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THE WHITE HOUSE
WASHINGTON

July 30, 1975

MR. PRESIDENT

Attached is an incredibly interesting study by John Dunlop of how the Labor Department is viewed by the people with which it deals.

John has circulated this to all of his Departmental program officers. I suggest that it might be quite appropriate to circulate it to the other Cabinet Officers. If you approve, I will do so immediately.

YES NO

Attachment

JIM CONNOR

copy to Jim Connor for action.


U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

July 30, 1975

MEMORANDUM TO: All Department of Labor Program Officers

FROM: John T. Dunlop 

In April 1975, I requested that a series of brief interviews and studies be done to help provide program officers of the Department of Labor a more candid and realistic appreciation of the way in which business, labor and other groups looked at the Department, particularly in firms with less than a thousand employees. The attached four case studies constitute an initial report. I request that all program officers read and reflect on this matter. I should personally appreciate any reactions to this perspective.

It is vital, in my view, that those who write regulations or design enforcement and compliance programs in the Department more fully appreciate the point of view, perspective and experience of those who are faced with the obligation to live under often complex statutes and regulations. There needs to be a much greater appreciation in the Department of the practical problems, attitudes and necessities of workers and employers and their organizations subject to regulation.

These four case studies may help to provide a small measure of such appreciation. They should underscore the need to review methods of communication to explain the policies and details of regulation; they should help to train us to listen perceptibly to what is being said to us indirectly; they remind us that there are practical limits of absorption of information and precept. These case studies provide us with an opportunity to view the Department through the eyes of those whose daily conduct at the work place is, in varying degrees, constrained by the Department's regulations. We thus, are able to experience vicariously some of their problems and frustrations.

These vignettes do not purport to be exhaustive; nor are they necessarily representative of the full range of regulatory activities, particularly in larger enterprises or organizations. They are in no way intended to qualify our legal and statutory obligation to enforce the law. These cases, however, encourage more sensitive concern with design of programs, a recognition of the dire need for program coordination, a practical sense in the drafting of regulations and response to comments, realistic communications, and a respectful attitude on the part of our staff in carrying through the responsibilities of the Department to our citizens.

Attachment

July 30, 1975

DEPARTMENT OF LABOR AND THE SMALL ENTERPRISE: SELECTED CASE STUDIES

FOREWORD

During the latter part of June the Office of the Assistant Secretary, Policy Evaluation and Review (ASPER) carried out a limited number of organizational case studies exploring the impact of the first of Department of Labor programs on small-to-medium sized companies. Although the principal focus of the inquiry was the Department's regulatory activities, attention was also given to business participation in voluntary programs such as Bureau of Labor Statistics (BLS) surveys and the state employment service. This report presents the major findings of the first four studies.

Selection of the firms was from a much larger list of nominations prepared by regional offices upon the request of ASPER and according to pre-determined criteria (mixture of industries, less than 1,000 employees and not currently involved in litigations). Two of the firms are in the manufacturing sector and a third is a company marketing petroleum and automotive products. The names of the firms selected were not made known to the regional offices. In addition to the formally selected organizations, a fourth company was visited as something of a pre-test.

Each of the firms was first contacted by a letter to the company president from Secretary Dunlop, explaining the purpose of the study (i.e., fact-finding and opinion gathering) and requesting a few hours time for a personal interview. A follow up telephone call from ASPER established the president's willingness to participate and arranged for an early meeting. One of the initial selections declined to participate, necessitating a substitute choice.

Interviews were held on company premises and, with the permission of respondents, were taped to assure accuracy and to permit subsequent selective quotations. Respondents were assured of absolute confidentiality, with no attributions to be made to organizations or individuals (all names used in the reports are fictitious). The firms were advised that the information and opinions provided would not affect, in any way, the relationship of the firm with the Department, and that no form of deregulation was being contemplated.

In conjunction with each company interview, the appropriate regional office was visited for the purpose of securing complementary information and opinions which might assist in both validating company-provided data and extend their meaning and interpretability. Conversations were held with Regional and Assistant Regional Directors and selected staff members in OSHA, ESA (Wage-Hour and OFCC), BLS and OASA. Material from these conversations is not included in the case study reports.

1. ACME CORPORATION (PRE-TEST)

This interview was not structured or taped, nor were detailed notes taken. Hence, recollections and impressions are more central here than in the other case studies, although the purpose was also somewhat different--to get a sense of concern and to derive insights that might benefit the conduct of subsequent interviews.

The Acme Corporation is a family-owned firm that manufactures electronic components for sale to other manufacturing industries. At the time of the study, Acme had approximately 150 employees, about two-thirds of whom were blue-collar workers represented by the International Brotherhood of Electrical Workers (IBEW). In 1974, the firm had gross sales of approximately \$3,000,000. Although Acme over the years has been a profitable enterprise, it has come upon hard times as a consequence of both the general economic downturn and the stiffening of competition. In an effort to improve its productivity and competitive position, Acme has moved into a new and more efficient physical plant and has engaged consultants to determine how its manufacturing and other processes might be modernized.

The Acme respondent, Mr. Farr, is a Vice President in charge of manufacturing and marketing, and represents the firm in all matters involving government agency programs and regulations.

In general, Mr. Farr's knowledge of Labor Department programs, regulatory and other appears extremely limited. Indeed, his only knowledge derives from his very few direct contacts with the Department stemming from an Occupational Safety and Health (OSHA) inspection and requests for data from the Bureau of Labor Statistics (BLS) and other agencies. He obviously has minimal knowledge of the DOL laws applicable to his own organization, and he has considerable difficulty in disentangling Labor Department activities from those of other Federal and state agencies of government. Farr has not received any of the descriptive and interpretive pamphlets of the Department, and has not sought out basic information about applicable laws and legal requirements from the Regional Office. It might be said that he, and consequently his firm, is operating at best on the fringe of awareness.

Acme's principal contact with the Department was occasioned by an OSHA inspection in 1974. At that time, the firm was cited for violation of general housekeeping standards and was fined approximately \$300. The citation was not contested and the fine was paid promptly. The legitimacy of this action did not seem to be questioned, and Mr. Farr evidenced no ill will as a consequence. In the event of another inspection visit, he felt he could anticipate no additional cause for action, but did not preclude the possibility, particularly in light of his minimal knowledge of established standards, compliance practices, and methods of enforcement.

Acme's second most recent contact with the Department was a request from Labor Management Services (LMSA) to complete an annual report under the Welfare and Pension Plan Disclosure Act. Farr recalls first having received such a form in 1967 and having completed it as requested. He thinks that he had received similar forms in the intervening years, but that he had not returned them, primarily because of the time and effort required to secure and record the necessary data. Since he had not been contacted as a result of his failure to return these forms, he concluded that they were not legally mandatory. Farr also questions the importance of any report which, when not returned, went unnoticed by the Department. Because Acme has no pension plan, he assumes that the provisions of the Employee Retirement Income Security Act (ERISA) are not applicable to its work force. Thus far, he has received no descriptive information about this program.

In response to questions regarding Acme's Equal Economic Opportunity (EEO) status, Farr produced a very recent letter that had been addressed impersonally to "Plant Contract Compliance Office." The letter indicated that Acme was "assigned" to that agency for the purpose of carrying out the provisions of Executive Order 11246, and requested two separate reports forthwith and quarterly progress reports on a continuing basis. Immediately after calling attention to the letter, Farr said "but this doesn't apply to your interests because it doesn't concern the Labor Department."

Farr had no knowledge of the provisions of EO 11246, and did not know how they might apply to Acme which is neither a Federal contractor nor a subcontractor. He volunteered, however, that Acme is a supplier of components to at least one firm which he knows to be a Federal contractor.

Farr displayed considerable irritation with the compliance officer's requests for data. Having only recently submitted an annual EEO reporting form to the Equal Employment Opportunity Commission, he could not see why Acme was now being asked to submit what he regarded as essentially the same annual data to another agency. Moreover, the report forms sent him were not accompanied by instructions and contained abbreviated column headings which were not easily interpreted. A request for a copy of Acme's "1974 Minority and Female Hiring and Promotion Goals" had no meaning at all to Farr, and seemed likely to produce no response. The letter's final request for quarterly progress reports elicited little more than exasperation.

In response to Farr's plea for assistance, it was suggested during the interview that he call the compliance office in question and request clarification. He then called and, in the absence of the Director, spoke with another staff member about his confusion. During the conversation, it became clear that the agency representative was expressing considerable uncertainty that Acme should have received the reporting request. Nor was it certain that the firm was even subject to the provisions of EO 11246. Farr's reaction was a combination of incredulity and extreme irritation.

2. IRONWORKS CASTINGS, INC.

Ironworks is a 50-year old, family owned and operated metal foundry and plating company situated in a suburban area adjacent to a large city. The firm is a supplier of parts to the automobile industry and, as a consequence, has not fared well in the last few years. The Ironworks work force, once as large as 85 employees, had dropped to a low of 25 at the time of an interview with its president, H. R. Alger. Although Alger has reconciled himself to the inevitability of the "adjustment period" Ironworks has been going through, he saw signs of an upturn in the last quarter and is now expressing hope that new workers could be hired in the next 30 - 45 days. Ironwork employees are represented by an independent union.

Alger reports that Ironworks has had limited contact with the Labor Department, most of which has concerned the Occupational Safety and Health (OSHA) program. Although he makes an effort to follow new developments by perusing the Federal Register, he has not seen any Departmental publications, nor has he ever requested information regarding laws and regulations directly from the Department. Instead, he relies on business and trade publications which present the essentials in brief form and preclude the need to wade through the detailed, and to him, often uninterpretable materials prepared by the government itself. Alger also periodically consults with the Ironworks' attorney on particularly difficult questions of law. Of greatest value to Alger is his membership in a trade association which he describes as quite diligent in keeping its members informed about government laws pertinent to the industry. The association is particularly helpful, Alger reports with respect to OSHA matters, both through distributing written materials and by convening conferences to discuss standards and compliance problems.

Still, Alger confesses that he is doubtful as to which laws are applicable to his firm. "There is no way you can keep up with all the regulations and run a business at the same time." Alger also admits that there are "bound to be some laws that we're not following because they may not have filtered down to this level. Anybody, if they stopped and analyzed it, would feel that they're in violation with some law or other."

Alger described a recent visit from a representative of the nearby regional office (from "Statistics") to procure information about his job classifications and wages (presumably an area wage survey). "When he first called, I told him that I didn't feel that we had the answers. But he had a job to do, and someone higher up told him what to do. I sympathized with him, but it was a wasted effort." Alger also failed to see how the information collected during the subsequent interview could be helpful to the Department, and concluded that it would be of no help to his own firm.

As noted above, Ironworks' principal contact with the Department has been in the area of occupational health and safety. Although the firm has been able to avail itself of the consultation services offered by the American Foundrymen's Society, it has had considerable difficulty in coming into compliance with OSHA standards. Ironworks has been under citation for a health hazard (zinc concentration) for approximately 18-20 months. Since the cost of the equipment necessary to correct the condition exceeds the company's resources, Ironworks applied for and recently received a \$120,000 SBA loan, the second such loan secured for OSHA compliance. Alger estimates that approximately \$200,000 will have been spent for various kinds of pollution control equipment. Without the benefit of the SBA loan Alger doubts that he could have stayed in business. Moreover, he laments the need to make capital investments of this kind, much preferring to have spent such money in ways that might have improved productivity and the firm's competitive position in the industry.

Despite the substantial financial burden imposed on Ironworks by OSHA, Alger generally speaks favorably about the agency. He describes its staff as "knowledgeable" and "high caliber," and is pleased by the fact that they do not try to impress anyone with their rank or position. Alger is also thankful for OSHA's cooperation in allowing Ironworks sufficient time to come into compliance, granting the extensions of time he requested in order to get the capital needed via the SBA loan program.

Alger is not so favorable, however, in his reaction to OSHA record-keeping requirements. He complains that too much time is required, and that were it not for OSHA, the firm would not keep such records, leaving that responsibility to Ironworks' insurance carrier.

The total burden of government record-keeping, according to Alger, has become onerous. At the present time, Ironworks retains one full time person who is responsible for all government records and reports. By comparison, ten years ago there was one less office person for approximately the same volume of business.

The industry trade association obviously is seen as performing a vital mediating role between the Department and the individual business. In matters of information, for example, Alger would prefer that communications come to him from the trade association rather than from the Department directly. "Through this medium, you bring it down to the language of the layman, of the man working in the area, and it's brought out by example."

Similarly, Alger sees the association as performing an essential role in communicating to and influencing government agencies. Alger believes that the association already has served this function quite successfully with regard to OSHA.

"Nobody sitting in Washington can prescribe rules and regulations for a whole industry. Industry must be brought in as advisors when these things are set up. At first there was confusion and misunderstanding. Since then, the association has worked with OSHA and secured certain exceptions or variances to help alleviate some of the strain. This is good and the way it should be. You have to have your day in court."

When asked if Ironworks has had occasion to use the State Employment Service, Alger reports that he had been called upon periodically by their representatives and had done some hiring through the agency. However, while they have done a good job in finding blue-collar workers, they don't provide the kinds of applicants he looks for to fill "higher echelon" jobs. For the latter, he turns to the private agencies.

Alger asked that the following message be conveyed back to the Secretary of Labor:

"I feel like an awful lot of people do. We need less meddling from the government. We should get back to the good old solid ways of supply and demand, and let business regulate itself. Competition will make necessary a lot of the improvements that are required, without regulation by Washington. If you want to spend extra money, let the government handle it."

3. ENTERPRISE OIL COMPANY

Located in a suburb barely distinguishable from the city with which it shares a boundary, Enterprise Oil is a wholly owned subsidiary of a moderate-sized petroleum processing and distributing firm. This regional marketing company is both a wholesale distributor of domestic and industrial oils and gases, and an operator of a chain of service stations dispensing gasoline and the usual automotive accessories. In addition, Enterprise itself has a small subsidiary which sells home heating oils. Of its 200 employees, approximately 125 are blue-collar workers who are represented by the Teamsters Union.

Both Jack Brown, Enterprise's recently appointed president, and Paul Wilson, its longer-term industrial relations director, speak knowledgeably about the laws administered by the Labor Department, but confess that they are uncertain as to all the laws applicable to their company. In addition to reliance on the usual trade journals and management reports, Enterprise also regularly sends someone "into town" to check on the content of the Federal Register. On such occasions, this employee has a standing order to pick up any pamphlets he sees which might be pertinent to company interests. "After all, it's up to us to ferret out information regarding the law."

However, Brown is quick to admit that Enterprise has to rely on outside sources of information to clarify their legal obligations. He feels fortunate, in this regard, to have access to the legal staff of the parent company. "If we were on our own without these people to fall back on, you'd have to have an outside law firm. I'll bet it would cost us \$100,000 a year. A businessman," Brown says, "must have an interpreter of regulations."

The new pension law is seen as an illustration of extreme legal confusion. "Our insurance company sent us enough stuff to keep busy for 10 years, telling us in a cover letter that you have to read this or you're liable for not knowing about the new pension act. It would take a lawyer 10 years to read it. The material isn't easily understandable."

Wilson also acknowledges that the Union has competent people monitoring the laws and bringing possible violations to the attention of management. Individual employees also keep them knowledgeable in this regard, as testified to by a recent minimum wage case involving Enterprise service stations.

With minimum wage coverage based on the dollar volume of gasoline sales, the recent price increase automatically and unsuspectingly led Enterprise into a violation of law. This was verified by a "state auditing procedure" (although there was some uncertainty as to whether the government agency was federal or state). At any rate, once becoming aware of the problem, Enterprise now is monitoring the other stations in its retail network to avoid further violations. "How many more of these little tidbits are in the law? I don't know. You're not aware of them until you violate the law. This is true of most laws."

When asked if Enterprise had ever initiated contact with the Labor Department to obtain information or clarify its legal obligations, Brown's answer is an emphatic "no!" "The government bureaucracy is so inefficient that you're not guaranteed anything. Why blow the whistle on yourself. At the beginning of the Federal Energy Administration (FEA) we were terrified to call up. We didn't even want them to know we were located here. They would send over an inspector."

The FEA, rather than the Labor Department, seems to be the bane of Enterprise's existence. "The Labor Department knows what it is doing. Our biggest gripe is the FEA where the legislation is totally incomprehensible. Even the FEA can't figure it out. The FEA's regulations are already bigger than the Labor Department's after 50 years."

Record-keeping required by the government is regarded as "a pain in the neck." The burden to Enterprise could be reduced somewhat, Wilson maintains, if the government were to accept the traditional accounting format instead of requiring data to be recast in a different government format.

He was unable to estimate the cost of Labor Department record maintenance and reporting requirements since the Department of Labor (DOL) "burden" is inseparable from the overall data system.

Wilson suggests that the Labor Department, instead of talking to companies about their record-reporting problems, should get its agencies together and ask how they can decide upon one standard record-keeping format. "We could pull that off the computer in one run and send that to the mass Department of Labor. Everybody would get the same damned thing. You could also do the same thing for the state."

As a government contractor, Enterprise comes under the provisions of EO 11246 as well as Title VII. Shortly after receiving a new contract two years ago, the firm was cited for non-compliance and given 60 days to update its affirmative action plan. Thought was given to dropping the contract, Brown reports, but the decision was made instead to upgrade the plan. A follow-up review established that Enterprise was in compliance and subsequent reviews by the Equal Employment Opportunity Commission (EEOC) and the Office of Federal Contract Compliance (OFCC) have given the firm a clean bill of health.

Enterprise "tried to get over the Office of Safety and Health Administration (OSHA) hump" a few years ago by "demanding" an OSHA inspection. "Everything was fixed up so that we could get a clean bill of health." However, OSHA refused to honor the firm's request. OSHA, moreover, is regarded as "something you can never fully comply with, and always hangs over your head." By way of general reaction, Wilson sees the OSHA as a "matter of philosophy" and a question of "how much of a social burden a corporation should bear." In this philosophical vein, he asks rhetorically, "At what point of time does real safety stop and interference with the business begin?"

Enterprise has participated in Bureau of Labor Statistics (BLS) surveys, although its industrial relations director questions their value. "I've never seen any benefit from them. What the hell good are they to us?" Given this attitude, the fact of participation may be explained by Enterprises's uncertainty as to whether a response is mandatory or voluntary. "I try to figure out which are mandatory and which are not. Frequently they just cite a law, not saying whether it is mandatory or not. You have to look up the law to find out. Every government request for information should have as the first line a statement that 'this request is mandatory per such and such law or that this request is not mandatory'. It ought to specifically state the law."

In a concluding statement, Brown bemoans the fact, as he perceives it, that unemployment insurance is creating unnecessary unemployment because of current benefit levels. "There are jobs everywhere in this country for people who want to work. There is no incentive to work."

4. CAPITAL MANUFACTURING COMPANY, INC.

Capital, a manufacturer of machine parts, is located on the fringe of a large city. Its well maintained plant houses a work force of approximately 250 employees, the blue-collar portion of which is represented by the International Association of Machinists.

Donald McGregor, the Director of Industrial Relations, is an unusually articulate and well-informed spokesman for Capital management, having progressed to his present position through a succession of jobs in virtually every function of industrial management. Consequently, he speaks no less authoritatively about manufacturing and cost-control than about labor-management and governmental relations. In the vernacular, he is able to "put it all together."

McGregor believes that the government generally has done a good job of making available information about its laws and programs, and that if there is a deficiency, it is the failure of management to use information rather than the government in providing it. In his own case, when uncertainties about the law arise, he can obtain clarification from the attorney serving his firm. In pension matters, he can avail himself of the consultant services of the firms' insurance carrier. For health and safety questions, McGregor can supplement his own knowledge by "bootlegging free information" from his counterparts in other area companies, some of which are large enough to have their own technical experts.

McGregor never has visited the nearby regional office nor telephoned to make any request or inquiry regarding Labor Department programs. He suggests that most businessmen "are scared to death of coming to the attention of the government."

"There's a fear that if you ask a question, you're implying that you're doing something wrong and asking for an investigator to come in. You just don't want your name on a list. It's much better to go to an attorney for some advice. If he doesn't have the answer, he can at least camouflage his client's name. Most people I talk to just look at Labor as the enemy. Its a harassment group, and in many cases their expertise is no better than the guy on the spot who has to make the decisions." (The issue) is a matter of trust, and trust eventually comes from the proof of the pudding. Where there is a pattern or isolated instance that it has boomeranged on people, it gets around in a hurry. I have heard of such a thing. I have heard people say, 'I called, and boy did I open a can of worms!' You just can't do it. The risks are too high. You'd rather pay a \$50 lawyer fee. Its cheap compared to an investigation."

The mere availability of information is not sufficient to insure its absorption. Indeed, to McGregor, there is, in a sense, a surfeit of information. "I could spend full time reading nothing but interpretive material about Labor Department laws, and frankly I don't have the time. So I have to rely on other people to encapsulate it for me, even the Department's interpretive bulletins. Someone has to read them and understand them. They're not impossible to understand, but sometimes you need an interpretation of an interpretation."

When questioned about Bureau of Labor Statistic (BLS) surveys, McGregor expresses doubt that it is proper for the government to collect all the information it does. He doesn't see all the data collected by surveys as beneficial to Capital. In fact, "Some of the government statistics come back to hurt a company." The BLS average area wages are cited as a case in point.

"The formulas used are definitely loaded to make the wage constantly look higher, and this increases the inflationary spiral. They have never sat down with industry to ask what is the proper way to report what wages are. The way the BLS reports it inflates it, particularly when you have large companies in your area with cost of living clauses which drives the whole thing up. You have to meet the competition.

In seeking guidance as to Capital's obligation to provide data to the BLS, McGregor relies on the presence or absence of an Office of Management and Budget (OMB) number on the survey form. "Most of the companies in this area go by the OMB number. We have been advised that 99% of the time the number means that it is a mandatory report. It may not be mandatory, but the chances are that it is. We will fill out the mandatory reports, but not the ones that are not mandatory."

The overall burden of record-keeping and reporting is not inconsiderable. McGregor estimates that Capital spends \$12-15,000 per year to comply with the basic record and reporting requirements of all government regulatory programs. The Office of Safety and Health Administration (OSHA) records and reports cause little difficulty since they involve information that is normally maintained. Equal Employment Opportunity (EEO) requirements, however, do present something of a problem insofar as they have necessitated the design and maintenance of a record retention system.

Capital has had two charges of discrimination filed against it under Title VIII. In the first instance, the company was absolved of any guilt in a "mickey-mouse" case after it had to "drag out a tremendous amount of records" to establish its innocence. The second case, still pending, is one about which McGregor is quite confident of the outcome.

While he is thankful that Capital had kept good enough records to reconstruct past events, McGregor resents having to spend the time required to prepare his case and answer what he regards as a frivolous charge.

McGregor also volunteered information about an EEO case in his former company which still appears to rankle him and affect his thinking about government-employer relations. In a dispute with a compliance officer in which McGregor complained that his company was being unreasonably directed to incur unusual cost that could in time "wipe out" the firm, he was told "If you go bankrupt, you deserve it. You're going to pay for the sins of discrimination you've committed over the years." McGregor maintains that this is a common type of occurrence in dealing with government inspectors. "The regulatory and enforcement people flex their muscles quite a bit." And communication virtually ceases when a statement is made like that attributed to the EEO representative, "when a guy tells you that he doesn't care if you go bankrupt." Although not always explicit, "this is what we generally get by inference."

McGregor resents having the government tell a manufacturer that "he has to assume his share of a social problem. It may make sense from a social point of view, but it is not practical. If a company is marginal, it will sink the company to take in marginal people. This is not just an emotional issue. A large share of small business casualties are due to this. We can't all turn into service organizations."

McGregor anticipates that the new pension act, which he describes as an "overkill", will be a continuous problem. While he concedes that the law will require Capital to improve a plan which needed updating anyway, he sees "a tremendous liability burden" being placed on people in small companies such as Capital. He fears that every word he says to an employee could result in some kind of subsequent legal action. Anticipating the possibility of such action, McGregor says that he is now highly reluctant to give employees any advice, and has begun to deal with them "at arms length" in order to protect his company. "This takes away the personal equation between you and the employee. Trying to be helpful in interpreting imposes a risk. Why take the risk?"

Although McGregor's contacts with OSHA have been less abrasive than his EEOC and OFCC relations, they have not been without problems. He believes that each safety inspector, Federal or State, has his own unique "pet peeves." When Capital was inspected a year or more ago, the OSHA representatives was "hot on guarding." Notwithstanding two previous "OSHA-type" inspections by insurance company personnel and the corrections made as a result of them the OSHA inspector still told them to guard additional equipment, including "some things that we thought could not be guarded." McGregor admits to having been annoyed by this experience. Moreover, he believes that if that inspector were

to come today, some additional minor violations would be found even though previous deficiencies had been cleared up.

Equally annoying to McGregor is the basic difference between OSHA and state approaches to legislative enforcement. "The OSHA inspector comes out with a club. The state inspector does a much better job of getting cooperation. You can talk to the state guy about the practicality of some of the regulations. The difference between the federal and the state approaches is the difference between trying to correct the problem and trying to enforce rules and regulations. The federal program is strictly enforcement." At the same time, McGregor concedes that "OSHA has not cost us a lot of money."

McGregor senses that there are occasional conflicts between the rules and regulations of different government agencies, citing the EEO area as a good case in point. He suggests that employers in his state are put in the dilemma of having to violate either Title VII of the Civil Rights Act or the state law governing hours of work for women, and that they are "constantly getting harassed in those areas." McGregor also reports getting caught between the EEOC and the Labor Department (probably intended to say "labor unions") when it comes to the seniority provisions of union contracts. "Whichever way you go, you get second-guessed by someone, and whichever way you get second-guessed, its going to cost you money. The government itself has different viewpoints on this, depending on whose ox is being gored and which government you're dealing with."

Capital has had some occasion to use the state employment service, primarily (and "unfortunately") because "you're required by law to use them in your recruitment programs." McGregor contends, however, that "your best applicants don't come out of the employment service since they're not interested in helping us, in working on our behalf." He does report that some individuals in the employment service are interested in finding out if they are helping him, but that "they must be very discreet because they can get in trouble."

McGregor sees the government as trying to shift the cost of welfare to the employer, making it their "social responsibility." In doing so, he sees government programs as being counter-productive, just adding to the costs of goods and contributing to inflation and recession.

He reports that small businessmen feel that they are being hemmed in on all sides by big labor, big management, and big government. Many employers also believe that government and labor are in collusion, and that the government is serving "as an enforcement agency for the unions." Above all, employers are "frustrated by all the things they can't control, so they strike back at those that make the bigger targets" (i.e., the Federal Government).