



CHEMICAL MANUFACTURERS ASSOCIATION

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Remarks by
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Chairman of the Board
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At the Annual Meeting
Chemical Manufacturers Association
The Greenbrier
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This is my final opportunity to address you as chairman of the association, and I'd like to focus my remarks on two matters of importance. One is the state of CMA, which I can sum up happily and briefly; the other is the state of the chemical industry -- not in terms of finances or production but in terms of public perception. This, as you can all appreciate, is somewhat more involved.

First, CMA. In the five years since I joined the CMA board, I have seen this organization grow into one of the finest industry groups in the nation. Bob Roland has just described the effectiveness of CMA in dealing with public issues, and this is due in part to the cooperation between the association and its member companies.

Our political awareness and our ability to effectively participate in the political process have greatly increased. Our handling of the technical, legal, and public affairs aspects of political issues is much more sophisticated. Communications have been stepped up and targeted, and greater effort is being concentrated on grass roots activities and coalition building.

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All in all, CMA is stronger than it has ever been: We have adjusted to the public policy climate, and we have programs under way that we can expect to pay dividends in the future. Nevertheless the challenges before us loom very large. Among those challenges is the main issue I want to discuss with you today: the perception of the chemical industry in the eyes of the American people.

To put it bluntly, the public's perception of what we do is fraught with misunderstanding. In recent years we have witnessed one sensational media story after another in which our products have been depicted as direct threats to the safety of people and the environment: PCB's, saccharine, fluorocarbons, formaldehyde -- the list goes on. The problems of hazardous wastes and abandoned dumps have almost become syndicated features in many newspapers.

There is a tendency to consider the public's negative attitude toward the chemical industry as part of the anti-business sentiment every industry faces in this country. That may explain some of our problems; but it doesn't explain all of them, and certainly not the most crucial ones.

I submit that the fundamental cause of the chemical industry's public perception problem is basic fear of

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chemicals. I do not use the word fear in a figurative sense, as in worry or concern. I mean genuine phobia and anxiety. Last month in a discussion of the problems at EPA, Elizabeth Drew wrote in The New Yorker that "unlike earlier generations, we do not fear such things as typhoid fever or diphtheria; our fears have to do with the effects of chemicals."

This fear of chemicals is the issue facing the chemical industry in its relationship to the government and the public, which means that it is the issue facing CMA. In a sense, we have a one-item agenda: All the major issues facing us flow from the fear of chemicals, their presumed toxicity, and their potential impact on human health. Unless we can get the issue of chemical toxicity into proper perspective in the public's mind, we will never make genuine progress in the public policy arena, and our industry will never reach its full potential.

Everywhere we turn, the issue of chemical toxicity confronts us. Toxic pollutants are an issue in connection with the Clean Water Act and the Clean Air Act. Toxic chemical waste disposal involves both scrutiny of present practices and the cleanup of old dump sites. Compensation for individuals who might be injured by exposure to chemical waste is a growing issue and a potential Pandora's box. And older issues like the toxicity of food additives and agrichemicals are still with us. All contribute their share to the public phobia.

The intensity of public concern over these issues may surprise those of us who have spent our careers in the management of risk. And the public's ignorance of the constructive work we have done to minimize risks is a constant source of frustration. We have long been aware of the toxicity problems associated with our industry, and we have taken appropriate steps to deal with them. To us toxicity is one of many concerns that we have tackled -- with considerable success -- over the years.

To the public, however, it is the only concern. If you asked the man on the street whether chemical toxins are a bigger problem today than they were in the forties and early fifties, he would probably say that they are -- contrary to fact and all documentation. We are faced with a situation in which the media and public have focused on the toxicity issue to the exclusion of all other issues surrounding the chemical industry. These circumstances are not likely to change in the foreseeable future.

Is the chemical industry poisoning America? No, and it's unqualified nonsense even to suggest that it is. But the American public does not share this belief. The average person does share the common anxiety over chemicals which is grounded in the irresponsible statements of some scientists and politicians and sustained by the mass-media.

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In the face of this, some in our industry have responded by saying, "So what?". And we might ask ourselves whether it really matters if the public feels this way. I would answer that it probably doesn't hurt anything but our self-esteem if we are merely disliked; people who dislike you tend to avoid you and go their separate ways. But it does matter if people are afraid of you: People who fear you write their congressman; they take part in demonstrations, and they vote against your interests on election day. A false perception of the chemical industry does matter, and we owe it to ourselves, as well as to the public's peace of mind, to set about correcting it.

How can we correct this false perception? Let's begin by recognizing that we'll never do it with words alone. Public relations and advertising campaigns have their place, but what the public really wants is concrete action.

What should we do? To start, we can clean up the dumps. I know that this is easier said than done. But let's state the issue up front. It doesn't matter whether or not your company or mine has anything to do with a specific site. We are all being tarred with the same brush. It also doesn't matter whether or not a given site poses a genuine health hazard; the public perceives the potential for one.

Abandoned dump sites are the single, most obvious symbol of everything the public believes to be wrong with the chemical industry. Whatever their impact on the environment, rusted drums are poisoning the climate for the chemical industry in Washington and across the nation. As long as we let the problem persist, we don't stand a chance at winning the confidence of the people.

We can't afford to sit around and wait for the Federal and state governments to act. At a recent CMA Chemical Forum, Senator Howard Baker said that the chemical industry is getting a terrible rap. But he reminded us that it's not enough to do what the law says -- we must anticipate problems and become leaders in the effort to solve them.

We have to take the initiative. And when I say we, I don't mean only CMA. Individual companies must get involved -- literally -- in the cleanup. Several companies have been studying possible ways to offer our expertise to the government -- a way to mount a proactive program aimed at speeding up the cleanup of selected Superfund sites. The CMA leadership has addressed this approach, and we have made new recommendations to the Executive Committee and the Board this week. We are looking into alternatives that would be acceptable to the public, the Congress, and the EPA.

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Such a program might include selecting a site; forming a consortium of responsible, interested parties; evaluating the site and developing a cleanup plan; obtaining EPA assurance that it qualifies for Superfund money; and then cleaning up. Meanwhile, if the government comes to us and asks for help, we must be prepared to offer our expertise and our people.

What the public needs to understand -- and what we have to continue to remind ourselves -- is that the chemical industry represents the major resource of technical capability that the country has for dealing with this problem. The government doesn't have enough experts; one way or another we must help. I'm convinced that the best way to get the job done is for us, wherever feasible, to organize the cleanup ourselves and execute it ourselves under the auspices of the EPA and with proper protection for liabilities.

The bottom line is that doing something about abandoned dump sites doesn't mean talking about the problem; it doesn't mean holding press conferences; it doesn't mean conducting studies. What it means is rolling up our sleeves, assigning project managers and going to work.

CMA has made the correcting of unsafe conditions at hazardous material dump sites one of its top objectives. We will seek ways to use our chemical industry expertise to clean

up abandoned sites. We plan to assign an experienced project manager from a member company to work full time on this objective.

I must caution you on one thing, however. I know that your lawyers will be able to cite many good reasons for not doing any of this. But if we're ever going to succeed, we must be willing to accept at least some legal risks. We can't be perceived as hiding behind our lawyers. We should take care to minimize risks as much as possible, but we can't let this concern prevent us from completing the task at hand.

Concurrent with getting the dump site problem under control we must address the misconceptions of the public about chemicals and the chemical industry. Here the most important thing we can do is to promote some means for providing accurate, reliable information about the myths and realities of the health effects of chemicals.

The root of public misunderstanding about chemicals is not only the media, but the sources from which the media obtain their information. As it stands, there is no universally acknowledged authority on health effects of chemicals. Moreover, much of the information that the media obtains comes from highly technical sources. Such information is only of use when it is interpreted objectively by fully qualified health scientists.

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What we see in the media is invariably an oversimplification -- exaggerated for effect. Those who possess some familiarity with toxicology know that the results of toxicological tests and their implications for humans are seldom clear cut. Even the best experts can disagree on the meaning of a set of test results.

But more to the point, do toxicology studies provide the right kind of information for the layman? I doubt it. Ask your next-door neighbor what parts per million in air signifies or ask him to explain the difference between a teratogen and a mutagen. I think you'll find that, in general, the public has no frame of reference for this kind of information. But when people are told that something they don't understand may be a matter of life and death their response is genuine anxiety, fear and alarm.

What the public needs is plain English information pertinent to their basic question: Are chemicals going to hurt me? We are not dealing with a scientific concern so much as we are dealing with a public health concern.

A case in point: A few weeks ago I spoke to several reporters in the St. Louis area. Each had a question about dioxin, which they all knew was extremely toxic. But not one of them had any idea that if you were exposed to dangerous

amounts of the chemical you would develop certain symptoms, in particular chloracne. They were surprised when I explained that people who had not developed these symptoms probably had not had a serious exposure. From what they told me, at no point during the uproar in Missouri had anyone made clear to the people so basic a medical fact.

Promoting a better understanding of chemicals and public health is another top priority objective of CMA. We are seeking to involve objective scientists with impeccable credentials from outside the industry whenever possible, and we are making public understanding of the health effects of chemicals part of the focus of our ongoing communications program.

But what we really need is a new way to deal with public health issues involving toxic substances. There are now a number of government agencies involved in various aspects of the problem -- environmental or occupational health, for example. Present procedures place the health experts in a secondary role at best. Instead, when it is discovered or suspected that a toxic substance may cause a health problem, the health issues should be dealt with first by experts in human health matters. Such people are the only ones qualified to assess risk to human health and to inform the public about the risks. Frequently, conclusions as to health risks which

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should be based on medical knowledge are reached by officials with no proper qualifications. Such conclusions are much too important to be placed in the hands of political appointees or untrained laymen. The public deserves to hear from the people who understand all of the ramifications of human health matters.

If we had such an authority today -- which the media would call an unimpeachable source -- everyone could look to it for basic information, and we could eliminate much of the hysteria, fear, and unwarranted action that characterizes the issue of toxic substances today.

To have such an authority, several preconditions would be necessary: First, its lines of authority would have to be crystal clear. Second, its mission would have to be defined in such a manner that it could avoid turf battles with other parts of government. Third, it would have to be adequately staffed and equipped to acquire and maintain the necessary expertise. And fourth, its organization and leadership would have to be apolitical.

Within the Federal government the Center for Environmental Health of the Centers for Disease Control already performs part of the role I have outlined. Certainly, the CDC has a excellent reputation for effective application of medical science. I favor building on the excellent base of

the CDC. But more institutional creativity is needed to achieve the type of authority I am proposing.

A step towards this objective would be to set up a blue ribbon panel including primarily medical doctors and public health professionals to outline what needs to be done and how best to go about it. Such a panel could be sponsored jointly by government, public interest groups and business organizations -- among them CMA. Alternatively, it could be established by the President. The sooner we get started on something like this, the better off our nation will be.

I might also add, the better off our industry will be as well -- especially in light of increasing activity in the area of victims' or public compensation. As many of you are aware, legislation has been introduced to provide a Federal compensation mechanism outside of the state tort law system. The burden for paying for such a system would fall on industry. The potential costs we face regarding compensation for real or imagined exposure to toxic chemicals are enormous.

We are in the difficult political position of questioning to what degree a public health problem exists. Our only hope is to convince the public and the Congress through unbiased, expert information on the public health ramifications of toxic chemicals interpreted by acknowledged medical authorities.

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CMA has identified two program objectives in this area. First, to the extent that industry continues to be taxed for funds to correct unsafe conditions at dump sites and associated health problems, we are pushing for laws that tax wastes rather than feedstocks. We have always recognized that taxing wastes instead of feedstocks will act as an incentive to reduce the flow of wastes and spur industry to take more creative engineering measures to deal with wastes. The difficulty here is in coming up with a sensible way to level and administer such a tax.

Our second objective in this area regards pending and future legislation for compensating people who have suffered ill effects from exposure to chemicals. Since the nature and extent of this problem has not yet been defined, we are advocating that legislative action be deferred until the necessary studies have been completed.

Accordingly, CMA has taken two unusual steps to generate the necessary facts. First, we joined in a lawsuit by the Environmental Defense Fund against the EPA to accelerate the public health studies called for in the Superfund legislation. Many have noted it's not everyday that CMA and EDF are on the same side of a lawsuit, and I would point out that the two organizations were in the suit for entirely different reasons. EDF is convinced that such a study will

show that there is a major public health problem connected with hazardous dump sites. CMA is equally convinced that it will not. But both organizations recognize the dearth of information needed to substantiate either position. That suit has now been settled. The government has agreed to carry out the requirements of the law.

In addition, CMA has contracted with an independent university research consortium to develop a plan for marshalling scientific data and expertise in such a way that they can be brought to bear on the issue of toxic chemicals and public health. That plan is now in hand. It was reviewed with the CMA Executive Committee yesterday. It will involve expense not incorporated in the proposed budget -- but I am confident the CMA leadership will find a way to do it with available resources. We need a continuing program to develop and interpret information on the health effects of chemicals in a way that is credible to the public and to Congress. I see this current proposal as an important first step that could lead to results as favorable as those now coming from the Chemical Industry Institute of Toxicology.

That's the agenda for the chemical industry as I see it. The challenges before us are clear: The public fears us and our chemicals. We are faced with legislative and regulatory actions that are largely driven by this fear. We will fail if we cannot change this fear. Short term, the most important thing we can do is help in every way possible to clean up existing dump sites that are perceived as health threats. Beyond that we must dispose of our wastes in ways that are not threats to public health. And longer range we must develop and disseminate factual information about the health effects of chemicals in ways that are convincing to the public. Only in this way will we get relief from unnecessary and costly regulation and regain the confidence of the public. If we drag our heels in these areas, we can expect a further deterioration in our industry's public image, onerous taxes, decades of costly lawsuits, and weakening influence in Washington and the state capitals.

We must act, and we must act now -- together as an industry and independently as separate companies. I know from my tenure as chairman of this association that the chemical industry has the resources and the competence to succeed on each of the problems confronting it. You can count on my continued efforts. I hope that CMA can count on yours.

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