First look at Phase II

As management people began sizing up the anti-inflation program's second phase outlined by President Nixon late last week in an address to the nation, the prospective impact on chemical process companies seemed to hinge largely on three main points:

■ By Nov. 13, when the 90-day wage-price freeze ends, a seven member commission is to write a set of guidelines for decisions on pricing. In general, an increase in prices is to be justified only in proportion to a rise in operating costs. A big question here: What will be the base period for measuring the increase in operating costs?

■ Also before the end of the Nixon program's first phase, a board whose 15 members will come from business, organized labor and the public, will draw up a set of standards for wage and salary matters, and the two main criteria for pay hikes will be productivity gains and inequities. Vital questions: How will "productivity gain" and "inequity" be defined? How will these factors be measured?

■ Overseeing the whole Phase II operation will be the Cost of Living Council (CLC), which will make the final decisions.

Policing Profits, Dividends: Significantly, corporate profits were not covered in the President's speech. The Administration feels that proper regulation of wages and prices will automatically keep profits in line. And officials say they'll use "jawboning" against any windfall profits, suggesting that companies with lush profits should consider cutting their prices.

Likewise, interest rates and dividends will not be subject to direct controls, but here again the jawbone will be ready. A seven-member committee to be headed by Federal Reserve Chairman Arthur Burns will watch dividends and interest rates. Its goals: to keep residential mortgage and consumer interest rates at current levels or lower, and to hold the average annual increase in dividends to not more than 3%. But to set up this new committee, Nixon will need additional authority from Congress.

Judging from preliminary indications, Phase II looks "encouraging," according to one chemical industry specialist.

"The policies anticipated appear to be basically realistic in that they would permit wage and price flexibility, which is absolutely essential to the functioning of a dynamic economy," said Du Pont economist Charles Reeder in commenting on an advance report of Phase II highlights. "The precise limits on wage and price increases are not yet determined, but it is encouraging to note that they will be governed by productivity improvement, cost increases and inequities. These are economic facts of life that must be dealt with."

At weekend the outlook was that the postfreeze controls are likely to be in effect for many months—probably through all of '72.

PCB under scrutiny

The Food and Drug Administration and other governmental agencies are busy studying the toxic properties of polychlorinated biphenyls (PCB) in the wake of continuing reports from around the country that fish, fowl and other foods have been contaminated by PCB.

Latest incident: two New York City councilmen have called for an investigation of possible PCB contamination of ground fish sold in the New York area as chicken feed. The fish were taken from a Lake Michigan area where PCB contamination has been found. PCB also has been detected in eggs, chickens, packaged food products and in a batch of 50,000 turkeys on a Minnesota farm.

Many Unknowns: Among the problems facing FDA and other control agencies is that little is known about PCB's effects on human physiology, about how much of the material is in the environment, and about its sources. FDA is coordinating the work of an interagency study group recently set up to help determine what measures should be taken to control use of PCB.

FDA Chairman Charles Edwards says consumers and their advocates may be overly concerned about the potential dangers of PCB. He does urge strict control of PCB, but he does not believe that a total ban is called for at the present time.



PCB CONCENTRATIONS in fowl feeds caused recall of 50,000 'tainted' turkeys.

FDA has established suggested safety margins for PCB: 5 parts per million in fish and poultry, 0.5 ppm. for eggs, 0.2 ppm. in milk. These are expected to be revised—but it may take several months before the government will be able to put into effect any definitive policies for the chemical.

Monsanto is the only U.S. producer of PCB. Until last year it had marketed the highly persistent chemical under the tradename Aroclor for use in paints, plasticizers, flame retardants and insulating fluids.

When it discovered that high concentrations of PCB could pose a health hazard, it stopped selling to such markets. Now PCB is sold only for use in sealed heat-transfer systems.

Deadline easing sought

Getty Oil and Stauffer Chemical are asking Delaware for more time to comply with the state's Sept. 1, '73 deadline to meet air pollution regulations for sulfur dioxide emissions from their sulfur recovery plants. The two companies, in requesting the first variances in the state's pollution control schedule, say deadlines cannot be met with the technology now available.

In a recent public hearing, Clifford Phillips, Getty's director of air conservation projects at the Delaware City refinery, estimated that it would be 15-18 months before a suitable process was commercially proved and another 15-18 months before it could be installed.

Challenged by state environmental officials to tell why the company rejected 10 antipollution devices, Phillips said he will do so at a continuation of the hearing Oct. 19.

Phillips also contended that cost estimates for the more promising technologies to cut sulfur dioxide emissions "exceed the original cost of the sulfur recovery plant."

Stauffer Chemical, which, like Getty, reclaims sulfur from hydrogen sulfide, has a hearing on its request for a variance this week. Allied Chemical may request a variance in the future.

The Delaware deadline schedule, recently approved by the federal government, requires that the sulfur dioxide in tail gases from sulfur recovery plants not exceed 2,000 ppm. by volume after Jan. 1, '73. Delaware companies had to submit by July 1 plans explaining how they would meet this deadline.

MONS 032499