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FTC out of line?

No sooner had the Federal Trade Commission's line-of-business survey gotten off the ground last week than it was met with angry reactions from eight companies, including several CPI firms (*CW, July 31, p. 12*). The companies filed a class-action petition urging FTC to discontinue its survey on grounds that its request to break down sales, advertising costs and research and development expenses into 219 product groupings exceeds the agency's powers.

The firms also requested FTC to extend the deadline for other firms to file similar challenges beyond the stated 10-day limit.

At week's end, an FTC spokesman said he knew of no other firms that had joined the protest.

CPI companies among the petitioners are Du Pont, Union Carbide, B.F. Goodrich, International Paper, Alcoa and Owens-Illinois.

The companies said they would begin filling out the forms, but urged FTC to grant them four months to complete the task, during which time they could decide whether the questions appeared reasonable. If the petition is not withdrawn, the issue of just how far FTC's authority extends will have to be decided in the court.

Most of the complaining firms agree with the sentiments of an International Paper spokesman, who contends: "Our company feels this [the FTC survey] would divulge competitive information."

EPA air rules attacked

The Environmental Protection Agency proposed regulations last week that would allow states to decide whether air quality may be sacrificed for industrial and economic growth. The Sierra Club, which won Supreme Court backing for its contention that EPA should prevent "significant deterioration" of air quality, immediately declared it would challenge EPA in court.

EPA's proposed regulations, in effect, would permit greater air pollution, up to the levels of national standards, in any area designated by a state—which, in theory, could be applied to the entire state.

The regulations, expected to be published in final form in about 90 days, would allow a state to designate area levels in one of three classifications:

Class 1—no significant increase in air pollution allowed.

Class 2—moderate degradation of existing air quality will be permitted.

Class 3—pollution levels allowed to reach national standards.

When the regulations go into force, all affected areas will be put into Class 2 until the state acts to reclassify the area for cleaner or dirtier air. EPA Deputy Administrator John R. Quarles says that a Class 2 designation would allow construction of at least one 1,000-mw. power plant or a typical coal gasification plant. But he adds that an industrial or energy complex would have to be in a Class 3 area.

Environmentalists argue that EPA, under its Clean Air Act responsibilities to "preserve and enhance" air quality, must take direct federal action to prevent significant deterioration and not leave the decision up to the states.

Whatever happens in court, Congress is likely to take up this issue next year, possibly along with other amendments to the law, to clarify what the intent of the Clean Air Act is as now worded.

IP tries, tries again

Dow Chemical still appears to have the inside track to an acquisition of General Crude Oil (Houston, Tex.) despite a surprise counterbid for the company from International Paper (*CW, Aug. 21, p. 13*).

Glenmede Trust, trustee for Pew Memorial Trust (holder of approximately 63% of General Crude's common stock), approved the Dow offer. Under terms of the plan, Dow common, at $45/share, would be traded for each of the 8.8 million outstanding shares of General Crude; and Dow common, at $180.5625, would be exchanged for each of the 220,000 shares of General Crude preferred.

IP's bidding last week was a sweetened version of a cash offer it made to General Crude in June. That offer—$45/share for General Crude common and $180/share for preferred—was accepted by Glenmede but was treated cooly by the General Crude board. In July, IP said that it had withdrawn the offer.

Last week, however, IP re-entered the picture, first offering $47.50/share for General Crude common and $200.60/share for preferred, then upping the common stock bid two days later to $50/share.

Despite IP's willingness to increase its original offer, General Crude and Glenmede Trust gave no indication of favoring it over the Dow bid. One reason may be that Dow's stock swap would not be taxable; IP's cash offer would.

Tough week for vinyl

Suspected hazardous effects of vinyl chloride continued to be a prime topic of concern on several fronts last week.

The Senate Commerce Committee Subcommittee on the Environment expects to use new data on vinyl chloride toxicity, reported at its hearings last week, to press for quick agreement with the House on a toxic substances act. For months, two versions of such legislation have been lodged in a House-Senate conference dispute over premarket screening of chemicals.

Senator John V. Tunney (D., Calif.), who seeks a tough bill, is expected to lean heavily on last week's testimony by Irving J. Selikoff of the Mount Sinai School of Medicine (New York). Selikoff maintained that vinyl chloride "may also be mutagenic—that is, may affect the strands of material that carry the continuity of the human race from generation to generation." He declared that an examination of chromosomes in a group of 11 workers exposed to vinyl chloride showed chromosome changes to "be present considerably more frequently than expected."

In addition, Selikoff detailed the findings of an Ohio State Dept. of Health study, which he said indicated increased birth malformation rates in three Ohio counties where vinyl chloride plants are located.

Much of the other testimony at the subcommittee hearings focused on the suspected link between exposure to vinyl chloride and angiosarcoma, a rare liver cancer.

Joseph Wagoner, director of field studies for the National Institute for Occupational Safety and Health, noted that the number of deaths attributed to liver cancer, out of a sampling of medical records of 109 vinyl chloride workers who died in the 1950-1973 period, was "12 times the number expected."

Theodore R. Torkelson, a Dow Chemical toxicologist, explained to the subcommittee some of the vinyl chloride research the Manufacturing Chemists Assn. is conducting. He said that two types of vinyl chloride studies are being contemplated, in addition to those already under way.

The first would try to ascertain dose-response relationships for vinyl chloride. The second would investigate the potential for long-term, delayed responses to single, massive exposure to the chemical.

"The known potential of harm from vinyl chloride justifies stringent precautions

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DOW'S TORKELSON outlined MCA study on possible vinyl chloride exposure hazards.

in its handling, and installation of the feasible control measures and equipment will challenge engineering technology for several years," Torkelson declared.

Agencies Active: While the subcommittee took its broad view of the vinyl chloride controversy, governmental regulatory agencies continued to focus on potential hazardous exposure in areas under their specific jurisdictions.

The Consumer Product Safety Commission ordered a ban on household sprays containing vinyl chloride as a propellant. The ban is scheduled to go into effect in two months, but challenges may delay implementation. CPSC recommended that manufacturers of such sprays offer full refunds to purchasers to get the products out of American homes.

In response to the agency's action, the National Paints & Coatings Assn. pointed out that manufacturers are under no legal obligation to offer refunds until the effective date of the ban.

The Food and Drug Administration also took a look at vinyl chloride last week in preparation for a regulation it is expected to propose in a few weeks. The agency is concerned about possible vinyl chloride contamination in foods, drugs and cosmetics.

In a related development last week, 284 Ohio meat wrappers brought a class-action suit against Goodyear Tire & Rubber and Borden, producers of polyvinyl chloride plastic film. The suit, filed in Cuyahoga County Court, asks for $284 million in damages from the companies, charging physical injury to the packers from vinyl chloride allegedly released during the meat-wrapping process.

Waste not, want not

Energy conservation is shaping up as the key to government efforts to achieve energy independence. After the second of 10 scheduled nationwide hearings on Project Independence, Federal Energy Administrator John Sawhill asserted in New York last week that conservation is the most effective way of reducing the investments that oil and gas companies and utilities will have to make.

Emilio G. Collado, executive vice-president of Exxon Corp., stated: "Efforts to reduce wasteful use and improve the efficiency of energy utilization will be the main source of progress in the near term."

Sawhill said that continuing shortages of equipment and manpower are a bigger problem than capital availability. "The money will be there if the government permits industry to earn an adequate rate of return," Sawhill commented.

Atlantic Richfield President T.F. Bradshaw testified that petroleum capital needs can be met if 1974 earnings rates continue their present pace and hold at 14-15%/year for three or four years.

Split on Subsidies: Sawhill and oil executives disagreed over whether the government should subsidize expensive new fuel industries, such as shale oil, to protect them against the possibility of oil price-cutting by the Arabs. Sawhill said Persian Gulf oil will level off at $7-9/bbl. in a few years and that government incentives are not needed.

Union Carbide's Richard C. Perry, chairman of the Petrochemical Energy Group, asserted that if the drive for energy independence cuts off foreign producers from the U.S. market, world hydrocarbon prices could drop, putting U.S. chemical makers at a disadvantage with foreign competitors on raw-materials costs—as happened in the late 1960s. He said Project Independence must include policies similar to those that led to changes in the Mandatory Oil Import Regulations in 1972.

Teaming up with Iran

Union Carbide and National Petrochemical Co. of Iran reported last week the signing of letters of understanding to study the feasibility of several joint ventures. One option under consideration would be a $700-million joint investment in a petrochemical complex to be built in Iran. The petrochemicals to be produced were not specified.

Another option would be "20% participation" by NPC in Union Carbide Caribe, Carbide's Puerto Rico subsidiar Carbide Caribe operates a petrochemica complex near Ponce, Puerto Rico, in which it has invested more than $300 million.

Also under discussion is the purchase by Carbide of 45,000-50,000 bbls./day of petrochemical feedstocks, principally naphtha, from Iran. This would give Carbide a secure source of feedstocks, according to a Carbide spokesman in Puerto Rico. He adds that Carbide now buys feedstocks in world markets and consumes 45,000-50,000 bbls./day.

Chemical output up

The industrial production index for chemicals and allied products rose slightly in July, to a seasonally adjusted 156 (1967 = 100) from 155.9 a month earlier, compared with 152 in July 1973, the Federal Reserve Board reported last week. Total U.S. industrial output likewise registered only a small change, edging to a seasonally adjusted 125.7 from 125.6 in June, but slipping 0.8% below July 1973's 126.7.

Basic chemicals output increased June (July figures not available), to 143. from 142.7 in May and 134.9 in June 1973. Synthetic materials declined to 215.6 from 224.1 in May, but remained above the 210.1 during the same period last year. Chemical products—including paints, drugs, soaps, and agricultural chemicals—eased to 142.2 from 144.3 in May, but still outpaced June 1973's 139.9.

Courting Foote Mineral

Foote Mineral management is not taking a position on whether shareholders should sell their stock to Newmont Mining Corp., but Foote does not view the tender offer made by Newmont last week as antagonistic.

Newmont has offered to buy Foote common stock for $18.50/share and Foote convertible preferred stock for $28.50/share. Since 1967, Newmont has owned 33% of Foote's 1.98 million outstanding common shares and has had three members on its 12-man board. If all shares are tendered, total value of the offer will be about $37.5 million.

Last year Foote turned its busine around from a $6.5-million loss (on sales of $94 million) in 1972 to net earnings of $2.8 million (on sales of $117 million). Earnings in first-half 1974 were $4.9 million on sales of $53.1 million.

With demand for its ferroalloy and