UNION CARBIDE AND ENVIRONMENTAL AFFAIRS
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Delivered by E. W. Axthelm

I don't know what's considered early but our formal Corporate program began in 1966 - before words like ecology and biosphere became popular -- we established a "Coordinator of Environmental Health". The man placed in this position took on a burden few of us realized in those days. One massive job was to compile and be aware of all pollution control projects and problems at each operating location. He had to communicate with government regulatory agencies -- both federal and local. He had to advise the corporation on the steps to take in order to be in compliance with regulations. And in his spare time, he was the corporation's spokesman on all things environmental.

That job, as I said, came into being in 1966. But Union Carbide's activities in environmental control go back farther than that. In 1956, the pollution control program of our chemicals and plastics operation was initiated. This does not mean we had no pollution control effort prior to this time but it was at this point that full time recognition and effort was established. The very capable individual who administered and led that job came to be known as a pioneer in the management of environmental protection. (O. C. Thompson) He was instrumental in the success of ORSANCO, one of the most effective and earliest of the regional approaches to environmental affairs...his job meant working with groups outside the corporation as well as his own programs within our chemicals and plastics group. This group is still in effect, only larger, and, as you would guess, almost every division now has a similar department.

To get back to the corporate view...it became very evident in recent years that it would take more than one man to handle and coordinate pollution control activities. Now called the corporate Environmental Affairs group, overall responsibility rests with our Vice President for Technology. Added to this unit, of course, is the input of the Public Relations Department, which has assigned one man, Ken Hacker, to concentrate on the pollution control area.

The basic guidelines for Union Carbide's corporate-wide approach to pollution control are found in what we call the "Corporate Policy and Practice Statement on Environmental Health". This policy statement clearly defines the route to be taken - the fundamental principle, if you will --- "to conduct all of our operations with responsive regard for the environment in which our products are manufactured, distributed and used...and for the health, safety and well-being of our employees, customers and the general public."

A partial list of the articles included within the Policy Statement goes like this: -- taking an active part in the development of equitable and realistic environmental control regulations...advancing the knowledge and competence required to maintain and improve the environment... achieving and maintaining a level of pollution control that, as a minimum, meets regulations, while seeking the HIGHEST practical goal at each Union Carbide operating location.

The responsibility for integrating this corporate policy into normal operations rests squarely with each facility...which has been directed to develop specific programs for the control of actual or potential environmental health problems.

I know we all understand that organization and guidelines are only a part of the battle -- IMPLEMENTATION is what sells the product...

or, in this case, produces the desired results. Speaking for myself, I will gladly welcome the day when the consumer news media begin telling the facts of what's being done, rather than dwelling only on the problems we create.

But now...what of the results? How has Union Carbide used this amassed knowledge -- particularly in public relations? To call on corporate history again, only a few years ago...the philosophy of our top executives HAD been that we will "clean our own house" in compliance with all governmental regulations and social responsibilities... but the less said publicly about our efforts, the better.

The April 22nd Teach-In changed that philosophy. Through the efforts of the Public Relations Department early in 1970, our corporate executives agreed that fullscale participation in Earth Day activities would be acceptable. And probably for the first time...at some 50 to 60 different locations around the nation...Union Carbide spokesmen were freely talking about our pollution control problems, successes and programs. Perhaps our feeling as to the success of this program is mostly the result of two things. First - our representatives were instructed to be candid and Second - with two exceptions - we confine our participation to local issues involving the communities in which we had facilities.

At a New York Security Analysts meeting last Spring, our Chairman of the Board, our President, and our Chief Financial Officer commented, at length, on Union Carbide's activities in environmental protection.

During our Annual Meeting, which coincidentally fell on April 22nd, our President freely discussed pollution control problems and we presented a slide program to exhibit the magnitude of our efforts. We have, subsequently, using the slide program as a base, developed a

film entitled "Quality of Life" for use primarily at our plant locations for employee relations and community relations purposes.

We have taken a stand, too, against illogical proposals in this field. For example, our Director of Technology criticized the recent plan regarding thermal pollution of Lake Michigan...in which a one degree change in water temperature would be the maximum allowable. Additionally, as most of you know, we have taken a public position against certain aspects of the Muskie bill.

We have used the production of television news spots and radio interviews to publicize Union Carbide's entry into sewage treatment via our UNOX process. Similarly, we have conscientiously tried to promote other pollution control advances that have been developed for market in addition to, or instead of, internal use only.

Accepting the premise that anything we do or produce may someday be considered a pollutant, we have begun what we hope will be a thorough survey of our products and processes in an effort to determine exactly how much may be lost to the environment during a given period.

Most importantly, we think, we are responding. We are answering the public, the regulatory agencies and the government...and with very little success, Ralph Nader. To a degree, we accept this as part of their educational process...we feel we must somehow educate the general public. If we don't or won't, decisions are going to be made based only on the data presented by the detractors of business which in the extreme could even mean the end of what we today call the free enterprise system. The fault will be ours, abated, I admit, by our "friendly" press.

This afternoon you'll see a piece of our business, the chemical process part only, which I think has made major strides...yet we are

still damned by Nader, still not understood or appreciated by the public...but we are trying and I hope----in effect we must---- succeed.

ENVIRONMENT: THE WASHINGTON CLIMATE

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If we had to select a single word to describe the environmental climate in the Nation's Capital today that word would probably be "action."

Here are some recent developments which illustrate Washington's preoccupation with pollution matters.

--A U.S. Senator, noting that the automobile is responsible for up to 60% of the nation's air pollution, has proposed that the internal combustion engine be completely banned by 1975.

--A U.S. Representative has personally filed lawsuits charging four companies with violation of the 1899 Refuse Act.

--Three Congressmen have proposed water quality legislation which would require primary treatment of all sewage and industrial waste by 1972, primary and secondary treatment by 1974, and tertiary treatment by 1976.

--The State of Missouri has voluntarily shortened by seven years the target date for secondary treatment of sewage entering its interstate streams.

--Witnesses before a Congressional Committee called attention to a trend on the part of major insurance companies to cancel coverage in environmental pollution cases.

--The U.S. Patent Commission has announced priority processing approval for 138 anti-pollution patent applications. Approximately 70% will probably be granted patents.

PENDING AIR QUALITY BILLS SIGNIFICANT

Of more immediate concern, however, is the air quality legislation which is presently before the Congress, and which will become law before the end of 1970. On September 22 the Senate passed a tough and complex bill, the National Air Quality Standards Act of 1970. That measure now goes to conference where differences with the less stringent House-passed version will be resolved. The conference will be interesting, not only because of the legislative issues themselves, but also because each group of conferees has a strong mandate to preserve its own version. The House floor vote for its bill was 374-1, while the Senate vote was a unanimous 73-0.

The Senate measure, largely drafted by the Muskie Subcommittee on Air and Water Pollution, is especially significant. First, and most widely publicized, is its requirement that by 1975 automobile manufacturers must reduce exhaust emissions of production models by 90% over present models. The conferees have already agreed to include this provision in the final version, with the National Academy of Sciences assigned to report to Congress every six months on the state of the art in vehicle pollution control.

In another important provision the Senate bill firmly rules out the consideration of economic feasibility in pollution control cases involving "the health of persons." Air quality standards are envisioned which will be stringent enough to safeguard the health of all our citizens. Offenders will be given a simple choice: clean up or close up. And, to quote the Senate Committee Report,

> "The implicit consideration of economic factors in determining whether technology is 'available' should not affect the usefulness of this section."

The Senate bill would also:

--Require the Secretary of Health, Education, and Welfare to designate nationwide Air Quality Control Regions within 90 days.

--Require all major new sources of pollution to install the best pollution control equipment available.

--Permit the setting of national emission limitations for selected pollutants affecting health and welfare (such as arsenic, copper, chlorine gas), and prohibiting emission of pollutants considered extremely hazardous to health (such as asbestos, cadmium, mercury and beryllium).

--Require companies to make available to others through mandatory licensing those technological advances necessary to achieve compliance with emission standards.

--Permit citizen suits against industry or regulatory agencies to force compliance with air quality standards.

The acceptance of such sweeping proposals in the Senate by a unanimous vote is a certain indication that the national spotlight has truly been focused on pollution abatement. It also tells us that politicians are finding it increasingly difficult to mount constructive opposition to environmental legislation. A negative vote could be political suicide.

Undoubtedly Senator Muskie and his Senate colleagues will be forced to make some concessions as the conferees iron out their differences. But Muskie's personal leadership in environmental matters is an important factor, as is the likelihood that he will be a presidential candidate in 1972.

ENVIRONMENTAL REORGANIZATION: EPA AND NOAA

Since the Congress has declined to disapprove it, President Nixon's reorganization plan now goes into effect, creating two new executive

agencies to oversee most governmental activity in the environmental field.

The National Oceanic and Atmospheric Administration came into being on October 3 as a branch of the U.S. Department of Commerce. The NOAA combines activities of the Bureau of Commercial Fisheries, the Environmental Science Services Administration, and a number of other related oceanographic and marine functions within the Government.

The Environmental Protection Agency becomes official on December 2. It will consolidate under a single umbrella the activities of the Federal Water Quality Administration; the National Air Pollution Control Administration; the Bureau of Solid Waste Management; pesticides research, standards-setting and registration; ecological research; and radiation protection.

The aim of these massive changes is, of course, to improve efficiency and effectiveness. The betting in informed Washington circles, however, is that there will be few startling improvements near range. The history of departmental reorganizations (HEW, DOT, HUD) is that they require considerable time to shake themselves into working order. For the present we can expect little effect on our local plants because of administrative changes. There will be internal differences--policy as well as procedural--which will take time to iron out. Lines of communication must be re-routed, new confidences established and Congressional influence re-examined. In addition, a new agency depends heavily on the personal prestige of its administrator and this too is an unknown quantity at present.

NEW CONCEPTS TAKING ROOT

With all the activity on environmental questions in Washington it is hardly surprising that new ideas are emerging and old suggestions

are being given new applications. We should touch briefly on some of these approaches which are stirring the imaginations of our legislators and regulatory chiefs.

One such idea is that the price of a product must reflect the cost of pollution abatement durings its manufacture, and waste disposal after usage. Government spokesmen are saying, mostly in private, that business now enjoys a subsidy from the public because we are not paying our share of the costs of pollution abatement and waste disposal. But if the product must reflect the full price of abatement and disposal, will this mean higher cost per unit, lower volume and more research dollars for industry? Will the consumer find less variety, higher prices and the prohibition of some products which tend to aggravate environmental problems?

As for the products themselves, it is possible that they will have to undergo thorough environmental testing and evaluation before marketing. A House Subcommittee has conducted preliminary hearings on a proposal which would require detailed assessment of the environmental impact and implications of new products, materials, processes and ingredients before they can be made available to the public. The testing and approval authority would probably be vested in some independent Federal agency functioning in a manner similar to the Food and Drug Administration. The precedent for so-called "pre-testing" exists in drugs and pesticides, and could conceivably be applied to more basic items in the future.

As the anti-pollution fight continues we will probably witness some growth in the powers of local and regional authority and in willingness to exercise it. As an example, the Senate Public Works Committee report on the Air Quality Act speculates that a city

government could be compelled to curtail the number of automobiles permitted in the city limits under conditions of high pollution density. Stronger controls over population movement and the location of industrial facilities are being considered. Bills have already been introduced which would require five to ten years advance notice in planning construction of power generating complexes.

The citizen suit--or class action--is being advocated by some as a legal remedy for the failures of consumer products and as a tool to ensure compliance with environmental policy. The housewife sees it as a reasonable means of attacking the dishonest advertiser, the manufacturer of shoddy goods, or the polluter. On the other hand, the corporate attorney visualizes a nightmare of endless lawsuits brought by "ambulance-chasing" lawyers and their clients. In explaining why the citizen suit approach was adopted in the Senate's air quality bill, however, one Congressional staff member gave me a somewhat different rationale. He visualized it as a means of achieving pollution enforcement at the local level without spending vast sums of Federal or state moneys to set up local agencies to do the job. In fact, he said, it will even be possible for competitors in the same industry to sue each other to ensure that one doesn't enjoy a competitive advantage because of disregard for pollution abatement procedures. CMA 134304

Legislation has been introduced which would force Government contractors to comply with all Federal, state and local pollution laws. The approach is patterned after the Walsh-Healey Act, the Davis-Bacon Act and the Service Contracts Act. These laws ensure that firms having contracts with the Federal Government abide by regulations dealing with minimum wages, safety, and contract services. A contractor failing to comply with pollution requirements could be blacklisted and could lose [illegible] contracts until satisfactory compliance was achieved.

A bill to strictly regulate the dumping of materials into the oceans will be submitted to the next Congress by the Administration. proposed in a report by the Council on Environmental Quality and endorsed by the President, the plan would ban ocean dumping of specific materials, establish penalties for violations and provide enforcement by the Coast Guard. This idea will draw special attention because of the furor which arose over the army's decision last summer to dump cannisters of nerve gas in the Atlantic.

Governmental efforts are being made to secure from industry an inventory of the industrial wastes which are reaching the waterways of the nation. In mid-September the Federal Water Quality Administration announced a program of "voluntary questionnaires" asking some 250 industrial manufacturers to report on the kind and degree of waste they dump into lakes or streams, and the type of anti-pollution equipment they have. Should a mandatory registration and permit system be imposed, it would tend to put the burden of proof on industry to show that their discharges do not pollute. One factor which is preventing a more vigorous and immediate move in this direction is the absence of adequate means for measurement of the constituent elements in the discharge.

MONEY: THE HEART OF THE MATTER

Money--amount, quantity and utilization--is the key to the effectiveness of our national environmental effort. The best administrators and the most carefully drafted legislation must fail if funding is inadequate. When Congress puts together a new program it generally can be counted on to provide a fairly generous stipend to get the ball rolling. Then, because most new programs are complex and take time to organize, Congress becomes disenchanted with the lack

of immediate and visible results. Disenchantment leads to a tightening of the purse-strings, which in turn jeopardizes success.

In light of the current fiscal situation, it is highly unlikely that environmental legislation will receive the carte-blanche blessings of the appropriations committees. In fact, there are lean years ahead for administrators barring a drastic shift in the governmental balance sheet. The current Federal manpower shortages can be corrected quickly, especially in air pollution control, but this generous funding will probably not extend to the state level. Industry will heave a sigh of relief if implementation of various regulatory programs is delayed or hampered by a lack of funds. But these fiscal problems should also cause us to be concerned. Fairness costs money. We may find that an under-funded regulatory agency also means mal-administration and a lack of even-handed treatment.

HELP FOR INDUSTRY

If one looks hard enough there are signs of a growing awareness that industry did not deliberately set out to destroy the ecological balance of our planet. Thanks to the skills of groups such as this one, the public is beginning to realize that the answers will not come easily or quickly, and that industry can't bear all of the burden alone. No less an activist than the junior Senator from Maine has recently acknowledged that industry will need help.

And, there are other hopeful signs. A rapid amortization provision for newly installed pollution control devices on existing plants was included in the Tax Reform Act of 1969. While the actual benefits of this provision are probably minimal and vary widely from company to company, the fact that such a provision is on the books is an important precedent.

The Council on Environmental Quality recommends an expanded program of incentives to industry to encourage development of such innovations as pesticide and detergent substitutes, improved pollution control devices and processes, and new power sources.

A Commerce Department official has suggested that in certain cases industry be afforded relief from the economic pressures of pollution abatement through Federal subsidies and tax remedies. He suggested that if U.S. producers' costs rise because of the need to comply with pollution control standards, then border taxes could be applied to keep American goods competitive with imports.

In fact, it is likely that a wide range of favorable trade laws, tax benefits and incentives, and liberalized loan regulations will be explored by the Congress in the years ahead as a means of providing "pollution relief" to industry. Five years from now entirely different Congressional committees may be drafting the significant legislation in the environmental field. We may find our legislative skirmishes being fought in the House Ways and Means Committee, and in the Senate Committees on Finance, and Banking and Currency.

MAKING IT ALL WORK

Whatever the ultimate disposition of the ideas and approaches we have been discussing, laws don't work because of sanctions, they work because of the voluntary compliance and willing cooperation of citizens. That is why our income tax laws work effectively while those of many other nations do not. That is why prohibition was a failure.

It is here that our individual companies and our Association can provide a genuine public service. We can bring to bear the knowledge, experience and realism of one of the world's most creative industries,

and use them to improve the final product of the environmental debate. We can find opportunities to work with government at all levels. We can constructively influence public opinion so that an educated and well-informed electorate will comprehend and pursue desirable goals. We can temper the zeal of the activists and demonstrators with our awareness of what is realistic and achievable, and can clearly point out the dangers of hasty action.

And, we can learn something from the emotionalism and hollow promises which are flowing so steadily from Washington. We can avoid the easy answer. We can resist the temptation to claim or promise more than we can deliver. And we can thereby safeguard our industry's most precious environmental resource: our credibility.