

MANUFACTURING CHEMISTS' ASSOCIATION, INC.

A REPORT TO THE BOARD OF DIRECTORS

BY

THE PUBLIC RELATIONS ADVISORY COMMITTEE

Feb 14, 1961
~~January 5, 1961~~

CMA 067883

SECTION I - INTRODUCTION

The research and planning which resulted in this report were prompted by the request of some members of the Board that the Public Relations Advisory Committee conduct a critical re-evaluation of MCA's public relations programs and policies.

We all recognize that American industry today is confronted by an increasing number of major problems involving public understanding. The scope and intensity of these problems have created a feeling of growing urgency in the search for possible solutions.

If solutions are not found, these problems threaten to make it more difficult for companies to operate efficiently, to maintain good labor relations, and to keep earnings at a satisfactory level.

The chemical industry, as part of the American scene, shares the burden of these general industrial problems. Moreover, it is confronted with a number of troubling public opinion situations peculiar to itself, all of which compound the threat to continued successful operations.

The Public Relations Advisory Committee, in this report, has attempted to outline some of the principal problem areas facing the chemical industry in an effort to determine how MCA might more effectively approach them.

In the past decade, PRAC's recommendations generally have created a routine pattern of broad activities aimed at main-

taining a favorable atmosphere of opinion for industry operations. Because of the limitations of a traditional budget policy we have not attempted to specifically attack particular problems.

To all this, there have been two exceptions - and in both instances the Board, as well as the membership, were responsive to the definition of a specific need. The first was MCA's education program, a rather elaborate outgrowth of previous work by PRAC. The second was the more recently approved special program on food additives.

This report requests a third such exception. It is presented to you because, as a result of the re-evaluation already mentioned, the Public Relations Advisory Committee is convinced that MCA's present program and expenditures are not adequate to do the job.

We have attempted to identify the problems which dictated such a conclusion. Also, as an important part of the task, we have framed certain recommendations designed to bring the full opinion-making strength of the Manufacturing Chemists' Association to bear in an effort first to contain these problems, and ultimately to help solve them. The suggested approach, as you will see, is specific in content and straight-forward in direction.

SECTION II - THE PROBLEMS

The major problems facing the chemical industry today, those which are affected adversely or favorably by public opinion, pose an increasing threat to the successful and profitable operation of MCA member companies.

Problems Facing the Chemical Industry:

Pollution Control	Food Additives
Hazardous Products	Government Control
Patents	Foreign Competition
Taxation	Price Controls

These problem areas are familiar to members of the industry: pollution control, the manufacture and handling of hazardous products, patents, inequitable taxation, the food additives scare, foreign competition, and price controls.

Many of these problems will become even more intense, and more costly to the chemical industry, unless the industry

makes a continuous effort to educate the American people about its activities, its goals, and its significance in their daily lives. At the same time, the industry should explain to the public the reasons why it has taken certain positions on the particular problem issues.

It is obvious that no public information effort, no matter how effective, can by itself provide solutions to all of our problems. But without public understanding, the achievement of industry goals, if possible at all, will require a much greater investment in both time and money.

Thus, during the coming months, MCA's task will be more specific. Its public information programs must of necessity be tailored to meet its problems squarely.

Taking a closer look at these problems, we can begin with the impact of pollution control upon operating costs.



During 1960, these and other large circulation publications carried strong articles favoring the demand for stricter pollution control. Here are a few of the titles: Time Magazine, "Subtle New Pollutants Endanger Health"; Good Housekeeping, "The Danger In Your Water"; Science Newsletter, "Our Polluted Inheritance".

There can be no doubt of the increasing public interest in pollution control.

New Pollution Control Projects:

	<u>Current</u>	<u>By 1980</u>
Industry	\$1,900,000,000	\$10,200,000,000
Local Communities	\$4,600,000,000	\$44,500,000,000

Both corporations and communities are facing a possible increase of authoritative power by the Public Health Service in water and air pollution control. The Wall Street Journal, in November, reported that current industrial pollution

control projects are costing industry about \$1.9 billion. The estimated expenditure by industry on future projects between now and 1980 rises to \$10.2 billion. A similar increase is projected in community spending.

Last month, Albert Forster of Hercules Powder spoke for the chemical industry at the National Conference on Water Pollution in Washington. He presented a broad, impressive approach to the pollution problem and phrased one of his proposals, which he said holds the key to success or failure, as follows:

"The problems of water management in the United States are the responsibility of every citizen. Until a majority of our citizens are convinced, first that a problem does exist, second that we have no choice but to find a solution -- and soon -- and third that they must assume their share of responsibility in the solution, we as a nation will fall short of the solution required.....In simple words, I am suggesting that a well planned information and education program must be launched and carried through to success if we are to solve our water resources problem."

Following Mr. Forster's suggestion, the chemical industry can play its part in helping to increase public understanding concerning the complex problems of pollution control. The industry, we feel, recognizes its own responsibilities in pollution control, and agrees that additional expenditures will have to be made. However, the industry must also try to protect itself against the financial burdens of meeting unrealistic demands in pollution control.

Somewhat in the same field, the chemical industry is facing special problems because of the inherently hazardous nature of many of its products.

Control of Hazardous Products

State Level — 1960

Ammonium Nitrate — 10 bills introduced

Chlorine & Others — 14 bills introduced

In 1960 there were 24 bills introduced in state legislatures restricting and controlling the handling and shipment of the products listed.

Because of a lack of understanding of some of our products by public officials and citizens generally, the chemical industry continually faces the possible imposition of unreasonable restrictions in both production and distribution. Improper handling or improper use receives wide public attention, hurts industry sales, and opens the door for "panicky" enactment of unrealistic controls. Each of

these new curbs in turn adversely affects the industry's costs of operation, and public understanding -- or lack of it -- will play a key role.

Another problem area for the chemical industry, in which public understanding also will be needed, is the subject of patents.

Chemical Week

A MCGRAW-HILL PUBLICATION PRICE FIFTY CENTS

Junk the patent system! That's the advice given this week to the Senate Judiciary Subcommittee on Patents, Trademarks and Copyrights by Seymour Melman, professor of industrial engineering at Columbia University and an industrial consultant. The report, "The Impact of the Patent System on Research," calls the patent system an "anomaly" on today's industrial scene and a danger to scientific progress.

Says Melman: "The administration of the Patent Office and adjudication of patent cases in the courts have both become so complicated as to present formidable and costly obstacles to the use of the patent system, especially by individual persons."

He complains that large firms have especially profited by the patent system, employing patents tactically as a control over the use of knowledge. He believes industrial firms will continue to operate and expand their research facilities whether a patent system exists or not.

As an example of the strong statements which threaten the security of the patent system, we refer to the testimony presented the Senate Judiciary Committee on Patents not long ago by Seymour Melman, professor of industrial engineering at Columbia University and himself an industrial consultant. He said that the present patent system is a danger to scientific progress and that it especially profits large firms. He added that industry would continue to operate and

expand research facilities whether a patent system exists or not.

This school of thought received another boost just last month when Senator Kefauver announced that he would push for legislation that would slice the nation's traditional 17-year patent protection to a single year on new drug products. His reasoning is that this would ultimately reduce consumer prices on the new drugs -- but he made no mention of what effects the cut in protection might have on the development of yet-undiscovered lifesaving products.

REVIEW and OUTLOOK

The Dangerous Vicinity

Seven years ago the Government filed Sherman antitrust suits against the American Telephone and Telegraph Company and demanded that the parent firm divest itself of much of its control over the nation's operating companies that were to be sold.

A. T. and T. must also be Government owned, says the Government, its manufacturing subsidiary, because A. T. and T. bought most of its equipment from Western Electric. Western Electric was additionally charged with having illegally bought up competitors. The Government and the Justice Department did a lot of hearing during these seven years. And while the all-

and the right of reward to royalties is recognized in the Constitution, it is recognized by none of the firms to which A. T. and T. granted licenses.

Not at all if the rate of the license is to be taken into account. One executive reported that his royalty fees amounted to only 1% per cent of his selling price. This, he said, was a small price to pay for what A. T. and T. meant in teaching us to produce the know-how to use the patents. We could never have afforded the huge developmental work they put into research.

In four years, when a decision

THE WALL STREET JOURNAL.

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and research manufacturers contribute for the masses, and it must continue its production and research to such requirements as it would be "national service" subject to public regulation. A. T. and T. must license at a reasonable rate all future patents. And it must immediately close eyes to all centers the "not manufacturing patents is now reserved.

The fact that the Government agreed to settlement on these terms suggests that its original allegations in the case have been quite difficult to prove in a Federal court. And perhaps A. T. and T. accepted the terms only in line of the long and litigious of administrative.

But the issue of the case obtained publicity in the seven years. Instead of coming out in its own right the Government obtained a great amount "harvest" in the public interest, it ended up as a Government claim of "national service" and "national interest."

And how did A. T. and T. been dealing with the patents in general? The granting of patents is a means of furthering scientific and other research. The need for some scientific rights is what a man or a woman's invention

Many of them have doubtless not reached the stage of perfection reached by the transmitter, many of them, perhaps, are really only the beginnings of some new developments in communications. And it may be that some will never be developed since A. T. and T. had no longer any control over them.

For even the Government's patent report's remedy to require the receipt of \$500 permits to everyone who wishes to know how they work. For once the Government forces a company to do so.

Largely, the issue is one of the interests of the International Business Machines Corporation, which is a similar antitrust's patent to run over for the sake of its patents and to license others.

It is their own and that does not depend on the Government's license alone. The government is, they claim, entitled to a "national service" patent. But that is a completely different matter. It is a matter of national interest, not one of national service. Such Government's patents may turn out to be far more costly for the nation than for the companies.

On the other side of the fence, the message that industry wants to give wider circulation is suggested by this state-

ment in the Wall Street Journal: "It may turn out that these government victories over patent rights, being boasted about, are dangerous. The settlements in these cases indicate a belief that everybody's patents should be everybody else's. But this is a philosophy that strikes at incentive...."

In attempting to shed a little more light on the patent situation, the Committee is suggesting that if the chemical industry feels that it is a problem, then the industry should mobilize its information forces to help gain better public understanding of the industry's need of patent protection.

Any list of industrial problems affecting operating costs must include the recurring pressures of inequitable taxation. The chemical and petroleum industries, as examples, are burdened with Louisiana's heavy severance taxes. Many MCA member companies also face the inequities in taxation favoring cooperatives.

Proposed Severance Tax:

Florida Phosphate Rock Operations

— 50 cents per ton

The tariff question is, of course, exceedingly complex. The chemical industry and its related trade associations gave voluminous testimony in Washington last year against any further reduction in tariffs. The list of products under consideration included: methyl esters, dyestuffs intermediates, ammonium bicarbonate, barium compounds, phosphate salts, and many others.

One witness, from the laminated products industry, appeared before the Tariff Commission and said bluntly: "If this industry is to continue as a freely competitive unit of our economy and continue its contributions to the national economy and security, we must be left free from these repeated, unsettling attacks on our tariff structure."

While the situation varies from product to product, in many areas low foreign production costs, especially labor, "cause or threaten serious injury" to American manufacturers in the U.S. Market.

Employee Opinion Survey

Q. What effect will foreign competition have on jobs?

Will Hurt:



Will Help:



No Effect:



A discouraging situation is that, in addition to public unawareness of these facts, they are not yet fully understood by industry's own employees. In this survey of 500 affected manufacturing employees by Fred Rudge Associates in 1960, only one in seven felt that foreign competition might hurt their job prospects. The same amount, one in seven, said that imports will actually improve their jobs. The remaining five didn't feel that foreign competition would have any effect one way or the other.

Naturally, the task of informing employees rests largely with individual companies, and many of them are working at this task.

However, if our own employees are not aware of the issues involving foreign competition, it seems reasonable to assume that the general public also is uninformed and that a well-planned communications effort would fall on fertile ground.

There remains one area of great concern to the entire chemical industry - one which cuts across all phases of our operations: excessive or unreasonable antitrust investigations and possible unfair legislation resulting therefrom.



**"There needs to be
a strengthening of
the anti-trust laws."**

Senator Kefauver is on record as saying that, "The high cost of living is due in no small part to the upward manipulation of prices by big companies in administered price industries."

Political pundits speculate, and probably with accuracy, that Kefauver will step up his anti-trust activities because of his impressive re-election victory, which he refers to as his "mandate from the people."

U.S. Probers Hint Price-Fixing By 3 Drug Firms

WASHINGTON (AP)—Senators on Wednesday hinted that they were probing the possibility of price-fixing by three major drug firms during the last 10 years. The Senate committee on Labor and Human Resources, headed by Sen. Charles McNichols, D-Ill., said it was looking into the possibility of price-fixing by three major drug firms during the last 10 years. McNichols said the committee would report on the matter in a few weeks. The firms named were Bristol-Myers, Parke-Davis and Schering. McNichols said the committee would report on the matter in a few weeks. The firms named were Bristol-Myers, Parke-Davis and Schering.

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Price Plot Hinted at Drug Probe

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Drug Price Curbs Urged by Admiral

WASHINGTON (AP)—The chief of the Navy's medical research and development command urged Congress to take action to curb drug prices. Admiral William W. M. Wood, Jr., said that the government should take action to curb drug prices. He said that the government should take action to curb drug prices.

Reopened Drug Probe Seeks Clue To High Prices for Antibiotics

WASHINGTON (AP)—Senators on Wednesday reopened a probe into the high prices of antibiotics, seeking a clue to why prices are so high. The Senate committee on Labor and Human Resources, headed by Sen. Charles McNichols, D-Ill., said it was looking into the possibility of price-fixing by three major drug firms during the last 10 years.

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'Excessive' Fee Held Charged on Antibiotic

RICHMOND, Va. (AP)—A federal grand jury on Wednesday charged a Richmond-based firm with an "excessive" fee for an antibiotic. The grand jury said that the firm had charged an excessive fee for an antibiotic.

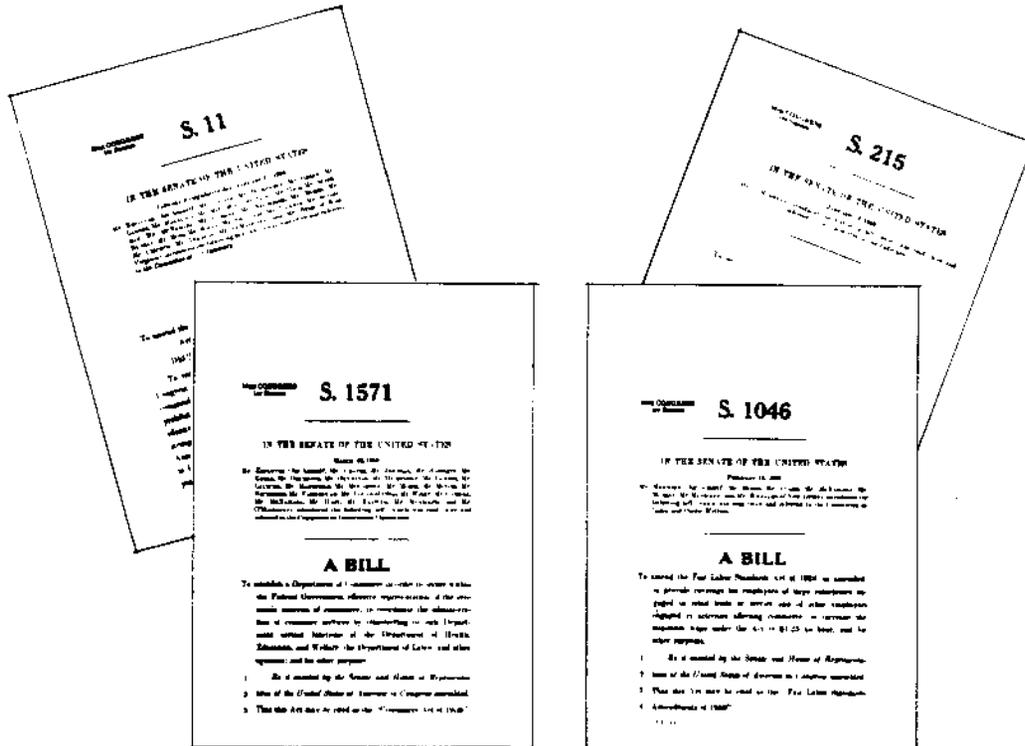
These are only a few of the headlines which resulted from Kefauver's recent drug hearings.

While it is too early to predict any similar attack on the chemical industry as a whole, the senator already is working on a review of identical bidding on government contracts and has said that the report will include chemicals.

Mr. Kefauver and his staff have demonstrated their skill in taking their case to the public - MCA as well as individual chemical companies should do no less when circumstances warrant.

We naturally do not wish to suggest to the public that the chemical industry is opposed to vigorous enforcement of the anti-trust laws. But the industry should be alert to make known its positive contributions to a competitive economy, such as, for example, its outstanding achievements in research. It should also be prepared to develop an industry position in response to particular situations where specific governmental proposals or activities in the antitrust field seem to be clearly excessive.

The antitrust policies as well as other policies of the federal government naturally will affect the industry in many respects. The next four years, with a Democratic administration, still form somewhat of a question mark.

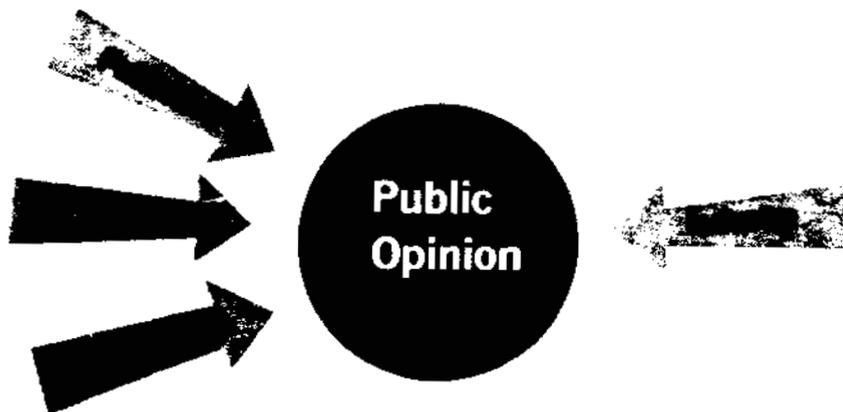


Among the proposals submitted to the last session of Congress, and likely to be reconsidered, are: pre-notification and government approval on price increases; the formation of a so-called "department of consumers"; minimum hourly wages; and the perennial S-11 and its attack on the "good faith" clause.

Even though the new President's cabinet appointments caused mixed reactions concerning the administration's political direction, the Wall Street Journal made this prediction as to what businessmen might expect:

**“Expectation is for tough regulation
of most business. More money and
manpower for policing seems likely.”**

— WALL STREET JOURNAL



In each of the problem areas discussed in this report, public opinion should be based on public understanding of all the facts, and the ability of the people to reject falsehoods and misleading arguments being presented from a variety of sources. It is obvious that the mind of the public is being reached, almost daily, by those who hold views contrary to our own. Certainly the people have a definite right to be concerned with these issues because their lives, either directly or indirectly, will be affected by the outcome.

Our responsibility is to see that the public hears our side of the story. As duPont's David Dawson pointed out at the MCA semi-annual meeting, "We have an obligation to create a clear and accurate public image of our industry, and of our individual companies as part of the industry. Hopefully, it will be a favorable image, but the foremost requirement is that it be clear and accurate."

This is not our only task, but it is clearly an essential one. The Public Relations Advisory Committee, after a careful evaluation, is convinced that MCA is not adequately staffed to accomplish the goals -- to meet these growing problems and responsibilities facing the industry.

VIEWPOINT

MCA's Boy-Size Budget

DO YOU BELIEVE IN PUBLIC RELATIONS, OR DON'T YOU? That's the basic question the Manufacturing Chemists' Assn. must answer for itself.

At its recent annual meeting MCA voted—by a show of hands, and with no discussion from the floor—an operating budget that included \$296,000 for public relations. Perhaps someone should have risen to his feet and asked, "Is it enough?" It is certainly not an impertinent question, since the association, by voting any money at all, has demonstrated its belief that public relations activities are useful.

It first demonstrated that belief 10 years ago, when it set up a formal PR program. At that time an editorial in "Chemical Industries" said: "The favorable reaction to MCA's announced intention to step up its chemical industry public relations activities is an encouraging sign. A number of industry leaders have been arguing for some time for an intensification of effort in this direction—on both an industry basis and an individual company basis . . . Where cooperative work through a trade association can be most effective is in carrying the story of the industry as a whole to the broader reaches of the public."

What has happened in the ensuing 10 years? The program has moved along unspectacularly—first under MCA's own staff, then under an outside agency, and finally under MCA again. The budget has inched up from about \$175,000 in '52, but it's still at a modest figure—as if the association regarded PR as "the thing to do" rather than as a tool to get a job done.

Why do we say the budget is modest? Simply by comparison with the money spent by other trade associations, such

The Advisory Committee also recognized a certain degree of truth in this editorial, which said, "What we suggest is that a \$26-billion industry is looked upon with unjustified disfavor by the public at large, and that this disfavor can lead to crippling counteractions. This is no time to send a boy-size (public relations) budget to do a man-size job."

The committee believes that an effective approach to the solution of its problems requires a planned information effort on three fronts in each trouble area.

Chemical Week

Robert S. Muller Publisher
Howard C. E. Johnson Editor-in-Chief
Ralph R. Schulz Managing Editor
Emil J. Mikity Assistant Managing Editor
J. Robert Warren Assistant Managing Editor
Donald P. Burke Associate Editor
Anthony J. Piombino Associate Editor

DEPARTMENTS

Administration Cooper R. McCarthy, editor
F. Bryan Williams
Business News Homer Starr, editor
Jane B. Munger
Engineering Kenneth C. Wisey, editor
Ryle Miller
Foreign Bruce Bendow, editor
Markets Philip A. Cavalier, editor
Production Herbert C. Short, editor
Research Joseph F. Kalina, editor
Philip A. Untersee
Sales Carl A. Hiestor, editor
Walter E. Andrews
Specialties Richard J. Callahan, editor
Marion L. Meade
Reports Jorma Hyypia, editor
Vincent L. Marsilia
Copy William Mullinack, editor
Henry S. Gordon
Art P ** director

Industry Message

General
Public

Local
Communities

Special Influence
Groups

The first should be aimed at greater understanding of the industry's position on the part of the public in general using mass communication media. The second is to drive home the industry message in our plant communities. This phase will depend heavily on local action by CIAC groups, or as they are now called, Chemical Industry Councils. The third is to secure the support of those special groups, or opinion leaders, whose influence will enhance the possibility of favorable solutions to each of our problems.

An illustration of this kind of approach is in the field of food additives.

MCA Food Additives Program

Food
Editors

Home Demonstration
Agents

Nutritionists

Educators

In addition to routine public information activities, the food additives program provides for contacts with particular groups through specially tailored materials. The preparation of a basic booklet on the positive contributions of chemical food additives, for example, filled a need that existed long before the current attacks.



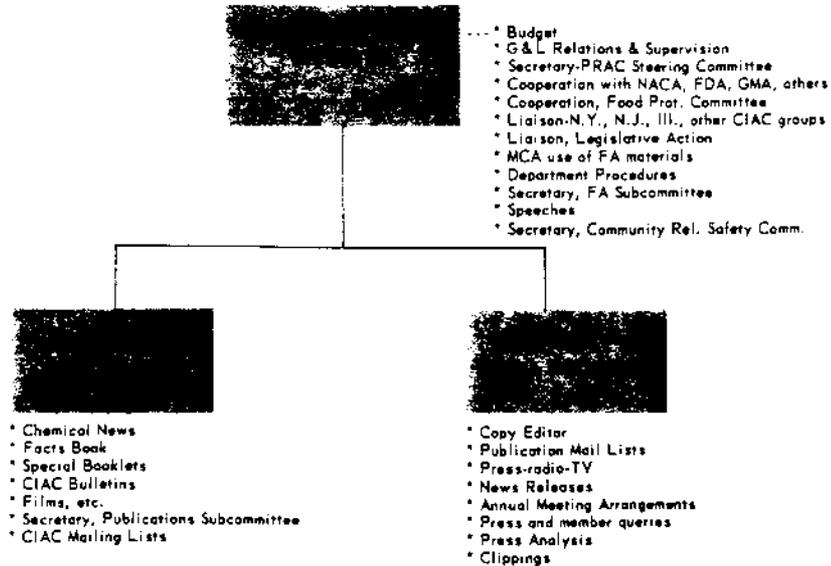
To indicate the potential in following this type of program, this is only a small percentage of the favorable notices published under the by-lines of food editors after an MCA representative addressed their national convention.

It should be obvious that our food additives program can be even more effective if we extend its message through the second phase of support by local chemical industry groups.

The committee therefore recommends a staff adequate to create and carry out more programs of this kind, each aimed at the solution of a particular industry problem, each being carried on both nationally and locally by qualified chemical industry representatives.

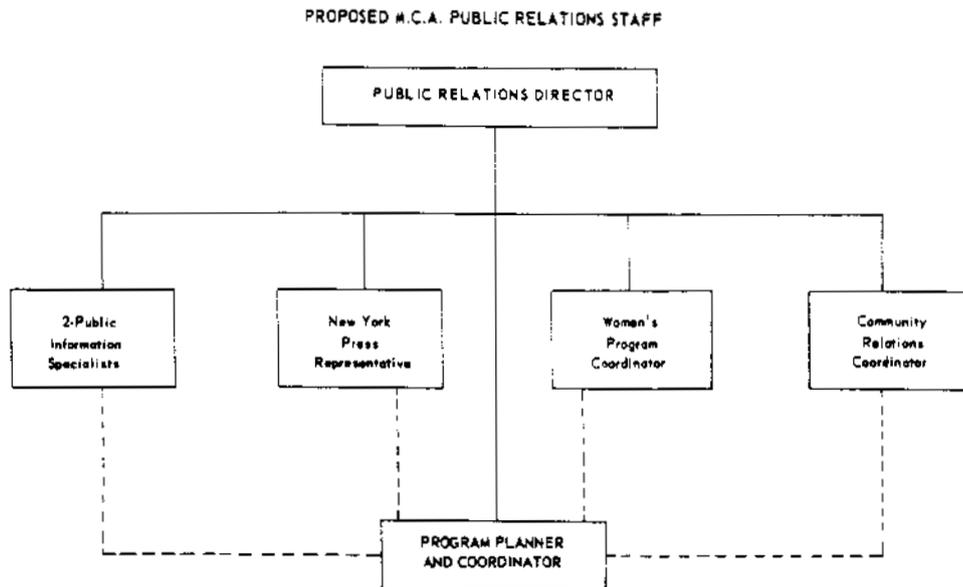
SECTION 3 - RECOMMENDATIONS

PRESENT M.C.A. PUBLIC RELATIONS STAFF AND DUTIES



MCA is not now sufficiently staffed to attack the problems outlined in the fashion just suggested. As slide No. 19 makes apparent we have a three-man department - each man weighted by such a variety of duties that the wonder is that anything good is accomplished on time. These three men have succeeded in conducting a crowded routine program of public information; they can not be expected to plan and execute the program which we think is called for by today's conditions. Having said this we hasten to add that we have the greatest confidence in our Director of Public Relations. With a strengthened staff and adequate funds for program implementation we believe that MCA will be able to deal

positively with the problems outlined in this report.



Your Advisory Committee proposes the addition to the staff of four specialists each of whom would have specific responsibility in areas not now provided for. As chart 20 makes evident the key additional man is the Program Planner and Coordinator. Under the guidance of the Director, he would be responsible for planning the multiple attack on the industry's problems as we have described them and coordinating the efforts of the additional staff members so that all work toward the same goals with their different audiences. Essentially he would, over a period of time, do the same type of work on each of these problems that your Educational Advisory Committee, your Food Additives Committee and your Public Relations Advisory Committee, with the help of outside consultants, have done with the few specific

problems that they have come to grips with. He would marshal the resources of the chemical industry for a positive plan of achievement in the opinion field. Whether his first center of interest would be water pollution or patents or ammonium nitrate we know not. We do know he would cover these in due course as well as the other problems of the industry in which public opinion is a major factor.

Having worked out a basic program on a problem, he would then seek to have it interpreted correctly to the general public nationally and locally, and to the groups that have special leverage on that problem. He would reach them through the efforts of the entire staff, but more particularly through the Community Relations Coordinator, the Women's Programs Specialist and the New York Press Relations Specialist, new positions described below.

In the opinion of your Committee the planning work of this man is almost essential if MCA is to assume the position of leadership now anticipated for it among organizations of the chemical industry. Without such staff work the leadership role of MCA is not likely to be very effective.

Before we have coordination we must have content. The pipelines are needed, but the information to go through the pipelines must first be properly developed and organized.

Possibly a word is necessary on the relationship between this man and MCA's technical committees. All of his work would require the same kind of back and forth relationship there has been between the Public Relations staff and the Food Additives Committee on the specifics of the Food Additives program. We anticipate a constant exchange of viewpoint between public relations experts and technical

experts.

Your Committee next recommends the employment of a Community Relations Coordinator to give life and guidance to our Chemical Industry Activities Committees or Chemical Industrial Councils, as they are now called. To explain this position we must first review MCA's local effort. We all remember how the first and second Chemical Progress Weeks called into being an enormous number of local chemical industry organizations. In an endeavor to keep these going after the first crusading spirit subsided we changed Chemical Progress Week to year round chemical industry programs. At little or no cost to ourselves we sought to maintain a steady pressure in many areas of this country. This has not worked.

Your Public Relations Advisory Committee gave you poor advice on this, and for this we must accept the responsibility. We now see clearly that to maintain hundreds of local organizations across the country takes staff time and initiative. We feel it is eminently worthwhile and it is an essential part of influencing public opinion in America. There are several reasons why we feel this way:

1. Our reputation is most important to us and we are believed most readily in our own plant communities.
2. We can deal with State and Local problems only on a State and Local basis.
3. The cumulative results of effective local action multiplied by the dozens of areas in which the industry operates, helps create a national impact.

4. The most effective approach to national problems, is usually through local groups. The elements of effective political power in America are local.

The Community Relations Specialist recommended in this report would help and advise local chemical industry councils. He would offer the leadership and staff assistance that make the difference between sporadic and ineffective activity and a solid local organization.

The potentialities of this job assume new significance when we compare the original Chemical Progress Week materials with the truly substantial information packages which MCA now has available in the fields of chemicals and foods, plant community safety and education. It is more material of this type that we can expect from the Program Planner.

Having developed the materials, we need manpower on the staff to aid and encourage the local groups that can use them to the benefit of the chemical industry.

One long standing MCA problem has been that of proper press, radio and television representation in New York. Through the years we have tried to solve this problem in many different ways and none has worked satisfactorily. After giving the situation extensive study your Committee now recommends the creation of an additional press relations job in the Washington office, with the idea that the man who holds it will spend about three days out of every week in New York. Since his headquarters will be in Washington, he will not have a New York office; he will, however, have a telephone number and address in New York on as economical

a basis as can be arranged. His prime mission will be to keep in touch with newspapers, magazines, radio and television people in New York and furnish guidance and information on chemical industry activities as the opportunity offers. New York is the communications hub of America and MCA ignores it at its peril. The arrangement described here recognizes its importance, but at the same time keeps full control inside MCA headquarters.

The fourth and final staff addition we propose is a person skilled in communicating with women. The chemical industry very badly needs the support of this specialized and numerous group and fortunately has much to say to its members. On a systematic and programmed basis we should tell them how our research and our products have made their lives easier and more enjoyable, how we have helped them in their domestic tasks, helped them in their clothing and grooming, made their homes more beautiful at reasonable cost, made their gardens and flower beds more colorful and helped fill their shopping baskets with more nutritional foods. We feel that our previous work in one section of this field proved its worth and showed the opportunity that lies there. It is not hard to visualize how readily our food additive publications can be converted into program materials for women's clubs. Other opportunities will certainly develop as the Program Planner deals with other chemical industry problems.

The loyalty of women can help us tremendously if they understand the facts about food additives, labelling, water pollution and even plant safety.

Your Committee estimates that this proposed expansion will cost MCA about \$100,000 a year. For budget purposes we have endeavored to pin these costs down as specifically as possible in relation to each of the four positions proposed and we give them to you here. These are necessarily estimates. Though there may be minor variations in individual items, we do feel that the overall estimate is reasonably accurate.

PROGRAM PLANNING AND COORDINATION

\$23,600.00

COMMUNITY RELATIONS COORDINATION

\$30,300.00

THE NEW YORK PRESS RELATIONS ACTIVITY

\$24,300.00

THE WOMEN'S PROGRAM

\$24,300.00

\$102,500.00

As part of this study, the Committee surveyed the public relations programs of other industry associations. It seems

advisable to view the recommendations in this report against that background.

INDUSTRY	ANNUAL SALES (in billions of Dollars)	ANNUAL P.R. BUDGETS (in Dollars)	P.R. BUDGETS PERCENT OF SALES
A	\$ 10	\$ 750,000	.008
B	14	1,500,000	.01
C	26	2,500,000	.01
D	4	700,000	.018
E	23	485,000	.002
F	1	100,000	.01
G	7	70,000	.001
H	4	400,000	.01
I	2.5	250,000	.01

The industries surveyed furnished the data on the condition that they not be identified. However, a more detailed summary is appended to this report. The figures show that six out of the nine spend at least one-hundredth of one per cent of their annual sales on public relations activities, exclusive of advertising and legislative programs. For the chemical industry, a similar budget would amount to approximately \$2,800,000. Some of these industries admittedly are closer to the public with consumer products than are we. And at this time there is no justification for the chemical industry to even contemplate public relations expenditures at so high a rate. However, these figures suggest that even after the

addition of \$100,000, MCA's public relations budget of \$400,000 would not be exceptionally high.

In conclusion your Public Relations Advisory Committee wishes to repeat its conviction that the extremely serious implications of ignoring or failing to solve the industry's problems make our proposals not only reasonable, but necessary. While we cannot expect any communications program to provide solutions for all of our problems, and while we recognize that many of these problems will require a multi-pronged approach over a long period of time, we are convinced that failure to provide an adequate public information program now will ultimately cost the industry many times the dollars which we suggest be spent.

While we are cognizant of the present economic situation and realize a natural reluctance on the part of the Board to appropriate additional funds for any purpose, we feel that these dollars, and the programs they will support, are necessary for the Manufacturing Chemists' Association to meet its responsibility to the chemical industry.