seems

advisable to view the recommendations in this report against that background.

INDUSTRY	ANNUAL SALES (in billions of Dollars)	ANNUAL P.R. BUDGETS (in Dollars)	P.R. BUDGETS PERCENT OF SALES
A	\$ 10	\$ 750,000	.008
B	14	1,500,000	.01
C	26	2,500,000	.01
D	4	700,000	.018
E	23	485,000	.002
F	1	100,000	.01
G	7	70,000	.001
H	4	400,000	.01
I	2.5	250,000	.01

The industries surveyed furnished the data on the condition that they not be identified. However, a more detailed summary is appended to this report. The figures show that six out of the nine spend at least one-hundreth of one per cent of their annual sales on public relations activities, exclusive of advertising and legislative programs. For the chemical industry, a similar budget would amount to approximately \$2,800,000. Some of these industries admittedly are closer to the public with consumer products than are we. And at this time there is no justification for the chemical industry to even contemplate public relations expenditures at so high a rate. However, these figures suggest that even after the

addition of \$100,000, MCA's public relations budget of \$400,000 would not be exceptionally high.

In conclusion your Public Relations Advisory Committee wishes to repeat its conviction that the extremely serious implications of ignoring or failing to solve the industry's problems make our proposals not only reasonable, but necessary. While we cannot expect any communications program to provide solutions for all of our problems, and while we recognize that many of these problems will require a multi-pronged approach over a long period of time, we are convinced that failure to provide an adequate public information program now will ultimately cost the industry many times the dollars which we suggest be spent.

While we are cognizant of the present economic situation and realize a natural reluctance on the part of the Board to appropriate additional funds for any purpose, we feel that these dollars, and the programs they will support, are necessary for the Manufacturing Chemists' Association to meet its responsibility to the chemical industry.

Minutes of Meeting
Public Relations Policy Committee
Apartment 31-B, Waldorf Astoria Towers
January 5, 1961

Present: A.E. Forster, Chairman; Roy F. Coppedge, Jr.; George E. Holbrook; Theodore Marvin. Absent: George L. Parkhurst. (Note: W.G. Malcolm could not attend, but presentation by Messrs. Northwood and Durbin was made to him in his office prior to the PRPC meeting.) Also present were R.C. McCurdy, MCA Board Chairman, Arthur Northwood, Jr., William Durbin and Allan Settle.

The meeting was called by Chairman Forster to review the "Proposed Report to the Board of Directors by the Public Relations Advisory Committee," presented by Arthur Northwood, Jr. and William Durbin, chairman and vice chairman respectively of PRAC.

At the conclusion of the presentation, those present participated in a discussion of various aspects of the approach. Mr. Marvin said he believed there were two weaknesses in the past public relations activities by MCA and the industry, namely: (1) Lack of adequate coordination with other groups on problems where there was a mutuality of interest; and (2) Within the MCA, some member companies were reticent in providing the necessary information or "time and know-how" of qualified people to focus on answering industry problems.

Discussion brought out that steps within the MCA were already under way for bringing about some degree of coordination with other groups with common problems. The first step in this direction is on the matter of the food additives problem.

After discussion of several phases of the presentation, it was moved by Mr. Marvin and seconded by Mr. Coppedge that:

- (a) The PRPC recommend to the Board the acceptance of the PRAC report, with recommendation for endorsement;
- (b) The PRPC urge the Board to adopt a course which would emphasize to member companies a realization of their own responsibilities (within each company) in support of various MCA public relations activities.

The motion was passed unanimously. Mr. Durbin reported that in the presentation to Dr. Malcolm, endorsement of the report was expressed, but with a doubt that the extra budget called for was adequate. There was general agreement by PRPC members with this viewpoint.

Because of the realization that once presented to the Board, the report might achieve wider and uncontrolled circulation, it was the consensus that general counsel should review the report before its presentation. MCA staff agreed to undertake this step.

It was further agreed by the committee that copies of the report should not be distributed prior to the Northwood-Durbin presentation at the Board meeting, but that copies be on hand at that meeting for all Board members to take with them. This course was recommended for creating the best possible conditions for full impact of the visual presentation.

Attachment #1

SURVEY OF SCALE OF PR ACTIVITIES IN NINE LEADING TRADE ASSOCIATIONS

Industry "A"

11/18/60

Size: \$10 billion annual sales.

PR budget: 1960--\$750,000, plus \$800,000 for institutional advertising.

1961--\$750,000, plus \$1,300,000 for institutional advertising.

PR staff: 25 PR professionals, 25 clerical workers. There are five departments; news, institutional advertising, school and college, women's and publishing and special services.

The news department services radio, TV, magazines and newspapers, using five PR professionals and five clerical workers. They put out a daily news summary, and a monthly analysis of publications, including labor press.

Outside PR counsel: They have three regional PR counsels, two in the East and one in the West.

Legislative activities: Headquarters of PR operations are in Washington, D.C. They feel this is not the best location from the standpoint of national press coverage since news media there are primarily interested in finding a political slant and are not particularly receptive to news about industry.

Public relations objectives: To better the climate of opinion about the industry, in the expectation that this will bear fruit in the legislative field.

Industry "B"

Size: \$14 billion annual sales.

PR budget: \$1.5 million, plus institutional advertising to meet special problems. The institutional advertising has run as high as \$2 million in a given year.

PR staff: Only three men.

Outside PR counsel: Almost all the work is done by outside counsel. This work includes servicing industry news to all media, educational activities in schools and colleges, providing speakers from industry, booklets for various publics, and a women's activities division. They also carry on public opinion research.

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Legislative activities: No Washington office. No lobbying at national, state or local level--this is a matter of policy. Individual members of the association, or committees composed of members, do lobbying.

Public relations objectives: Long-range improvement in public regard for the industry.

Industry "C"

Size: \$26 billion annual sales.

PR budget: National public relations operations are budgeted at more than \$2.5 million annually, not counting institutional advertising. In addition, associations in every state coordinate with the national organization, and they spend an estimated additional \$2.5 million per year.

PR staff: About 80 people.

Legislative activities: Headquarters of PR operations are not in Washington. They maintain only a small office there, but nevertheless they carry on very heavy legislative activities.

Industry "D"

Size: Over \$4 billion annual sales.

PR budget: \$700,000, covering scientific research and other public relations activities.

Legislative activities: These are carried on by a separate trade association within the industry, with a separate budget.

Industry "E"

Size: \$23 billion annual sales.

PR budget: \$60,000, plus \$60,000 for institutional advertising, is all that the association itself spends. However, an additional \$425,000 a year is spent by various divisions of the association in "sales promotion" of consumer products, support of a bureau of standards, and miscellaneous PR activities.

The national organization puts out about 200 news releases a year, plus a news magazine about the association which appears 10 times a year.

PR staff: Four people in all.

Outside PR counsel: Three of the eight divisions of the association employ outside PR counsel. The cost of this service is included in the figures given in the "budget" paragraph above.

Legislative activities: The national organization does nothing in this field, but its divisions and sections do.

Industry "F"

Size: \$1 billion annual sales.

PR budget: \$100,000 annually is earmarked for publicity, but the secretary of the association says that in his opinion the total association budget of \$500,000 could properly be called public relations expenditure.

PR staff: Eight people work on publicity internally, plus outside counsel. Taking the larger view, all 24 people who work in the association office could be said to be working on public relations.

Outside PR counsel: Part of their work is carried on by outside counsel, at a cost of \$20,000 a year, included in the above budget figures.

Legislative activities: They have no lobbyist. However, association officers sometimes testify at government hearings or members testify as part of a committee representing the association. In addition, the association keeps its members informed of bills that may affect them at the time they are introduced in every state legislature.

Industry "G"

Size: \$7 billion annual sales.

PR budget: Under \$70,000 a year.

PR staff: Just the director of public relations.

Outside PR counsel: The association has none. However, some project groups within the association do from time to time retain outside counsel. One group has just retained a PR firm at a fee of \$100,000 to cover three years' service.

Legislative activities: The PR director and the vice president of the association are both registered lobbyists. In addition, a Public Affairs Committee reports on all proposed legislation affecting the industry or business in general.

Industry "H"

Size: \$4 billion annual sales.

PR budget: \$400,000. Their PR program emphasizes an enormous assortment of publications for members to distribute to the public.

PR staff: 14 people.

Outside PR counsel: They use one firm fairly regularly on a per diem basis but do not pay them a retainer.

Legislative activities: The Washington manager and the managing director of the association both are registered lobbyists. Their main objective is to keep members informed of legislation that might affect their interests.

Industry "I"

Size: \$2.5 billion annual sales.

PR budget: About \$250,000.

Outside PR counsel: The major part of the budget is for outside counsel.

PR staff: Two full-time men. In addition, the public relations director says that the president of the association himself, two other employees, and a part-time consultant devote a great deal of their time to public activities which could be considered public relations.

Legislative activities: The association has headquarters in Washington, but does not have a registered lobbyist. The association responds to requests for information from Congress or other Government agencies, and keeps the industry informed of relevant legislative proposals by means of its weekly news letter.

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