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THE WHITE HOUSE

PRESS CONFERENCE

OF

PAUL MACAVOY, CHAIRMAN

PRESIDENT'S TASK FORCE ON REGULATORY REFORM

AND

PHILIP HARTER AND JOSEPH KIRK, CO-CHAIRMEN,

OSHA TASK FORCE;

DONALD FLEXNER, CHAIRMAN, FEA TASK FORCE;

ROBERT WRIGHT, CHAIRMAN, HIGHER EDUCATION TASK FORCE

AND

MAJOR JAMES GOLDEN, CHAIRMAN, EXPORT ADMINISTRATION TASK FORCE

BRIEFING ROOM

12:50 P.M. EST

MR. ROBERTS: As you may be aware, at noon today, the President accepted the final reports from four Presidential task forces to improve Federal regulation. We have the Chairmen of those four Presidential task forces and the man who coordinated the entire effort, Paul MacAvoy. Mr. MacAvoy will brief you on the summary of those reports and introduce you to the chairmen of the four task forces.

MR. MACAVOY: I would like the chairmen to come up here and surround me, if they would.

In February of this year -- of last year now -- President Ford asked his regulatory reform group to begin a serious and widespread effort to reduce inefficiencies in regulation in the various agencies in the Executive Branch of the government.

You may remember that at that time we were putting forth a large number of bills for improving or changing regulations in the independent commissions, like the CAB and the ICC and the FPC. The President said it is time we began to operate on the efficiency of our own Executive Branch agencies without changing the statutes, but getting inside the agencies and improving their systems, the way they operate, their procedures, their language, making their reports readable, making the regulations both more comprehensive and more effective by rewriting them in a way that made them work better.

After some review of a variety of agencies we came down to setting up task forces, four in OSHA, the Occupational Safety and Health Administration; in the Federal Energy Administration or FEA; in the Export Administration, in the Department of Commerce and a task force working across a variety of agencies on regulation in higher education.

We were instructed by the President to finish in the calendar year 1976. These reports have been finished. We discussed the results, the recommendations and what is going to happen to them with the President at noon today.

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We gave him copies of the report. A very succinct summary of the findings is provided in that one-page press release. I have the chairmen of the task forces with me. It would be possible for you to obtain copies of the reports through contacting one or the other of these chairmen.

This is Joe Kirk, who is Co-Chairman of the OSHA task force report. He is in the Department of Labor's telephone book.

Q What is his telephone number?

MR. KIRK: 523-7361, K-i-r-k.

MR. MACAVOY: This is Donald Flexner, who was Chairman of the FEA task force report. He is a senior staff lawyer in the Department of Justice and Anti-trust Division. I think it is 739 --

MR. FLEXNER: -- 2950.

MR. MACAVOY: He will get you the FEA task force report which Ed Cowan described on the front page of the New York Times about ten days ago. It runs 450 pages. It has a 450-page appendix.

The OSHA task force report is neat. It comes in a red cover and it is an inch thick.

This is Robert Wright, Dr. Robert Wright, who is a senior staff member in the National Science Foundation. He headed the Higher Education task force as well. Bob Wright's telephone number is --

MR. WRIGHT: 634-4682.

MR. MACAVOY: Next we have Major James Golden, G-o-l-d-e-n, who is an associate professor of economics at the United States Military Academy at West Point, who headed the task force on the Export Administration. This task force was finished in September. Jim Golden did it as a staff member delegated to the Council of Economic Advisers for the summer.

If you are looking for copies of that task force report, then you should call my number at the Council of Economic Advisers, which is 395-5046 and Patricia Lee will obtain copies for you. Major Golden is back teaching full time and it is very difficult for him to fill orders from that frozen wasteland above the Hudson River.

Q Is this an example of the new efficiency?

MR. MACAVOY: It is very efficient to take these enormously productive resources out of one part of the government, put them into an agency, find out what is wrong in that agency and then send them back to work from whence they came. Golden was detailed to the CEA from the Department of Defense. We detailed him to the Department of Commerce.

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There were some months when the Department of Defense couldn't find him at all. He was very effective in writing that Export Administration task force report.

Philip Harter, on the end, is from the Administrative Conference of the United States. He was Co-Chairman of the OSHA task force report. You already have Kirk's number. So, you don't need Harter's number. But these two gentlemen did the report together.

I believe I don't have anything to add beyond the single one-line summaries of the reports as they stand. If you would like to ask a question on any particular one of these reports, then I will try to answer or the chairmen of the task forces will try to answer.

Q You said you told the President what was going to happen in each of these areas. Let's take OSHA as an example. You made your study. Now what is going to happen in OSHA?

MR. MACAVOY: What we tried to do in OSHA was to take a very complicated and lengthy set of regulations that deal with the guarding of machinery, the equipment that goes on in the machinery to prevent one from being caught in the machine and severely injured.

This set of regulations, subpart O of the OSHA regs contains enormously detailed design drawings of particular machines on which the equipment is then inserted in the regulations.

We attempted in that case to write a simple but more effective piece of regulatory rule-making or language by taking the approach that these machines can be classified and categorized and the guiding equipment can also be designated. And the particular rule should state that that equipment be used on that machine to prevent accidents.

So, rather than a very complicated design drawing, we have a comprehensive performance regulation. Those regulations, proposed regulations were published by OSHA in the Federal Register on January 7, for the purpose of obtaining public comment.

The report that we are distributing today describes well why we took that approach. Essentially, the problem with the existing regs was that they were so complicated they could not be understood on certain machines and on other machines, there were no regulations at all.

So, there were huge gaps in the regulations. The performance approach we take in the new regs covers all machinery and it centers attention on accidents and on the prevention of accidents.

We believe that should get out for wide-spread comment. We expect there will be very detailed comments and the Department of Labor will deal with these because we are now in the first stages of an official review process. It is in the system.

We only did ten percent of the total OSHA regs this way. But this forms a model for all the rest of the regulations that exist, or for 80 percent of the regulations that exist on other things besides guarding machines.

Q In his valedictory, the Director of OSHA in a message to the Secretary of Labor spoke of the inefficiencies and ineffectiveness of OSHA. Was there any thought given to recommending that it be disbanded?

MR. MACAVOY: We believe that safety in the work-place is a serious problem and it is a public policy problem. We took the view that we needed regulation in this area. The question was, could we make it more effective at the same time that we make it less costly.

It has been very ineffective because whole areas of machinery aren't covered by the regs. A steel rolling mill is not a piece of machinery covered by the OSHA regs. It has been very costly because where there are regulations, they are in such exquisite detail that it takes engineering assistance to figure out what is going on there.

What we wanted was less cost and more effectiveness. We wanted to reduce accidents. We went after the original purpose of the Act. Even though we found the present implementation to be very inefficient we took the intention to be correct. We wrote them from that view.

Q Does the FEA task force recommendation indicate the lifting of price controls on gasoline?

MR. MACAVOY: The FEA task force started about five months ago -- Don?

MR. FLEXNER: Yes, June.

MR. MACAVOY: -- to review, like, the OSHA task force just a part of the regs and try to make them more effective. They concentrated their attention on refining and marketing of all petroleum products, the downstream controls, not the field controls.

In their review, they discovered after very, very lengthy investigation that the present structure of the regulation designed to deal with embargo conditions probably cost close to \$2 billion a year in regulatory operating costs alone; millions of man years of surveillance in company personnel are put into just running these regs.

They probably cost a couple of billion dollars a year as well in increased prices to final consumers because of an inability under the regs to take advantage of cheaper products when it is available abroad.

The combination of these led to the proposal that we eliminate that kind of regulation as an operating standard. We put in their place some standby regulations which would be operated only in the event of another embargo.

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Rather than having obsolete embargo regulations in place all the time, the notion is or the intent of this study is to get some good standby regulations for embargoes and reduce the cost of regulations imposed on the day-to-day operations.

These findings were concurrent with the work that was being done in FEA, separate from that work, which led to the recommendation and the President's recommendation for eliminating gasoline controls.

However, you will find that this study strongly supports the elimination of those controls on regulatory grounds; not on general energy policy grounds, but on regulatory grounds.

Q Did the President say when he is going to lift controls?

MR. MACAVOY: We didn't discuss that.

Q Did he say he was going to do it?

MR. MACAVOY: We didn't discuss that.

Q Back to OSHA: Did the task force get into the health area at all as opposed to the safety?

MR. MACAVOY: No. This is just an effort to deal with the 50,000 mandatory safety standards that were enfolded in the Act in 1971 because there OSHA had a small scale effort underway. We thought we could go in and really contribute to that. That was where the effort was put.

Q Could you or Mr. Kirk explain to us how this concept of performance criteria could be applied to the health side?

MR. KIRK: I think the differences between safety and health are substantial. I am not sure that the recommendations of the task force apply beyond the safety area. Health problems are a lot more substantial. In fact, OSHA already takes a performance approach to many health standards.

For example, the coke oven emission standard is in many ways a performance standard, not a specification standard, although it does specify certain types of respirators and equipment. But it sets performance objectives anyway.

In some ways, the health side is already approaching on a performance way. But really the task force's efforts were directly, specifically safety standards.

Q Paul, what I wanted to ask you before, without meaning to demean your appearance here today, is this a courtesy here to the press? Just why are you here? If Ed Cowan already carried a piece in the Times ten days ago and you said one of the task force recommendations was published in the Federal Register, what is the purpose of this briefing?

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MR. MACAVOY: I think the purposes are two. First, these reports are being put out on a piecemeal basis. The Cowan column was on a draft of the report which had not been released yet. The OSHA task force report describing performance standard approaches to dealing with safety regulation has not been released yet. It is being made available to you today.

Q Hardly.

MR. MACAVOY: Wait. The regs themselves, these detailed design descriptions of how the regulations fit together were published in the Federal Register but not the report, which tells you how to write these kinds of regulations.

There were two pieces of paper in that case. The regulations themselves were published for comment. Those who want to work on the regulations will have to have the report at some stage. But that hadn't been, the report had not been released or published in the Federal Register.

In the case of the Export Administration, the report had not been released, although many of the proposals have already been put into effect internally on the Department of Commerce on that report.

In the case of the Higher Education task force, they just finished their report a couple of weeks ago. Their recommendations, 19 recommendations are going through very intensive review in the agencies and in OMB where a large measure of responsibility lies right at this time.

So, one reason was to get the reports out at almost the same time. But the second reason was that they do fit together. President Ford in February said to us, not only should you begin to work on my own agencies, but he had some very distinctive ideas on how to do that. He said, "You can't get reform in an agency internally, by itself."

One does not reform oneself. You and I may go on a diet but it doesn't last very long. You can get reform through a combination of expertise from internal sources and an initiative that comes from outside. We tried to follow that plan. In the case of OSHA, bringing Phil Harter from the Administrative Conference of the United States into work with Joe Kirk, who is a Department of Labor senior person, was a combination of inside-outside expertise and initiative.

We brought in small groups from other agencies without a Blue Ribbon operation from outside the government. We didn't spend any money. He said not to spend any money. I begged, borrowed and stole furniture for the old Nixon file room on the fourth floor of Old EOB to house these guys.

Q I didn't mean to suggest your reports weren't worthwhile. I am just wondering why you do this in this manner. We don't have the reports to look at.

MR. MacAVOY: You can see the reports. I didn't find it possible to carry a pile of -- what -- 10, 20, 50,

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100 of these from various sources.

Q That is what is usually done.

MR. MACAVOY: This is the last day that this can be done. I teach full time at Yale University. I got the quarter-to-seven Pilgrim Airlines flight from Tweed Airport to La Guardia. I didn't have time to go over and get you a copy of the report. I think you can get it yourself.

Q We certainly can. But we can't ask any sensible questions on this basis.

MR. MACAVOY: You couldn't sit here and ask sensible questions coming through that report anyway. The reason for putting the four reports together was a test of a way of going at regulatory reform.

Can you bring task forces of bright, tough young people into an agency and have some impact? I think in OSHA we had an impact and in the Export Administration we had an impact. We designed a system to get a license turned around in 90 days. License applications are dealt with in 90 days. The reason it wasn't working well before was that no one was working on them.

Q In that connection, in the Export Administration, did that task force deal with all of the Arab boycott situation and how that has been handled?

MR. MACAVOY: We dealt with why did it take anywhere from six weeks to three years to get a license application reviewed and accepted or denied. We developed this system to turn the license around in 90 days.

Q This is one part of the licensing requirement?

MR. MACAVOY: The statute says you are supposed to tell somebody whether he has a license or not in 90 days. There were 3,000 or so licenses a year which got lost, applications a year that got lost.

We developed a system to turn all of them around in 90 days. Not all of them are making it yet, but much larger percentages now than three months ago. We were in there for process reform, for making the system work better by impacting these agencies from outside with a small group of very tough people. I think it worked. The reason for bringing the four together today is this may be the last time you ever hear of that.

Q I want to follow up. I will read the report on Export Administration. But I want to know if it deals with the Arab boycott.

MR. MACAVOY: No. It deals with the license application time period.

Q I can understand the problems there. I have been over there looking through some of the Arab boycott reports in the past and that is an absolute mess.

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MR. MACAVOY: It is a mess. It is not as much of a mess as it was. We think we have a system to turn it around.

Q Can we get something clear?

MR. MACAVOY: Yes.

Q Has the President recommended in any way, shape or form that you know of that gasoline controls be lifted? Did he mention it to you, for instance, today?

MR. MACAVOY: No.

Q Has he recommended, has he made up his mind? Do you have an understanding that he has made up his mind?

MR. MACAVOY: I don't have that understanding.

Q Then why do you say FEA recommendations and recommendations of the President to eliminate controls on gasoline?

MR. MACAVOY: It was my understanding some weeks ago FEA made that recommendation.

Q You also mentioned the President. You didn't just stop at FEA.

MR. MACAVOY: Frank Zarb doesn't do it separate from the President. But I have not kept up on that. I don't know the answer to your question.

Q Can I ask you a question about OSHA?

As you know, next to the Internal Revenue Service, OSHA may be the most unpopular government agency. It seems to me that most of the criticisms which are directed at OSHA, many of which were directed by Mr. Ford himself during the Presidential primary campaign, during his conservative period, were aimed at the fact that OSHA is able to go into an establishment without prior notice and that OSHA was able to issue citations which required punitive action.

Since the Republican primaries, Congress did take some action; the punitive action is not necessarily a requirement now. About 85 percent of the nation's farmers are no longer subject to OSHA regulation. It seems to me that what Congress did by amending the HEW labor bill with this legislation on OSHA, went far more to answering the criticisms of OSHA than what you have done and the basic complaints about OSHA that remain are really not touched by your recommendations. Am I wrong?

MR. MACAVOY: I would like the task force directors to reflect on that for a minute. But my personal answer to that is we didn't start with the notion that we could solve the economic problems and increase the efficiency of OSHA from beginning to end because that was too mammoth a task to be dealt with without, as you have noted, legislative reform.

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We thought we could take a very good target, a piece of those 50,000 mandatory standards and show how to make them more effective; in the hopes that in the coming year that the rest of them would be redone and that we would have a base to work on in terms of effective and comprehensive reduction of accidents.

We didn't do more than 10 percent of those regs. The problems that you mentioned are still there. That is quite true. What we have to show is more of how to do it than a success story in completion of the reform of OSHA. Do you guys disagree with that?

MR. KIRK: I think what you said is very accurate. I make two points, one on the action by Congress in amending appropriation language. It is, of course, valid for only one year.

While certain sized farms have been exempt and while certain penalties for non-serious violations have been eliminated for this year, there is no permanence to that unless it is reenacted by the Appropriations Committee.

Secondly, I think that part of the problem, part of the reason that OSHA is probably the second least popular agency is because of a lack of understanding about OSHA's mission and role.

The IRS role is very well understood. Every single person fills out a tax form every year. In fact, OSHA only inspected 100,000 work places last year out of some five million. We have done several surveys that show that after an inspection has occurred businessmen say, "That wasn't half as bad as I thought it was going to be. In fact, it was often very helpful in helping me understand how to better provide safety and health for my employees."

In fact, a large part of OSHA's problems are matters of perception. OSHA is administering an Act of Congress which permits us to go in unannounced in terms of making inspections. Of course, that is being contested now in the courts with the Barlow case in Idaho and a very probable Supreme Court case. That issue may be resolved in somewhat the near future.

MR. HARTER: One more comment, just from the outside chairman.

I think it is important to bear in mind that an awful lot of the problems with OSHA are these very difficult kinds of standards that are required by the law to be enforced; whereas, the very small farms have been exempted, at least for a year, under the coverage. One can argue whether that is a good idea or bad idea. Employees on small farms fall off tractors and get chewed up by cornpickers, too.

But the problem in the industrial area is these very standards that we are talking about. The OSHA standards currently in force require mandatory, obligatory, that all grinding wheels have a work rest of one-eighth of an inch from the wheel. You have to adjust it constantly as the grinding wheel wears down. That doesn't matter when you are deburring a casting that big which couldn't possibly get caught between the the guard and the wheel.

Eighty-five percent of all machines are governed by a very vague regulatory exhortation that ends in the interesting words "et cetera". People have absolutely no guidance as to what is required. Yet when that friendly man from OSHA comes along they are subject to a fine. Albeit the average fine is a whopping \$18, it is a relative nuisance and people don't like to be in violation of Federal regulations.

So it is our feeling that giving OSHA inspectors something coherent and understandable to enforce is going to do a large measure toward getting a better relationship between the industrial sector and the unions also, because we believe that if our regulations are more easily understood by the industrial side they are also more easily understood by the people whom they are protecting. They are in a better position to enforce them. That was in large measure our guiding force.

MR. KIRK: The task force, while it covers only 10 percent of the standards that OSHA has in effect in the safety area, covers about one-fourth of the area of violations that are cited and also covers 7 of the top 10 OSHA citations by count. So if these revisions, in fact, do take place, we will be addressing some very sore points with a lot of middle-sized and smaller businessmen who are particularly the ones who have complained about the very difficult regulations in some areas in understanding what their real obligations are and what they can do to provide safety, recognizing that in a given year it is 85 to 90 percent of the small businessmen who don't have an accident or an illness to report.

So when OSHA comes in, they are often inspecting a place that perhaps never had an accident in 30 years, 35 years. It is a very difficult situation in terms of perception. That is what the standards give out with this revision.

THE PRESS: Thank you.

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(AT 1:10 P.M. EST)