

MINUTES of the eighty-sixth meeting of the Directors of the Manufacturing Chemists' Association, Inc., held at the Union Club, New York City, on February 10, 1959, at 11:00 a.m. (EST).

There were present:

Messrs.

John T. Connor	Harry B. McClure
R. L. Cunningham	R. C. McCurdy
Lee V. Dauler	Thomas S. Nichols
David H. Dawson	S. B. Penick, Jr.
J. Robert Fisher	Mark E. Putnam
D. S. Frederick	R. W. Thomas
Marlin G. Geiger	M. F. Crass, Jr.

Alternates:

A. E. Albright (for Hans Stauffer)
 Earle S. Ebers (for George R. Vila)
 Harry S. Ferguson (for Glen B. Miller)
 Henry L. Ford (for James C. White)
 R. W. Hooker (for R. L. Murray)
 Kenneth H. Klipstein (for W. G. Malcolm)
 William H. McConnell (for Raymond F. Evans)
 Edward C. Page, Jr. (for Henry Bower)
 Harold E. Thayer (for Joseph Fistere)
 George M. Walker (for Fred C. Foy)

General Counsel:

Henry H. Fowler - Fowler, Leva, Hawes &
 Symington

Present by Invitation:

L. G. Bliss - Foote Mineral Company
 C. P. Greeley (Luncheon Only) - National Distillers
 and Chemical Corporation

The meeting was called to order at 11:00 a.m. Chairman McClure welcomed the alternates and guests who were present and invited them to enter actively into the discussion.

I. MINUTES OF JANUARY 13, 1959, MEETING.

The Minutes of this meeting were duly approved as submitted to the members.

II. REPORT OF THE EXECUTIVE COMMITTEE.

Mr. Connor stated that several items had been discussed at the Executive Committee meeting held earlier that day and that they would be taken up in their respective places on the Board agenda.

III. REPORT OF THE TREASURER.

(a) Financial Report, June - January 1959. The financial report for the eight months ending January 31, 1959, was reviewed in detail.

ON MOTION duly made and seconded, it was

VOTED: That the report be accepted and placed on file.

(b) Financial Report -- 8th Semi-Annual Meeting. The Treasurer presented a final report as follows:

Income	\$ 24,433
Expenses	\$ 19,210
Balance to Treasury	\$ 5,223

(c) Petty Cash. The Treasurer was authorized to increase the petty cash account to \$500 from the present \$200 limitation.

(d) Approval of Vouchers. The Treasurer was authorized to approve vouchers in amounts up to \$2,500, during absences of the President.

(e) Authorized Signatures. The Assistant to the Secretary, Marjorie V. Campbell, was authorized to countersign checks drawn on the Association's commercial account.

IV. BOARD OF DIRECTORS.

(a) Membership Committee. Mr. Thomas stated that a short meeting of the Membership Committee would be held immediately following conclusion of the Directors luncheon.

(b) Policy Study Committee. Dr. Frederick reported that a meeting of the Policy Study Committee had been held the previous evening. With respect to over-all Association organization, the Committee intends to draft a report, with recommendations, which it will submit to the Directors for consideration at their April 1959 meeting.

With respect to the technical and functional committees, their organization and operation, Dr. Frederick presented the following recommendations for consideration:

1. That each chairman be requested to submit an annual written report to the Board and that such report be supplemented by a brief oral summarization on the part of the chairman at a regularly scheduled meeting of the Board. Such procedure will require the attendance of perhaps two or more chairmen at each meeting during the year.
2. That the Board review operations of each ad hoc committee annually in order to determine necessity for continuance.

ON MOTION duly made and seconded, it was

VOTED: That the recommendations be approved and that counsel be requested to consider the desirability of incorporating them into the By-Laws.

Dr. Frederick then stated that, following consideration, his Committee favorably recommended that, as a general rule, rotation of committee chairmanships was desirable. Further, that rotation of memberships should be considered by the staff in those cases where this would prove to be useful and practicable. The Board affirmed these recommendations with the understanding that their implementation be handled informally by the staff.

(c) Legal Advisory Committee. It was reported that the Association does not have a committee mechanism for considering and making recommendations with respect to Federal legislation, such as S. 11 -- the "good faith" pricing bill. Last year, an ad hoc group of member attorneys was of considerable service to counsel and staff in studying such legislation and in assisting in the drafting of testimony.

In order to provide for such mechanism on a permanent and functional basis,

ON MOTION duly made and seconded, it was

VOTED: That a Legal Advisory Committee composed of five or seven members shall be designated by the Chairman of the Board to advise with general counsel of the Association, upon their request, on legislative policy problems that are not the responsibility of specific standing committees.

(d) Trade Policy Advisory Committee. The Secretary reported that on the basis of developments since the last meeting it would appear that the Departments of State and Commerce were in complete accord with the Association's policy statement with respect to the sale of chemical know-how and plant facilities to the Soviets.

Meanwhile, the staff, with assistance provided by several member firms, prepared case histories showing the number of man-years of technical effort required in the development of specific products prior to commercial production. This material was incorporated in a summarization of the MCA policy statement and transmitted to the Chairmen and Members of the Senate Foreign Relations and House Foreign Affairs Committees. A press release was issued and a General Bulletin distributed in order to reaffirm our policy, following Deputy Premier Mikoyan's statement that American industry was more ready than Government to ease trade barriers. Other steps taken by the staff to implement MCA policy were:

1. The sending of communications to the State and Commerce Departments.
2. Discussion of our policy statement with other leading trade association executives.
3. Transmittal of our policy statement to the three principal chemical trade unions, with suggestions that they might wish to affirm the MCA position.
4. Transmittal of our policy statement, with supporting data, to members of the Government's Inter-Agency Advisory Committee on Export License Control.

Discussion was then had of reports that chemical firms in Great Britain and Italy had furnished chemical plants and know-how to the Soviets. It was agreed that further letters should be sent to the State and Commerce Departments calling attention to these reports and requesting an accounting of what action had been taken, if any, by the U. S. Government with respect thereto.

(e) 1959 Spring Regional Directors Meeting. The Secretary reported on tentative arrangements made with the Texas Chemical Council for a joint Directors meeting to be held at Houston on March 10. Discussion then brought out the fact that approximately one-half of those present would be unable to attend the meeting. Because of this poor projected attendance,

ON MOTION duly made and seconded, it was

VOTED: That the Houston meeting be postponed until a more suitable time and that the March 1959 meeting be held at New York City.

(f) 87th Annual Meeting. In the absence of Mr. Gillis, the Secretary reported that Mr. O. V. Tracy had accepted the assignment as principal speaker at the annual business session on the morning of June 11. With respect to the banquet speaker, Mr. Nichols reported that several names were being considered and that a definite report would probably be made at the March Directors meeting.

V. COMMITTEE APPOINTMENTS.

The following committee appointments were approved:

- (a) Committee on Tank Cars, Tank Trucks, and Portable Tanks.
Percy T. Brewbaker, Hooker Chemical Corporation, replacing
R. W. Lyke.
- (b) Food Additives Committee.
W. H. Meyer, The Procter & Gamble Company, replacing
F. J. Coughlin.
- (c) Patent Advisory Committee.
J. A. Denzler, Nopco Chemical Company.
H. H. Goodman, Metal & Thermit Corporation.
R. H. Heindell, The Dow Chemical Company.
M. W. Levy, Hoffmann-La Roche Inc.
A. E. Lyden, Pennsalt Chemicals Corporation.
T. R. O'Malley, American Viscose Corporation.
E. G. Peterson, Hercules Powder Company, Inc.
K. E. Prince, W. R. Grace & Co.
Olin E. Williams, Koppers Company, Inc.
- (d) Water Pollution Abatement Committee.
W. R. Bradley, American Cyanamid Company.

VI. STAFF REPORT AND MISCELLANEOUS ITEMS.

(a) Move to Universal Building Completed. The Secretary reported that the Association had moved its offices on January 20 to the new Universal Building, located at 1825 Connecticut Avenue, N. W., Washington 9, D. C.

(b) Public Relations and Education. It was stated that there were no significant developments to report.

(c) Legislation. Senator Kefauver has reintroduced for himself and 18 other Senators a bill which would curtail the "good faith" defense to a charge of price discrimination under the Robinson-Patman Act. The new S. 11, which is called the "Equality of Opportunity" bill by its proponents, is identical to the one introduced by Mr. Kefauver in both the 84th and 85th Congress and as reported to the Senate Judiciary Committee. It makes no distinction as to the classes of commerce or of industry. No action has been indicated on this bill, as yet.

Senator O'Mahoney has introduced a bill, S. 215, which would require that price increase notices must be filed by producers of basic commodities where 50 per cent or more of production is carried out by eight or less corporations. These notices would have to be filed 30 days in advance of the effective date of the increase with the Attorney General, the Federal Trade Commission, and both Houses of Congress.

S. 215 further provides that the FTC would hold public hearings on the proposed increases. So that no undue hardships result where price increases are clearly justified, however, FTC can waive the 30-day waiting period, with the approval of the Attorney General.

These proposals and the tax situation generally will be the subject of an early meeting of the MCA Tax Policy Committee. Also, these bills, with others of similar nature, will be referred to the Legal Advisory Committee, following its organization and appointment.

(d) Patent Committee. This Committee has been reorganized and its membership expanded. (See Item V (c) of these Minutes.) At its meeting on January 26, the Committee voted to adopt a definite stand on Patent Office fees for submittal to the Board of Directors, with recommendation that this stand be submitted to the Congress during forthcoming hearings. It was the consensus of those present that the Chairman of the Patent Committee be invited to appear before the Board at the March 10 meeting.

(e) Metals Organization and Program. Those present were handed copies of a progress report, listing metals representation on nine technical and functional committees. Also listed were organizational details with respect to five technical subcommittees and the ad hoc Government Liaison Technical Committee on Metals.

(f) Food Additives Regulations. The Secretary reported that on February 7 the Association submitted a nine-page memorandum of comments and recommendations with respect to the proposed procedural regulations on food additives under the amended Food, Drug, and Cosmetic Act. FDA has advised the Association that an additional week

will be permitted for further comments, should this be necessary. FDA plans to issue its final regulations on March 5, 1959.

Reference was made to activity at the state level in proposing and promulgating regulations governing intrastate use of food additives. Four states have been active to date, and proposals are now under study by the Food Additives Committee.

(g) Plant Safety. It was reported that member firms had established an all-time record in injury frequency for calendar 1958. The frequency rate was 2.98 injuries per million man-hours of exposure. The severity rate for 1958 -- 525 days lost per million man-hours of exposure -- is the lowest for the past five-year period.

(h) Lammot du Pont Safety Awards. The Secretary reported that E. I. du Pont de Nemours & Co., Inc., had offered to provide the Association with funds for extending the Lammot du Pont Awards Program an additional ten years. This involves the purchasing of 20 plaques and will carry the program through until 1970.

ON MOTION duly made and seconded, it was

VOTED: That the Secretary express to the du Pont Company the sincere appreciation of the Board of Directors for this fine expression of cooperation and in facilitating plant safety within the chemical industry.

(i) Walsh-Healey Public Contracts Act. It was reported that redetermination of the minimum wage for industrial chemicals under the Walsh-Healey Act is now imminent. The Labor Department's preliminary wage survey has been completed and, as matters now stand, a public hearing will be scheduled during May or June of this year. The MCA Industrial Relations Advisory Committee, with counsel, is devoting considerable time to this proceeding and will be prepared to present the Association's case at the proper time.

(j) UN Committee on Transporting Hazardous Commodities. The second meeting of the United Nations Committee on the Packaging, Storing, and Transportation of Hazardous Commodities will be held at Geneva during the period March 9 - 23. MCA is the only private organization invited by the Department of State to provide an industry adviser.

ON MOTION duly made and seconded, it was

VOTED: That Mr. Charles H. Mayhood of the Association's staff be authorized to attend this meeting.

(k) AIC Contract Proposal. It was reported that the American Institute of Chemists had requested MCA to consider and approve a standard industry-wide form of contract for technical employees. At an earlier meeting, this invitation was considered by the Industrial Relations Advisory Committee and by counsel, and it was unanimously agreed to decline the request. In the absence of comments, the Secretary will advise AIC that it is unable to comply with the request.

(1) MCA Symposia.

1. Packaging and Transportation Symposium. Those present were furnished copy of the preliminary program with respect to the MCA Packaging and Transportation Symposium to be held on April 29 - 30, 1959, at the Cleveland (Ohio) Engineering and Scientific Center.

2. Pollution Abatement Symposium. Reference was also made to the MCA industry-wide Conference on Air and Water Pollution Abatement to be held at Cincinnati on March 18 and 19.

Following luncheon, Mr. Carl P. Greeley, Vice President, National Distillers and Chemical Corporation, and Chairman, MCA Traffic Committee, presented a report on activities and projects of that Committee. A copy of Mr. Greeley's statement is appended to these Minutes.

There being no further business to come before the meeting, it was unanimously resolved to adjourn.

M. F. Crass, Jr.
Secretary

APPROVED: Harry B. McClure
Chairman

Attachment

REPORT OF THE TRAFFIC COMMITTEE
TO THE
BOARD OF DIRECTORS
MANUFACTURING CHEMISTS' ASSOCIATION, INC.

Mr. President - Members of the Board of Directors, and others

As Chairman of the Traffic Committee of your Association it gives me great pleasure to present a report of the past, present and future activities of this very important committee. The last report was made in May, 1956. I would also like to say I am highly honored to be chairman of this committee, and have the confidence of my fellow members. Without fear of contradiction I can say that your Traffic Committee is the most highly respected and competent committee on transportation in the Country.

It is quite possible some of you gentlemen have a working knowledge of traffic, on the other hand it is quite probable that most of you, like a great many others, think of traffic as a necessary evil, someone to blame if a shipment is late, or you cannot get a reservation on a train or plane.

Transportation and distribution has become increasingly important over the past five years. There are several reasons for this -- First, the present day traffic man is an experienced, highly qualified man, far more so than his predecessor of years ago - second, (and perhaps first to a great many people) the high cost of moving goods, particularly in the chemical industry, has increased tremendously. It has been estimated by qualified authority that about 25 percent of the selling price of an article is freight cost - this is a very significant figure. Third, a good traffic man must not only have a high degree of rate knowledge, but he must know Interstate Commerce Commission law, so that he knows what he can or cannot do. Furthermore, he must be production-minded in order to see that supplies are always on hand, and have the necessary equipment to move the goods after production. He must have a knowledge of accounting and purchasing, and most important he must be SALES-MINDED - for without sales, nothing else matters.

When MCA was originally founded with about 34 members, it was recognized then that transportation was very important, because your early history shows that the small executive committee of MCA handled transportation problems. As a result of the increase in your membership, and the tremendous growth and importance of the chemical industry to the nation, it was found necessary by your executive committee to delegate transportation to a special committee of traffic managers, which you have today.

Well - what about the make-up and functions of today's traffic committee. Quite frequently I hear "OH! that traffic group always goes to a resort for their meetings - I wonder how much work they do". Well, I will try to tell you a little about your Traffic Committee. There are thirty-four members on this committee. There is a Chairman, Vice Chairman, Secretary and Counsel, with 17 subcommittees, and when

necessary Task Forces to handle special assignments. We usually have from 50 to 85 people attend our meetings and participate in the many subjects we handle. The entire committee meets three times a year. A subcommittee or Task Force meets as often as necessary.

Since the last report, the Traffic Committee has handled the following subjects - they are not listed in relation to their importance:

MATERIALS HANDLING

As reported last year, the Chemical Packaging Committee, as a result of studies, developed a 20/18-gauge 55-gallon drum for chemicals. In order to get the full benefit of this new type drum the Traffic Committee was called upon to work with the carriers for the adoption of the re-use of this drum in transportation.

We are pleased to report this has been accomplished and the result in savings on the over-all program to the industry is approximately \$8,000,000.

Studies have been made, and more are in progress, on the standardization of shipping pallets. This is a continuing study by companies and product groups. The use of Sealdbins, Sealdtanks, and new methods of shipping receive our study.

TANK CARS

November 1, 1958, the tank car mileage allowance was increased from 4 cents to $4\frac{1}{2}$ cents per car per mile. We are hopeful of increasing this allowance to 5 cents per car per mile in the near future. It is interesting to note that since 1952 the mileage allowance has been increased from 2.2 cents per mile to the present rate of $4\frac{1}{2}$ cents per mile. It is estimated that there are about 45,000 tank cars in the chemical industry. With this great number of cars and mileage allowance increase, it is estimated that we added about \$6,000,000 per year to earnings.

We are now working for an additional allowance on tank car shipments for short haul, in order to further equalize our tank car cost.

Record retention and mileage equalization is receiving our serious study; this program when approved will reduce the number of details of record keeping, resulting in a saving of clerical work, time, and expense.

The principle of paying class rates on tank car shipments of returned merchandise has been changed by your committee, and in the future we will pay the outbound lower commodity rate on returned shipments.

STATE RULES AND REGULATIONS ON HANDLING DANGEROUS AND FLAMMABLE COMMODITIES IN TRANSPORTATION

Our committee has worked closely with states that proposed changes in regulations detrimental and restricting to our industry. We have prevented such changes being made, and at the same time have recommended both sane and workable rules to protect the public and our industry.

MOTOR CARRIERS

Released value and increased value rate problems have been handled with motor associations, resulting in savings to the industry in their freight bills. Detention charges on tank truck shipments are receiving our study. Blanket authority has been given to truckers to return out-bound shipping devices.

CAR SUPPLY AND INSTRUMENTALITIES

The problem of car supply and quality of equipment is being handled by our committee with representatives of the Association of American Railroads. Delays in transit, demurrage rules, detention charges on specific type of equipment are being handled with proper carrier departments.

TANK CAR RATES SAME AS LOWER PACKAGE RATES

Generally, the rates on package shipments are lower than tank car shipments of the same commodity. Your committee is endeavoring to change this rate making philosophy.

JOINT MCA-API COAST GUARD ADVISORY PANEL

We work very closely with these groups, and our Washington office maintains very good relationship with them.

WATER TRANSPORTATION

The common carriers by water requested the ICC to issue a declaratory order under Section 303(b) of the ICC Act, prohibiting the transportation of bulk commodities by water as an exempt commodity. Your committee intervened in these proceedings against the common carriers' request, and the ICC refused to issue an order. If an order had been issued supporting the common carriers, our contractual arrangements with barge lines would have been seriously affected, resulting in increased rates.

We won this case once - now it appears it may be brought to Congress as it is one of the ten recommendations of the ICC listed in their 72nd Annual Report for 1958. We intend to oppose it.

FREIGHT FORWARDERS

Your committee works with the freight forwarders and participates with the ICC on their many problems covering small shipments.

TRANSPORTATION OF HAZARDOUS CHEMICALS BY AIR

This is being studied by your committee. We have no recommendation at this time.

PLASTICS AND METALS

To serve companies in the plastics and metals industries, we have a subcommittee to handle classification and rate problems with carriers peculiar to each commodity. On other transportation problems, they are fully represented by the parent committee.

LEGISLATION

There were 29 bills introduced in Congress covering Interstate Commerce Commission recommendations. Ten of these bills became public law; some were interesting from an industrial traffic viewpoint, but none of them were such that we couldn't live with them.

The balance were largely measures directed toward the carriers involving safety regulations and rules for financing and internal accounting, etc. More important to us, the Commission sponsored legislation that failed to pass, and will undoubtedly reintroduce it in the present 86th Congress.

There were 25 other major transportation measures, not Commission sponsored, that were much more significant and are, or will be, considerably more widespread in their effect on industrial traffic management. Six of these bills became public law, but the two, plus a Senate resolution, that are extremely important to traffic men are:

- H.R. 12695 - Transport Tax Repeal
- S. 3778 &
H.R. 12832 - Smathers Transport Act of 1958
- S. Res. 303(29) - Study of Transport System

The repeal of the transport tax was important because of the psychological effect it had on shippers and carriers alike. Actually, it didn't save a great deal of money because it was deductible from the Corporate Tax Bill, and, as such, amounted to less than $1\frac{1}{2}$ percent of the freight cost. Its most salutary effect may be the discouragement of the use of private carriage and to further discourage buy and sell subterfuges.

The Smathers Transport Act was a general liberalization measure that gave the carriers more freedom in competing, and aided them generally in financing replacement of equipment, etc. This coupled with the Senate Res. 303 that was an outgrowth of House Bill S. 3778 were really the two most important transportation actions taken by the 85th Congress.

S. Res. 303 orders a complete study of all transportation in this Country. It is not a long document, but it is most comprehensive in its stated purpose, and if the Senate Committee really follows through, there will be no segment of transportation that will not be affected to some degree.

Two other bills not previously mentioned are interesting because of the entirely new concept which they espouse. S. 3916 legalizes dual contract rates via steamships, but at the same time acknowledges that a doubt exists by putting an expiration date of June 30, 1960, on the Bill. This Bill is now public law.

The other Bill, H.R. 13693, which failed to pass, is most significant because it is one of the first efforts of a state to preempt the Federal authority over interstate carriers. This is an outgrowth of the Northeastern State Governors' Committee to draft a uniform law for the transportation and storage of hazardous materials. Everything they came up with

that would be uniform in all states ran afoul of the ICC Regulations, so to circumvent this annoyance, they had Representative from Massachusetts introduce H.R. 13693 which would make the authority of the state paramount. This bill will be back again this year.

So much for current problems - what about the Future? Transportation, like everything else, is on the march; to stand still is to go backward - traffic is no exception. Here are a few of the subjects and challenges facing us for the future - which must be resolved for the best interest of the chemical industry.

1. Revision of the Transportation of Explosives Act.
2. Trailers on flat cars - "PIGGYBACK". A special committee is handling this very important question and we will be represented and have witnesses to appear before the ICC in support of this plan, and for its expansion.
3. Large Size Tank Cars. Generally speaking, tank car maximum capacity is 10,000 gallons - the carriers have proposed that on cars with capacity in excess of 10,000 gallons they will give a 30 percent reduction in the rate on the excess. Your committee is in favor of this principle. However, it feels that the reduced rates should be on a point to point basis, and not on a set discount in the rate. The complications in sales, plant facilities and transportation is recognized and will receive our careful study.
4. User charges on Government provided and maintained facilities. Certain interests are in favor of a user charge. Your committee will consider this at their next meeting.
5. Agreed charges on freight rates. This method of rate making is used in Canada and it is new in the United States. Your committee will consider this new method of rate making.
6. Small packages - Shippers Association. The trend of small less carload shippers in banding together in these nonprofit shippers associations is growing. It can be beneficial to some of our members.
7. As a result of changes made in Section 15-A (the rate making section) of the ICC Act by the passage of the Transportation Act of 1958, two important rate adjustments were made by the rail carriers. The changes were protested by competing forms of transportation to the ICC resulting in the adjustment being assigned to public hearing. The decision in these cases will have a direct bearing on future rate changes.

In reporting to you as Chairman of your Traffic Committee, I am the spokesman for each member of the committee. Without their work and unselfish help -- there would be no report.

We have been most fortunate in having such a competent counselor as Mr. K. J. McAuliffe. His familiarity with transportation law and his availability to us is very much appreciated and frequently needed.

Last, but by no means least, we recommend for outstanding ability our Secretary - Mr. Charles Mayhood. His aid and help have been invaluable. He does a tremendous amount of work for our committee - we are most fortunate in having him and appreciate his efforts.

THANK YOU.

Chairman
Carl P. Greeley

Vice Chairman
Walter N. Saaby

New York, New York
February 10, 1959

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