

B.F. Goodrich and Vinyl Chloride: A Study in Corporate Reaction

On May 20, 1974, the Louisville Times printed a story which began, "Several chemical firms, including the B.F. Goodrich Co., knew of preliminary but significant data linking exposure to vinyl chloride gas to a rare liver cancer, but the information was not made public for more than a year." Three Goodrich employees, and sixteen others in the U.S. and abroad, had died from vinyl chloride exposure. The story went on to tell of (1) meetings at which the data were discussed, (2) conflicting views regarding the quality of the data, and (3) confusion as to who knew what, when.

Business and Society Review sent the story to a number of distinguished people, asking their opinions of B.F. Goodrich's reaction on first learning of the linkage between vinyl chloride and liver cancer and, further, whether or not they saw parallels to the mental processes involved in the Watergate coverup.

C. P. KINDLEBERGER, Professor of Economics,
Massachusetts Institute of Technology:

I agree with the thought in your letter of July 1 that the thinking of B.F. Goodrich in suppressing knowledge of the carcinomic qualities of vinyl chloride was comparable to the thinking in the Watergate cover-up. But I believe the capacity to rationalize away situations we are unwilling to face is highly developed in all of us. It is, typically, a subconscious mechanism, not conspiratorial, and usually operating at what the Supreme Court once called "conscious parallel action."

In the closing days of the European war in the spring of 1945, the American armies overran a number of German concentration camps. In several instances, the outraged military commander forced the mayor of the nearest large town to walk through the camps and inspect the desolation. In at least two—and I believe three—cases, the mayor and his wife went home that night and committed suicide. In my judgment, their subconscious minds had known of the horrors of the

camp, but the rationalization process of the conscious had effectively suppressed it. When suppression was no longer possible, and the change was sudden, the result was breakdown.

In the case of Watergate, and of the B.F. Goodrich Company, if the facts recited by the *Louisville Times* are correct, conscious suppression gave way more slowly and permitted more or less elaborate rationalizations. But this is the way all our minds work.

G. GEORGE C. LODGE, Professor of Business Administration, Harvard University:

The *Louisville Times* (May 20, 1974) story which you sent me is unclear and vague, but I shall try to abstract what I think it says.

1. On January 30, 1973, research which had been conducted in Europe indicating that exposure to vinyl chloride might cause liver cancer, was revealed for the first time in the United States at a meeting of the Manufacturing Chemists Association (MCA).

2. W.E. McCormick, an official of the chemical division of B.F. Goodrich Company, was at the meeting and presumably heard the revelation.

3. Anton Vittone, head of the chemical division, said, however, that the first he heard of any such study was a year later in February, 1974, about a month after the company announced that three employees had died of liver cancer after long exposure to vinyl chloride.

4. It is unclear when the National Industrial Institute for Occupational Safety & Health (NIOSH) heard about the European research. But a spokesman for the Institute said that the industry "may have been looking for liver cancer damage (after January 30, 1973) without disclosing the fact."

5. Tumors in rats exposed to vinyl chloride had been reported as early as 1970.

6. Exposure to vinyl chloride has now been linked to the deaths of thirteen American and six non-American workers.

You ask for my reactions and in particular you are interested in any parallels which I may see "to the mental processes involved in the Watergate coverup."

We do not know whether Mr. McCormick told Mr. Vittone what he had heard in January 1973. Let us assume that he did. Then what should Mr. Vittone have done? Pursue his own investigations into the link between vinyl chloride exposure and cancer as the NIOSH spokesman implied he did, or report the MCA revelation to NIOSH and seek some governmental rule-making?

To me the scandal here is that the U.S. Government, NIOSH, did not know what apparently was well known in Europe. Why they did not know is unclear. Although I am not familiar with the law on the subject, I assume that if Goodrich knew about the fatal link, it should have told the government. But this may not be entirely clear.

On the basis of the evidence here, I fail to see much that is comparable to Watergate. The issue is more one of the relationship between government and business. Business cannot decide what is healthy for either its workers or for the community it affects. Health is a relative condition. In nineteenth-century England it was considered quite healthy—in fact, downright beneficial—for small children to work long hours in coal mines. The community, acting through government, decided that the practice was not healthy and it was

prohibited. The vinyl chloride case is, of course, much more subtle. In this day and age technology is so complex that industry may know well before anyone else that something it is doing is unhealthy. It, therefore, is bound to inform government of such knowledge. Then government must decide how healthy industry should be just as it must decide how clean the air should be or how pure the water.

The question then comes: How does government make sure that business discloses what it knows or fears or suspects about matters of health? The answer would seem to lie in a much closer relationship between government and business and more forceful requirements concerning disclosure. This seems to me to be one of the strongest arguments for Federal chartering of large corporations. Disclosure stipulations should be written into the very birth certificate of the corporation, with revocation of the charter the punishment for delinquency. Disclosure should not be left merely to ad hoc regulation by inadequately staffed agencies which are subject to the numerous pressures of interest groups. Nor should it be left to the independent judgment of managers. It may not be so much Mr. Vittone who is to blame here as it is the community—the government—which has not made clear, or explicit what it expects of business.

It is tempting in a time of transition such as the present to see our woes as the work of devils,



and, as in the declining days of medievalism, to look to the exorcist for help. But our problems are not so simply resolved; they grow out of a systemic process in which the fundamental structure of the relationship between our important institutions—such as businesses like B.F. Goodrich and government like NIOSH—are changing. It is the recognition of this process which is crucial. Those interested in my views about it might wish to read "Business and the Changing Society" (*Harvard Business Review*, March-April 1974) or my forthcoming book, tentatively entitled *The*

New American Ideology, to be published by Alfred A. Knopf

These observations, let me repeat, are made on the basis of an inadequate statement of the facts, but they may serve some use.

CROSBY M. KELLY, Senior Vice-President,
Litton Industries:

I reply to your letter of July 2nd addressed to Mr. Charles B. Thornton, chairman of Litton Industries

What you were asking Mr. Thornton to do, Mr. Cross, was to contribute to the rampant chaos and confusion which characterizes society today, asking that he make judgments of situations inferior to a respected company without knowing any of the facts at all—the sole fact being a copy of the *Louisville Times's* interpretation. You could help me a little if you told me what the expertise of Messrs. Donald M. Houghton and Dennis Polite is beyond being "*Louisville Times* Staff Writers." Imagining only now, I would assume this certification along with the standing of the *Louisville Times* would ring the bells of journalism schools, but I'd feel a little better if I thought they had eminence in chemistry rather than how to come up with a text which would support a scarehead. That's for openers.

We are talking about a tragedy. People have died, and they have been diagnosed as having died from a cause which is a company product. We have in this story a total of nineteen deaths, six of them overseas. This has been cumulative over a period of many years, and considering the size of the chemical industry, it is not an overwhelming statistic—and the red flag of danger went up quite recently, and only tentatively then. I don't know for sure, but I suppose this overall death rate parallels Kentucky highway fatalities in any month, which using your indicated logic should arouse us all against the automotive manufacturing industry.

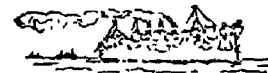
When there are unknowns and the laboratory jury is still out, it does no one any service to charge on the basis of a shadow, or a faint piece of an outline, or an isolated sample. If a whole industry, its employees, its carefully developed product line, and its good reputation are all on the line, decisions should never be whimsically made.

Companies are not built that way, products are not developed that way, employee policy is not made that way, and responsibilities are not met that way.

But newspaper accounts can very easily be written pointedly, rather than pondering all these things.

There is no widely ranging, advanced-technology company which does not place one quantum-jump foot carefully after another, surveying the scene for effect and consequences with each footfall. If this were not so, you would be working in a cave on a stone wall with a makeshift chisel.

We were told inertial navigation would never work, but more than forty international airlines get their passengers to their destinations much more safely than was ever possible before because of our inertial navigation. We have seen



consumer organizations sow concern around the world for use of microwave ovens in homes, yet there has never been to this date one recorded injury from microwave oven use. We have been finding energy resources world-wide for decades, and as recently as last week Norway was reported as troubled in knowing it has so much oil lying off its shores, necessitating a change in life style. In short, Mr. Cross, there is a vast viewing-with-alarm-prone segment in our society, which can charge on any hobbyhorse anyone brings up. Not everyone is a valid Paul Revere, and the consequences they shout about happen rarely. But they do confuse. Those who ride the real horses which make this country go—American business, managers and employees, and purchasers of its products—must be surer of their facts before making a change.

I was especially caught up on the *Louisville Times* paragraph which said that "the public relations man at MCA said there had been 'great reluctance' by European firms to share their scientific data until they were guaranteed it would be kept in confidence." Any one researcher worth having would ask for such protection for research in progress, or before a conclusion could be reached. Was this why, perhaps? Or, did it make

a better story to leave an Orient Express-type intrigue specter hanging there?

Parallels to the Watergate cover-up? Ah, but you do give yourself away there

ARTHUR SCHLESINGER, Jr., Albert Schweitzer Chair in the Humanities, City University of New York:

If the *Louisville Times* is correct in writing that B. F. Goodrich Co. and other chemical firms suppressed information indicating a connection between exposure to vinyl chloride gas and liver cancer, it is evident that the cover-up psychology has its disciples not just in the White House but in the business community as well. One would not be surprised if such things took place in a communist or fascist state, where cover-up is a way of life. The Goodrich story makes it clear that it can happen here and that the so-called free market by itself offers hopelessly inadequate protection to workers as well as to consumers. The only way to stop the cover-up, whether in government or private enterprise, is unrelenting public vigilance. If enough Watergates, or their equivalents in private enterprise, are exposed and if the perpetrators are punished, it may encourage their successors, whether in the White House or in the MCA, to understand that a free society requires a first loyalty on everyone's part to honesty, accountability and the general welfare rather than to private power or private profit.

PAUL M. SWEETZ,
Editor, *Monthly Review*

In reply to your letter about B. F. Goodrich's reaction to the disclosure of a link between vinyl chloride and liver cancer, I can only say that this seems to me to be absolutely normal, to be expected from any capitalist enterprise, past, present, or future. What would be surprising and worthy of comment would be a contrary reaction.

LOUIS B. LUNDBORG, Chairman of the Board (Retired), Bank of America:

While I of course have no first-hand knowledge of the incident about which you wrote me, and so would not want to pass judgment on that particular incident, I would make two observations about the principles involved:

If a company is in possession of "bad news," meaning information unfavorable to the company, failing to disclose that information is both morally indefensible and pragmatically foolish as intelligent management practice—foolish because, in the words of the trite old truism, "the truth will always out", but the controlling factor is that it is morally indefensible.

The developments of Watergate amply demonstrate both truths.

AMITAI ETZIONI, Professor of Sociology, Columbia University:

One can argue the merits and demerits of capitalism, or more specifically, of a society which makes the worship of consumption and production its central project. One can favor or oppose the notion that "let the buyer beware," and ask if the buyer can acquire the needed information to sensibly choose among products.

But there is no question in my mind that only an economic-political system bent on committing suicide would allow the frequent marketing of products which are endangering health and life and tolerate corporations, who—once faced with the fact that their products are damaging not the pocketbook of the consumer but his body—do not desist but persist.

Unfortunately, in a society in which ends "justify" the means, which is what Watergate is all about, quite a few corporations do engage in such unhealthy, ultimately self-destructive, production. Baby cribs which burn like a torch, tricycles unsafe at any speed, radioactive ovens, and airline seats which emit cyanide when heated are just a few cases in point.

True, in some cases the outcry is not justified and further checking shows no danger existed. But too many corporations, too often, resist rather than assist the examination of the facts and, above all, fight rather than promote vital corrections.

The business community must excommunicate such unethical corporations or it will be tainted with their Watergate-like blight, as sure as night follows day.

MURRAY N. ROTHBARD, Editor, *Libertarian Forum*.

The story of vinyl chloride and the B. F. Goodrich Co. is a grisly one, but it contains a consider-

able amount of hope as well. The story seems to be the familiar one of any bureaucracy that we have all come to know so well from Watergate: when confronted with unpleasant or unprofitable facts, we find denial, passing the buck, and cover-up. This sort of reaction seems to be endemic to any bureaucracy. The hopeful part of the tale is that, in the case of vinyl chloride and even in Watergate, the truth finally manages to emerge. It emerges to the extent that there are competing and decentralized centers of knowledge. In the case of vinyl chloride, there are so many centers of scientific research that the truth finally managed to emerge. In the case of government bureaucracy, however, with its coercive and monopoly powers, the emergence of truth was far more difficult; it was only an active, free, and decentralized press that finally managed the breakthrough, and it was touch and go. The lesson for us all is not to eliminate bureaucracy, which is impossible, but to keep open competing and free channels of research and information.

N EIL CHAMBERLAIN, Professor of Business Administration, Columbia University:

Analogies are often as misleading as enlightening, and only on the strength of the May 20, 1974, *Louisville Times* story I would not identify the B. F. Goodrich Co.'s actions with respect to disclosing possible deleterious effects of vinyl-chloride exposure with the Watergate coverup. Even if, as alleged, company officials lied concerning the date on which they first learned of the possible danger, they were not thereby covering up any illegal action nor was their lie equivalent to perjury in any legal sense. I do not think this is just a matter of semantic quibbling. There was no obstruction of justice, even though there may have been an arguable failure of social conscience and a flawed exercise of personal integrity.

Without seeking to make out a case for any particular corporate management, I can sympathize with the position of a responsible officer who is first confronted with information implying—but not clearly establishing—a link between his familiar industrial processes (or products) and serious health consequences for his employees (or customers). It is not so simple a matter as putting corporate profits ahead of human welfare, even though that may be importantly involved

and even decisive. If the alternative is to close down an operation, the consequence is unemployment for those affected, and there have been instances enough where workers themselves have fought actions intended for their long-run good but harmful to their short-run interests (as, for example, where employees have fought against the closing down of facilities found unsafe by factory or mine inspectors). This does not mean that workers prefer unsafe or unhealthy condi-



tions or that they do not want remedial action, but only that they sometimes prefer to continue at their customary employment while the hazardous condition is being remedied.

One could still reasonably maintain that this should be a decision shared by management with the workers affected, rather than made solely by management in its own best judgment. I would not quarrel with that position. At the same time I can see where another person in good conscience might consider such an action unnecessarily alarming and rumor-inciting not only to and among workers directly involved but to other workers in unrelated processes.

I cannot see any exculpatory reason, however, for falsifying the date on which a management representative was first put on notice as to the danger. If the decision was taken in good faith, in consideration of all factors, the company should stand by and defend that position as long as it continued to believe in it.

This is certainly not a situation confined to one company. I suspect most companies (and government regulatory agencies) have been confronted with matters involving possible harm to customers as well as employees, and have chosen—at least initially—to “accept” the risk rather than take preclusive action. The facts obviously differ in each case, and a blanket indictment or justification is not possible. Some of such decisions may be considered socially undesirable, but if they are permissible what is involved is personal judgment and morality but not law. Slanted press releases, obfuscation of the facts, public prevarication may sometimes be used in

support of a company's decision—clearly coverup actions, and actions I would condemn—but I would not want to equate this flawed corporate (and personal) behavior to the coverup of unlawful activity.

In brief, I would question the social desirability of the decision to conceal, and would criticize the alleged dishonesty in pursuing that policy, but would refrain from tarring it with the Watergate brush. There is good reason to distinguish between situations contrary to (everybody's) law, those contrary to (somebody else's) notion of good judgment, and those contrary to (somebody else's) sense of personal integrity and social conscience. We do not gain in understanding our complex and disturbing industrial problems if we lump these all together

HERBERT S. DENNENBERG, Counsel, Pennsylvania Public Utility Commission:

The vinyl-chloride cover-up is just one more example of the kind of secrecy and lack of accountability that pervades business, government and our other institutions. Watergate is only the most horrendous and glaring example of this pervasive syndrome.

No one should be shocked by the fact that a corporation covered up the link between cancer and vinyl-chloride gas. After all, we have a long history of corporate and government cover-up of hazards to human life. Look at the history of the auto manufacturers and auto safety or look at the performance of some of our regulatory agen-

cies in regard to their safety responsibilities

The cure to the syndrome of secrecy and non-accountability must be sought in many ways. Included in the long catalogue of cures would be passage of the Consumer Protection Agency Bill, strengthening freedom of information legislation at both the state and federal level, and the further opening up of government and corporate records and activities.

H. L. MISCH, Vice-President, The Ford Motor Company:

Since we are not familiar with the B.F. Goodrich situation to which you referred in your letter of July 1, we have no basis upon which to comment on that company's handling of its problems nor would we consider it appropriate to do so.

We have spelled out our own position in the attached letter to the Assistant Secretary of Labor for Occupational Safety and Health. You will note that we have indicated that we feel there can be no compromise in assuring a final standard that provides adequate protection for human beings.

At the same time we are also concerned that a "no detectable level" standard could not be met by the polyvinyl chloride supply industry, and that a shutdown of that industry could have serious economic effects. We urge a standard based on breathing zone exposure, which still would provide health protection to employees in the PVC industry.

[Attached was a four-page letter to the Labor Department.]

PRIORITIES ARE PRIORITIES

"Americans are applying some three million tons of nutrients to lawns, gardens, cemeteries and golf courses—more than used by all the farmers in India, and half again as much as the current shortage in developing countries"

James P. Grant,
The New York Times,
August 28, 1974