A hard apprenticeship for Labor's Donovan

Can an ardent salesman for a conservative Republican President succeed as Labor Secretary? Raymond J. Donovan, President Reagan's new Labor Secretary, says he can. But he faces an uphill battle. Donovan's experience and his instincts indicate that he will be a skilled manager and will do well in promoting smooth collective bargaining, one of the three key responsibilities of the department. But in the other two major areas, manpower development and regulation, Donovan has barely begun to learn. And he still lacks the experienced subordinates he will need if he is to take charge of the politically sensitive department.

Donovan survived bitter confirmation hearings in which allegations of deals with organized crime were declared unsubstantiated. Now he must walk what a Republican former Labor Secretary calls a "very difficult tightrope" between Reagan and labor. His first attempt to "build bridges," on Feb. 20, was an awkward one. After meeting with the AFL-CIO's executive council, he said, somewhat nervously, that perhaps half of the council at least partly supported Reagan's new economic plan. But Lane Kirkland, the federation's president, said Donovan was "mistaken" and privately called his overselling of the council's support "fairly miserable."

Secretary Donovan: Controversial aides and an early run-in with the AFL-CIO.

Not a 'referee.' But the soft-spoken Donovan has an ambitious agenda, and he is turning first to issues with which he feels most comfortable, improving the management of his department. "We want to do what you do with any business, get the lines of communication running out and down into the bowels of the department," he says. Some of this must wait, however, because Donovan and the White House have yet to name an Under Secretary and three assistant secretaries, appointments that he hopes will be made within a few weeks.

Donovan hopes to offset his first run-in with the AFL-CIO with a bargaining approach he hopes will please labor. "Our job is to facilitate bargaining, to lend our offices and services, but not to become a referee," Donovan told BUSINESS WEEK. He has a reputation as a skilled bargainer among the building trades, with whom he negotiated in New Jersey as executive vice-president of Schiavone Construction Co. He feels that in most cases "there is not enough communication in advance" of negotiations, and he will work behind the scenes to remedy this and push for the creation of labor-management committees.

Donovan lacks experience in key areas: Manpower development and regulation

But Donovan's positions on other matters of Labor Dept. policy seem unlikely to ingratiate him with workers, whose interests he is charged by law with protecting. He admits that he is still learning on issues of employment and training. Nevertheless, he wants to eliminate more than 300,000 public service jobs for disadvantaged workers and put more federal money into business-sponsored programs that train these workers for jobs in private companies. Donovan sees a "great opportunity" to rewrite the Comprehensive Employment & Training Act (CETA) when it comes up for renewal in 18 months to make it more "result oriented." He also plans to cut Labor's budget by at least $6.8 billion, or 18%.

On regulation, Donovan echoes Reagan. "We have been on a regulatory binge," he says, promising to change the Occupational Safety & Health Administration so that it creates "less confrontation" with business. He also promises strong prosecution of union officials who violate federal labor law.

Controversial aides. Appointments the new Secretary has made so far are also attracting criticism. Despite the reluctance of some White House officials, he insisted on Albert Angrisani, a 31-year-old former loan vice-president at Chase Manhattan Bank and a fellow campaigner for Reagan in New Jersey, to be assistant secretary for employment and training. He also chose Thorne G. Auchter, 35, a construction executive from Jacksonville, Fla., to administer OSHA. Neither man is an expert is his new field. But Donovan chose both because he thinks they are good managers, which, he says, is more important than what either "knows about the product."

Donovan initially gained points with Kirkland and other union leaders by promising to emulate James P. Mitchell, President Eisenhower's Labor Secretary, who was extremely popular with organized labor. Mitchell contemporaries point out that he, too, chose his aides primarily for their management ability. But Mitchell was also well-known to labor when he was appointed in 1953, and he was a strong advocate for worker interests, earning the title of the "social conscience" of the Eisenhower Administration. "If Donovan wants to be like Mitchell, he's got his work cut out for him," says Walter C. Wallace, a top Mitchell aide for seven years who is now in private business. "Mitchell was his own man in every way." ■

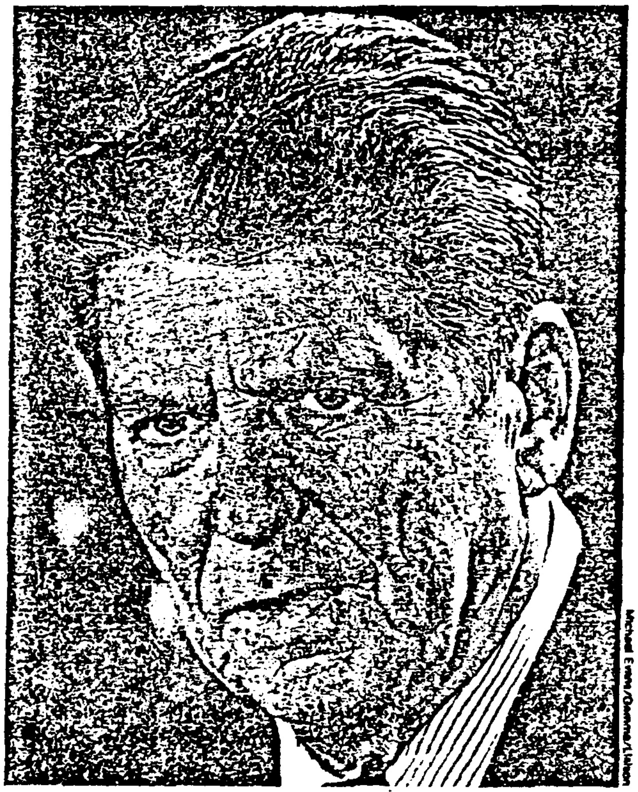
DEREGULATION

A fast start for the Reagan strategy

> "Government regulations impose an enormous burden on large and small business in America, discourage productivity, and contribute substantially to our current economic woes.... It is my intention to curb the size and influence of the federal establishment"

Less than six weeks after taking office, the Reagan Administration is bringing into focus its strategy for combating a problem that candidate Reagan proclaimed one of the most serious besetting the U. S.: overregulation. As it begins its war against the tens of thousands of rules, restrictions, and requirements that affect American business, the White House is mindful that the success of the Reagan Presidency will be measured in large part by its ability to reverse the half-century-long wave of federal intervention into nooks and crannies of American enterprise.

Of course, most recent Presidents have decried the panoply of business regulation that hampers efficient production and job creation. Former President Jimmy Carter even made significant strides in deregulating certain industries—airlines, trucks, railroads, and financial institutions. The new Administration will seek to remove still more price and entry restrictions, but its eye is on bigger game: the pervasive social regulation that affects business large and small. Reagan is betting that he can take the political heat and risk of slowing social progress in such areas as workplace safety and health, equal employment, environmental cleanup, and consumer protection.



The core of the Administration's regulatory philosophy is that government intrusion in the private sector is justifiable if—and only if—it produces benefits that outweigh the costs and the regulation chosen is the least expensive of the alternatives. These economic notions provide the standard against which to measure the ultimate success of the effort to deregulate. And they represent the personal views of the most deregulation-minded President ever to hold office. Reagan has felt for more than 20 years that most regulation is intrinsically burdensome, inefficient, and counterproductive. As one close aide describes Reagan's frame of mind: "He's seen the way regulations haven't worked. You don't have to read that in a book."

Although Reagan believes that the case against most regulation can ultimately be made on economic terms, cost-benefit analysis—a technique economists use for measuring the costs and benefits to society of government programs—is inherently uncertain and hugely time-consuming. For that reason, the Administration has moved quickly to seize control of the regulatory process.

On Jan. 29, Reagan froze all "midnight" regulations that became final but not effective in Carter's last days. Then on Feb. 17, Reagan issued an executive order concentrating in the Office of Management & Budget a veto-and-rewrite power over executive agencies; the order also requires the agencies to perform an extensive economic analysis of present and proposed rules. Further, Reagan designated Vice-President George Bush to lead a White House task force to oversee the deregulation effort.

The Administration's strategy for regulatory control boils down to this: appoint regulators who clearly support Reagan's determination to reduce government intervention; use the power of the executive order and seek budget cuts to rein in agencies under the President's direct control; and ask Congress to enact fundamental reforms that would also apply to independent agencies not under executive control.

Obviously, all this will not be easy. There is politically potent opposition to virtually every change in rules that Reagan wants to make. The first test is the forthcoming debate over renewal of the Clean Air Act and of sewage treatment provisions of the Clean Water Act. Nevertheless, a combination of factors gives Reagan a better-than-even chance of achieving substantial regulatory reform:

- The mood in Congress, where many of the reforms must be approved, is running in Reagan's favor. With a Republican Senate and a relatively conservative Democratic House, even many liberal legislators are now ready to prune the bureaucracy.
- Unlike Carter, Reagan owes little to the traditional constituencies of regulation—unions, environmental interests, and consumer groups. He has much more political freedom, for example, to

These principles will guide Reagan's deregulation push

- Impose regulations only if benefits exceed costs
- Choose least-expensive methods to achieve regulatory goals
- Eliminate rigid compliance rules by relying on economic incentives and penalties to encourage companies to meet standards
- Tailor regulatory burdens to the size and nature of companies affected
- Reduce unnecessary paperwork and regulatory delays
- Shift regulatory control to the states
- Support 'sunset' legislation requiring Congress periodically to assess the current relevance of regulatory laws
- Consider supporting legislation making it easier for Congress or the President to veto or delay regulations

apply cost-benefit analysis to proposed rules.

- Business groups are firmly behind Reagan's deregulation goals and are poised for a massive lobbying effort to persuade Congress to limit the authority of such bodies as the Environmental Protection Agency.

Reagan's regulators and their initial actions reflect the ideological goals of his Administration. Housing & Urban Development Secretary Samuel R. Pierce Jr., for example, froze all his department's proposed and pending rules two days after the inauguration and seven days before the President's governmentwide freeze. Likewise, Labor Secretary Raymond J. Donovan has already withdrawn a proposed rule that would have required the labeling of all hazardous workplace materials.

Much of the detailed work will be in the hands of the regulators. "The new appointees will solve a lot of problems, problems we hope will never surface to the task-force level," says task-force counsel and Bush aide Boyden Gray.

For this reason, potential appointees to the Reagan Administration have undergone personnel screenings unprecedented in their ideological emphasis. For instance, John W. Hernandez, newly named deputy administrator of the EPA, spent four hours being grilled by domestic policy chief Martin C. Anderson and at least four more with OMB officials.

"We want to make sure each individual is philosophically committed to making the decisions he will have to make when he gets in the job," White House personnel director E. Pendleton James says. "Once he's appointed and once he's confirmed, we're locked in."

But drastically changing the goals of agencies with thousands of employees in both Washington and field offices around the country will take more than an expression of adherence to the new regulatory philosophy by top administrators. For that reason, the second prong in Reagan's deregulation strategy gives his White House more official control over agencies and their bosses than any President has ever had. "Sometimes you don't know your appointees until after they're in," says a White House official.

This control was made concrete by Reagan's executive order. It gives the OMB the power to rewrite or veto rules that are in early stages of proposal by executive agencies such as the EPA, OSHA, and the National Highway Traffic Safety Administration. By one estimate, these rules account for 70% of the costs imposed on the private sector by regulation. Although the legality of putting those agencies so firmly under the thumb of the White House will almost certainly be challenged in the courts, Administration officials maintain that a law Congress enacted last fall reducing government paperwork gives the White House that authority.

Enlisting the help of Congress in his antiregulation drive, Reagan will soon propose revamping the process by which rules are created. He wants his executive order enacted in a statute that will extend OMB review authority to independent agencies, such as the Federal Trade Commission and the Equal Employment Opportunity Commission.

A bill that would have required agencies to analyze the economic effects of proposed major rules died in the 96th Congress, but this year's legislators are expected to be more receptive to virtually any move

Reagan's regulatory hit list

Agency	Action
Environmental Protection Agency	Move away from technology-forcing standards, such as smokestack scrubbers for all coal-fired plants, toward performance standards
Occupational Safety & Health Administration	Emphasize personal-protection devices rather than costly engineering controls to achieve workplace safety
Consumer Product Safety Commission	Emphasize dangerous-product warnings over product regulation
Food & Drug Administration	Review the law that prohibits food additives that may cause cancer—no matter how low the risk
Agriculture Dept.	Ease meat-labeling requirements
National Highway Traffic Safety Administration	Postpone rule requiring air bags or passive seat belts in autos
Energy Dept.	Relax requirements for utilities and industry to convert to coal power
Interior Dept.	Accelerate leasing of mineral and energy resources on federal land
Nuclear Regulatory Commission	Streamline licensing of nuclear power plants
Securities & Exchange Commission	Prosecute major offenders vigorously rather than file numerous cases now often settled out of court
Urban Mass Transportation Administration	Review requirement that subways and buses be fully accessible to the handicapped
Federal Energy Regulatory Commission	Speed up decontrol of natural gas
Equal Employment Opportunity Commission	Look for case-by-case discriminatory practices rather than seek industrywide patterns of discrimination

to soften the economic impact of regulation. "Gradually, there has been a realization that regulation can damage very important interests. Even the more progressive members of my party understand that," says Senator Carl M. Levin (D-Mich.).

However, the difficulties that tripped up the legislation last year may persist and thereby impair the chances of Reagan's new proposals. Congress was not averse to reining in the regulators, but it wanted its own control over specific regulations. And the so-called legislative veto, which in its most extreme form would permit either house to overturn without the signature of the President any proposed rules, is expected to be attached to the regulatory reform bill again this year. The Administration may thus find itself forced to share power with the legislative branch to get its procedural changes.

Any regulatory-reform legislation that passes Congress, moreover, is likely to include provisions requiring agencies to perform cost-benefit analysis on proposed rules. This is politically controversial. Environmentalists and others contend that the benefits of a particular regulation—fewer cases of cancer or cleaner air, for instance—cannot be mathematically balanced against the cost of achieving those socially desirable goals.

Reagan's economic advisers agree that some benefits of regulation cannot be expressed in dollar figures, but they deny that cost-benefit analysis is intended to be a mere numbers game. "To be against cost-benefit analysis is to be in favor of regulating with less information," says James C. Miller III, administrator of the OMB's Office of Information & Regulatory Affairs and executive di-

Bush: 'We must get this country back to work'

As one of his first official acts, President Reagan created a Presidential task force on regulatory relief and named Vice-President George Bush to head it. Serving with Bush on the regulatory task force are seven members with Cabinet rank. Following are excerpts from an interview in which Bush discussed the Administration's regulatory goals with Herbert W. Cheshire, deputy bureau chief of the McGraw-Hill World News bureau in Washington, and correspondent Anne Swardson.

What strategy will the Administration follow in trying to achieve its goal of lessening regulation?

The goal is regulatory reform and relief, obviously, and the strategy is simply to go through the channels available. That would include executive orders, legislation, and working with various individuals in various levels of the federal bureaucracy. We think something can happen with this task force. We aren't going to write a 500-page report and file it.

What will the task force be doing in the next few months?

Drafting a legislative package of regulatory reform proposals and formulating executive orders to the agencies, which the President will enthusiastically sign . . . [and] working with people who share the President's view on excessive regulation. So some of [the solution] is people, some of it is executive action, some of it is law.

The past relationship between business and regulatory agencies has been adversarial. What's the best word for what that relationship is going to be now?

We're going to welcome suggestions, not just from businesses that are regulated but [also] from those groups which have other interests as their prime concern. We are going to act in an evenhanded fashion as best we can and do things to encourage real growth and real productivity. So I would expect that business should be excited about this prospect.

Labor, environmental, and consumer groups are already gearing up for opposition drives.

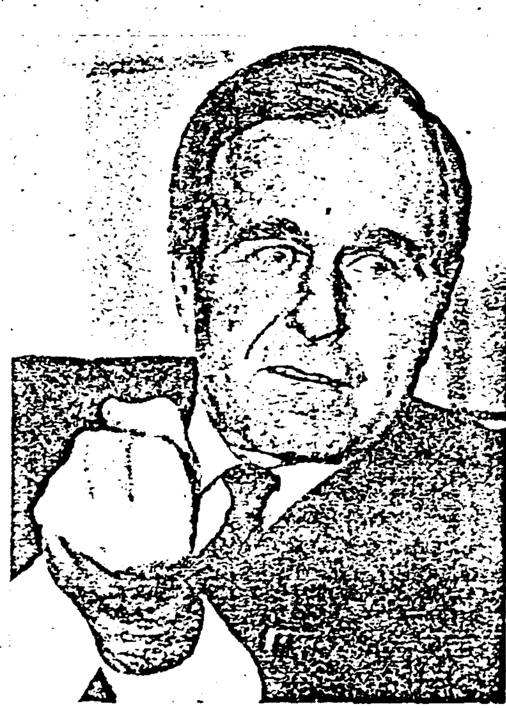
They geared up for an opposition drive against us in the election, a strong one; a lot of them, not all. But many of these people are reasonable. . . . We've already met with some of the top labor leaders. They feel very, very strongly about certain provisions of laws affecting safety in working places. But every single one has acknowledged that in some areas there have been excesses.

It's our perception that everybody in this country knows that we've got some enormous economic problems and that we've got to compete abroad and we've got to produce again. Even those in some of the special interest groups you're talking about must understand that. We're not looking for a fight. We're not out to rape, pillage, or plunder the environment or anything else. And it's not all pure dollars and cents. There are human components to be considered. But we must get this country back to work.

When might we see results from the Administration's deregulation drive in terms of helping the economy—one year, two years?

It all depends. If a regulation can be removed that totally holds up the construction of some kind of productive facility, it could happen pretty fast. In general, I think regulatory relief will have a rather quick impact on the economy. Part of it will come from the anticipatory effect. If an investor is convinced the President is really determined to bring regulatory relief, that in itself will have an effect.

"*The goal is regulatory reform and relief.... We aren't going to write a 500-page report and file it*"



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rector of the Bush task force. "Cost-benefit analysis is not a panacea, but it's way ahead of what we have today," Miller says.

None of these changes will come without a tough fight. The AFL-CIO's Industrial Union Dept. (IUD), for example, has joined several environmental groups to form political action committees in 12 states and to organize grass-roots backing to publicize the benefits of regulation. Says Howard D. Samuel, president of the IUD: "We think there are a lot of people in Washington who are not aware of the constituent support" for health and environmental laws.

Reagan will also find that changing regulatory laws already on the books—especially when it comes to undoing such hard-won past compromises as the Clean Air Act amendments of 1977 and scheduling the phaseout of natural gas price controls—will open a Pandora's box on Capitol Hill. "The laws and regulations we now have represent the perfect expression of the political conflict of ideas and pressures," says a former Carter Administration official. "Can Ronald Reagan really develop a national constituency to override the provincial and sectoral political power centers?"

Headed for court

Nor is modifying existing regulations an easy process. If a rule has become final—and OSHA's $1 billion standard to control workplace lead exposure is a prime example—it can be changed only through the same administrative process by which it was created: a series of proposals, hearings, written comments, and negotiations that often takes years. "Our major problems are with regulations that are already in place," says Reagan health adviser and Washington (D. C.) lawyer C. Joseph Stetler.

The Reagan deregulators will ultimately fight their battles in an arena until now used primarily by industry in opposing regulations: the courts. Congress has written many of the major environmental and health laws in detailed fashion specifically to deny the implementing agencies room to maneuver. These laws also open the way for citizens to complain to the courts if the statutes' mandated goals are not fully carried out. Several laws administered by the EPA, for example, dictate the levels of technology required to achieve clean air or water, instead of leaving the method to the agency's discretion. Many of these same laws include provisions making it easier for people to sue. "It's a serious possibility that the courts could prevent the Administration from achieving its deregulatory ends," says Ronald Levin, administrative law expert at Washington University in St. Louis.

Within reason, however, Reagan regulators may be able to circumvent court scrutiny on changing a rule by enforcing the regulation little or selectively; judges are generally reluctant to override prosecutorial discretion.

Important as the debate over procedure is, the make-or-break issues for specific industries will come as Congress moves to rewrite each particular statute and reform particular agencies. Especially significant are the 1970 Clean Air Act and its 1977 amendments, together the most sweeping environmental statute ever enacted by Congress. The Clean Air Act has spawned hundreds of regulations, and hundreds more are in the offing. It has significantly reduced air pollution—but, if industry is to be believed, at the price of thousands of jobs and widespread plant closings.

The steel and coal-mining industries maintain that complying with the law forces companies to invest huge sums of cash that could be spent on modernizing plants. William J. De Lancey, chairman of Republic Steel Corp., says that environmental spending last year equaled $20 for each ton of steel the company produced. In 1977 the industry's cost for

How lawsuits might slow deregulation

Even if, as expected, the executive branch curtails its role as overseer of business, it does not follow that companies are off the regulatory hook. The courts will almost certainly find private litigants calling on them to act as substitutes to enforce existing rules and regulations.

This would not be a new trend. Increasingly during the past decade, Congress and the courts have been inviting individual citizens to sue corporations to redress violations of regulations. A number of lawyers in diverse fields indicate now, however, that private parties will more and more accept that invitation in the years immediately ahead.

In pollution controversies, for example, "the fact that the federal government is cutting back its litigation may very well increase private litigation," predicts Washington attorney James A. Hourihan, chairman of the environmental litigation committee of the American Bar Assn. Winn Newman, general counsel of the International Union of Electrical Workers (IUE), expects the next big frontier in sex discrimination cases—equal pay for comparable women's and men's jobs—to be pushed by private litigants rather than by the Equal Employment Opportunity Commission. And a host of other laws—including truth-in-lending and pension security—give private parties the explicit right to sue.

A preferable adversary. The concept of private attorneys general dates back to the Clayton Act of 1914 and is so well embedded in antitrust law that last year individual plaintiffs brought 37 such cases for every one brought by the federal government. During the 1970s the notion gained general popularity in Congress. Thus, when the lawmakers in 1974 gave the Federal Trade Commission new power to regulate product warranties, they also gave consumers authority to sue directly manufacturers who do not live up to FTC rules. Amendments to the Equal Credit Opportunity Act opened the way in 1976 for suits by borrowers whose loans were rejected because of sex bias. Amendments to the federal product safety law also encourage private action. Now, expecting soft government enforcement in other areas, some activists are suggesting that litigation will test whether citizens can bring private suits under such laws as the Occupational Safety & Health Act, where enforcement has generally been assumed to be a government monopoly.

For corporations, there are clear differences between fighting the government and a private plaintiff. Most who have been involved in both kinds of battles opt for the latter. "I would rather face a private litigant any day than the government," says Clearwater (Fla.) lawyer F. Wallace Pope Jr., co-director of the publications division of the ABA's litigation section. He finds that private litigants want to bring cases to some conclusion, while "the government's just like a giant slug. It just sits there."

More important, the government usually tries to establish a general principle, forcing a single target company to defend a practice for the entire industry. "In government litigation, you generally can't just pay them off and get rid of them. They want a lot more than that," explains Peter B. Freeman of Chicago, an expert on consumer litigation. A broad order won by the government may force a company to alter the way it hires, bills, or prices. That result may be far more expensive than the consequences of a private suit, in which, says Mozart G. Ratner, a Washington (D. C.) labor lawyer, "private plaintiffs are understandably more interested in the bucks."

Calculating the cost of government regulation

In his televised report to the nation on the economy on Feb. 5, President Reagan said that "altogether, regulations . . . add $100 billion or more to the cost of the goods and services we buy."

Reagan's estimate—which is highly controversial—had its genesis in the computations of Robert DeFina, an economist formerly with the Center for the Study of American Business at Washington University in St. Louis and now at the Federal Reserve Bank of New York. According to Murray L. Weidenbaum, the new chairman of the Council of Economic Advisers and a former director of the St. Louis center, DeFina made a "pioneering effort" in 1976 to compute an aggregate measure of the total cost of regulation.

In the book *The Future of Business Regulation: Private Action and Public Demand*, Weidenbaum wrote that DeFina "culled from the available literature the more reliable estimates of the costs of specific regulatory programs. By using a conservative estimating procedure, he put the figures on a consistent basis and aggregated the results. He found the total [for 1976] to be approximately $66 billion, consisting of $3 billion of taxpayer costs to operate the regulatory agencies and $63 billion, or 20 times as much, for business to comply with regulations. Thus, on the average, each dollar that Congress appropriates for regulation imposes an additional $20 of costs on the private sector." The compliance costs included an estimated $25 billion for paperwork alone.

Multiply by 20. In a paper published last November, Weidenbaum prepared a "rough update" of the DeFina estimate by applying the multiplier of 20 to budgeted administrative costs for more recent years. He came up with total compliance costs of $115.5 billion for 1979 and $126 billion for 1980, including paperwork costs.

The total is, of course, an approximation that does not stem from a rigorous cost-analysis. Moreover, the offsetting economic benefits of regulation—usually more difficult to measure than costs—play no part in the calculation.

every additional 1% reduction in airborne pollution was $45 million, according to the American Iron & Steel Institute. The industry claims that it has now removed 96% of the air pollutants and that the cost for each additional 1% will be $1.2 billion by 1982.

Congress must decide by Sept. 30—the Clean Air Act's expiration date—what changes it will make. Utilities, steel producers, and coal companies say they believe in the goal of the act and do not want it dismantled. However, industry will ask for some significant changes—for example, relaxation of air-pollution compliance deadlines, simplification of some technology-forcing standards, and far more reliance on independent panels of scientists to set standards. But Representative John D. Dingell (D-Mich.), chairman of the House Energy & Commerce Committee, and his counterpart, Senator Robert T. Stafford (R-Vt.), chairman of the Environment & Public Works Committee, are opposed to major changes in the law's goals.

Protecting consumers

No matter what Congress does with the clean air law, Reagan can have a significant effect on the EPA, which by midsummer must issue more than 100 new regulations, all of them extensive and complicated. He has already taken the first step by appointing Ann M. Gorsuch, a Colorado attorney who has participated in suits against EPA regulations, as administrator. Through his executive power over the agency, Reagan can also to some degree control the course of environmental rules.

But Reagan has far less power over the agency that will confront Congress with its second major debate on deregulation: the Consumer Product Safety Commission. Unlike the EPA, the CPSC is wholly independent of the executive branch, although Reagan can appoint a new chairman. Hearings begin this month on renewing the CPSC's funding, which expires on Sept. 30. There is serious talk on Capitol Hill of abolishing the agency altogether or limiting it to an educational body that would perform studies and print brochures about dangerous consumer products but would not have power to set regulatory standards. Senator Robert W. Kasten Jr. (R-Wis.), chairman of the Senate Commerce Committee's consumer subcommittee, has asked Reagan not to appoint a new CPSC chairman until the agency's fate is decided.

Reagan's biggest regulatory headache is likely to be OSHA because that agency touches more individual companies than does any other arm of government except the Internal Revenue Service. Congress will do little to untangle OSHA's myriad regulations this year. Senate Labor Committee Chairman Orrin G. Hatch (R-Utah) says he is taking a wait-and-see attitude. Likewise, OSHA's new administrator, Thorne G. Auchter, talks only in general terms of trimming back.

But economists including the OMB's Miller have long argued that worker protection can be most efficiently achieved through personal-protection devices such as earplugs or respirators and not through OSHA's approach: altering the workplace by means of noise-dampening equipment and emission-reducing devices. The Supreme Court will take up this issue for the first time when it rules this year on OSHA's $656 million cotton-dust standard, which orders the textile industry to install controls to reduce chronic lung disease among workers. The industry contends that respirators are enough.

The case for personal protection, however, has been significantly weakened by the National Institute for Occupational Safety & Health's recent recall of 300,000 faulty firefighting and mining respirators. And on Feb. 17, a NIOSH-funded study found that some hazardous substances can easily penetrate protective gloves used by millions of workers.

Reagan's deregulation strategy will also affect most other areas of government:

ENERGY. As one of his first acts on becoming President, Reagan eliminated price controls for oil, and he is planning to speed up the decontrol of natural gas wellhead prices. The Administration also wants Congress to weaken the 1978 Fuel Use Act, which requires utilities and large industrial plants to convert from oil and gas to coal. Until Congress acts, the Energy Dept.'s Economic Regulatory Administration (ERA) will ease up on enforcing the programs and be more generous in allowing companies temporary exemptions to use natural gas.

In the nuclear area, the Administration will move to promote wider use of nuclear-generated electric power by streamlining the Nuclear Regulatory Commission licensing process, which now takes as long as seven years.

AUTOS. The industry is asking the Reaganites to roll back some emissions standards from 1981 to 1980 levels, streamline the process for certifying compliance with those standards, and freeze safety regulations. Ford Motor Co. estimates that these changes would save the industry as much as $5 billion annually by 1985. Says Thomas A. Staudt, vice-president of marketing at American Motors Corp.: "We've carried the biggest burden in the world market in regulations on the production of vehicles. We see a far greater future prospect for an alliance [with government]."

FOOD. Congress is likely to modify the Delaney Amendment, which bans food additives bearing any trace of substances that have been shown to cause cancer in animals.

EMPLOYMENT. The EEOC is likely to change its course by defending individuals rather than pursuing its recent policy of suing on behalf of large classes of workers. "We'll be claims adjusters, pure and simple," says a commissioner. The EEOC can also be expected to move away from hiring goals and timetables.

TRANSPORTATION. The department's urban mass transportation rule requiring that mass transit be accessible to handicapped and disabled persons—which has the effect of compelling expensive subway modifications and new bus purchases in many cities—is a prime target of the Bush task force.

ECONOMIC REGULATION. Under the Carter Administration, substantial price-and-service deregulation was achieved in the airline, trucking, railroad, and banking industries. Communications will undoubtedly be next, though the initiative will come more from Congress, especially from Senate Commerce Committee Chairman Bob Packwood (R-Ore.), who is particularly interested in the broadcast area. The Administration is likely to delay action on telecommunications deregulation, however, until the six-year-old antitrust lawsuit against American Telephone & Telegraph Co. is finally resolved.

The Securities & Exchange Commission will probably continue streamlining and simplifying disclosure processes. Chairman-designate John S. R. Shad is likely to downplay corporate governance and put greater emphasis on the ability of companies to raise money. Business would like to see the SEC push for weakening the Foreign Corrupt Practices Act and prod its Enforcement Div. to concentrate on major violations of securities law rather than pursuing and often settling many minor cases. Controversial Enforcement Div. chief Stanley Sporkin may stay on.

If all these regulatory changes are made, the effect on the economy and on the operating environment for business could be enormous. And even though the political process will doubtless force modifications in the grand design, the chances of substantial reform are nevertheless bright. Says Alexander B. Trowbridge Jr., president of the National Association of Manufacturers: "I don't think the election was a mandate to undo the entire framework of regulations. But it was a general statement that we've overdone this process and overburdened the private sector. This Administration will push that view far more than [have] previous ones." ■