

Air Products

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INTEROFFICE
MEMORANDUM

J T BARR Subject Chemicals Group Safety & Health Costs FY 77

To R. Fleming

Trexlerstown

(Location, Organization, or Department)

From J. C. Novak

Trexlerstown

(Location, Organization, or Department)

cc: T. L. Carey
J. H. Body

At your request, I have compiled the Chemicals Group's spending during FY 77. The numbers below represent the best available information.

There were two major difficulties in obtaining the correct figures
a) Some of the locations just recently began separating Safety and Health costs from their overall operating expenses. Therefore, the numbers they report are on the conservative side. b) On major construction projects, the cost of Safety and Health is again lumped in with the total cost of the project. At times it is difficult to judge whether individual costs are due to new technology which improves the operation, or for safety and health reasons. Nevertheless, the cost figure for capital expenditure is rather close to actual spending, again on the conservative side.

Operating cost dollars for the month of August and September have been prorated based on prior experience. This portion of the total cost may have a $\pm$ 10% error.

The Legal Department's charges for Safety and Health could not be broken out from the total charged against the Chemicals Group. There was a substantial time and effort spent by the Legal Department on OSHA related items.

JCN:djm

J. C. Novak

J. C. Novak

(320)

AP00025492



INTEROFFICE
MEMORANDUM

Date _____

Subject _____

To _____

(Location, Organization, or Department)

From _____

(Location, Organization, or Department)

(320)

AP00025493

Federal Regulation Of Business on Rise, Budget Study Shows

Increase in U.S. Agency Costs
Indicates More Red Tape
Despite Carter's Pledge

By a WALL STREET JOURNAL Staff Reporter

ST. LOUIS—Government regulation of business will continue its climb in fiscal 1979, despite pledges from the Carter administration to trim red tape, says a report by the Center for the Study of American Business at Washington University here.

The federal government's 41 regulatory agencies have a combined budget of \$4.82 billion in fiscal 1979, up from \$4.54 billion in fiscal 1978 and \$2.24 billion in fiscal 1974.

This level of expenditure "represents a growth rate that is unsurpassed by the federal budget as a whole, the population of the country, the gross national product or any other applicable basis for comparison," the study notes.

In an interview, Murray L. Weidenbaum, the center's director, said the study "is a good, direct measure of the rising intervention of government in the economy." He stressed that "the overriding concern isn't just \$4.8 billion, but the costs to business for complying with the regulations" which are ultimately passed on to the consumer.

Multiplier Effect

An earlier study by the center indicated a multiplier effect of about 20 times the federal regulatory expenditures, Mr. Weidenbaum said. Thus, we reasoned that the cost to business in fiscal 1979 "could easily be close to \$100 billion."

Mr. Weidenbaum, formerly Assistant Treasury Secretary for economic policy, said he and a graduate student, Robert DeFina, had pored through the budget since late January, when it became available, picking out regulatory costs.

"It was quite a chore," he continued, noting that "you have to know your way around budget concepts and tables." Nonetheless, he added with a chuckle, "it was something like a detective story. You had to find bits and pieces" related to costs of regulation.

The report disclosed that the bulk of budgeted expenditures for fiscal 1979, which begins Oct. 1, are earmarked for areas of social regulation that have received increasing attention in recent years. For instance, the total for consumer health and safety is \$2.67 billion, up 3% from fiscal 1978, but a 105% increase from fiscal 1974. Job safety receives \$626 million, up 11% from fiscal 1978 and 102% from five years earlier.

Regulatory costs for environment and en-

ergy increased 19% to \$1.12 billion from \$939 million a year earlier, and reflect a 205% gain since fiscal 1974. For instance, the budget for the Environmental Protection Agency is \$522 million, up from \$473 million in fiscal 1978 and \$232 million in fiscal 1974.

"Old-Line" Agencies

Mr. Weidenbaum maintained that "much media attention" is focused on "old-line" agencies such as the Federal Communications Commission, the Federal Trade Commission and the Interstate Commerce Commission. Yet, this group's expenditures "have a much more stable pattern," he said. "The big money isn't here; the action is in the newer agencies," he said.

Regulatory costs budgeted for these "old-line" agencies edged upward to \$341 million in fiscal 1979 from \$340 million the year earlier. The fiscal 1979 figure was up 39% from fiscal 1974, the economist said.

"Frankly," he observed, "I wasn't aware of the extent the Department of Agriculture has expanded its role." The overall regulatory costs declined to \$830 million from \$862 million in fiscal 1978; however, both years "are substantially ahead of" fiscal 1974's costs of \$314 million, he said.

"In all fairness," Mr. Weidenbaum said, "a lid has been kept on expenditures of the Consumer Product Safety Commission" in recent years. The fiscal 1979 budget allocated the commission \$40 million, from \$42 million the year earlier and \$40 million in fiscal 1977.

AP00025494

J. T. Barr

AP00025495

TO: R. Fleming

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Safety & Health Costs FY 77.

The Chemicals Group's Safety and Health costs on capital expenditures
FY 77 is \$1,688,682.

The operating costs FY 77 have been broken down by locations.

Escambia Plant	\$695,140.
Pasadena Plant	405,000.
St. Gabriel Plant	68,000.
Calvert City Plant	550,000.
Paulsboro Plant	114,761.
Outlying Plants	315,400.
Fab. Plastics Div.	20,599.
R & D Labs	147,276.
Group Engineering	78,000.
Group Transportation (DOT - transportation safety)	25,000.
Industrial Chemicals Process Technology Group	39,700
Industrial Chemicals Business Area	10,000.
Chemicals Group Safety	89,000.
TOTAL	\$2,557,876.

AP00025496

agreement on the transfer of new powers to EEOC. The agency has been criticized by industry, Congress, and the Executive Branch for its backlog of charges, inefficient management, and revolving leadership. (It has had seven chairmen in its 14-year history.) But recently, under the leadership of Eleanor Holmes Norton, EEOC has taken steps to streamline its procedures.

However, warns William Knapp, labor attorney with the U. S. Chamber of Commerce's Labor Relations Section, "There's a lot more that needs to be done [at EEOC] before going out and taking on added responsibility." The chamber also believes that the expertise for administering the age and equal-pay laws is in the Labor Dept. and should remain there.

More age action. A major change for employers, unless Congress disapproves transfer of ADEA responsibilities to EEOC, will be more vigorous enforcement of the age law, believes Mr. Jager-son.

"The law has traditionally been feebly enforced," he observes. "The vast majority of action has come from private suits. Watch the age issue when EEOC has it. It will become as big an issue as those related to women and minorities."

Mr. Jager-son also believes the President's reorganization reflects a trend which may eventually lead to a complete takeover of anti-discrimination activity by EEOC. "There won't be a consolidation of EEOC and OFCCP. EEOC will just eat it up and assume all its responsibilities. No matter what the people in the Labor Dept. say, the reality is that EEOC has a more vigorous and direct approach, albeit a confused approach because of all the problems it's had. But it is taking all the power."

The proposals call for transfer of enforcement responsibilities over a two-year period. The first scheduled change is termination of the coordinating council and transferral of its duties to EEOC on July 1 of this year. The transfer of the Equal Pay Act and ADEA would take place July 1, 1979.

An environmental threat to exports?

By John S. McClenahan

U. S. export sales, already dragging because of the world's slow recovery from the 1974-75 recession, could be further depressed by the actions of some environmentalists inside and outside government.

That, at least, is the fear of some business analysts who are alarmed by the prospective impact of current Washington maneuvers.

The White House Council on Environmental Quality (CEQ) is contemplating regulations that would require federal agencies, including the Commerce Dept. and the Export-Import Bank of the U. S. (Eximbank), to file environmental impact statements (EIS) before making any "major" international moves "significantly affecting the quality of the human environment."

At the same time, Eximbank is the target of a 13-month-old lawsuit which also seeks to mandate EIS filings before export sales can be consummated. The suit, which has yet to advance beyond preliminary legal maneuvering in a Washington federal district courtroom, has been brought by the Natural Resources Defense Council (NRDC) and the National Audubon Society.

Both the CEQ draft regulations and the environmental groups' lawsuit are

attempting to apply the EIS requirements of the 1969 National Environmental Policy Act to international commerce on the assumption that the law does not confine "human environment" to the U. S.

Early readings. Many companies are just learning of the CEQ proposal, still a month or more from public proposal, and are unable to discuss its probable impact in detail.

A reading of the plan by Dow Chemical Co., Midland, Mich., for example, suggests no direct effect on product exports—since most do not involve any U. S. government financing. But, the firm says, the rules could produce problems for Dow's overseas capital projects, which have drawn on Eximbank financing and risk guarantees from the Overseas Private Investment Corp., a federal investment insurance agency whose own future is now in doubt.

Executives at General Electric Co., Fairfield, Conn., term the idea of requiring Eximbank to file an EIS on export sales "just about as unrealistic as you can get." Foreign countries would reject being told what was or was not environmentally acceptable, a GE official explains, and these nations could simply turn to suppliers from other countries.

"Foreign governments do not want to be told by American environmentalists that they cannot drain marshlands to



Dow Chemical doesn't believe EIS filings would affect its exports, such as pesticides which aid rice farmers in Asia, but they could hamper overseas capital projects.

NEWS ANALYSIS

Commission (EEOC) the predominant anti-bias agency.

The plan will have an "extraordinary" impact on employers, says G. Todd Jagerson, president, EEO Services Div., Jagerson Associates Inc., a New York equal employment opportunity consulting firm. "The power is going to what has become the most vigorous enforcement center. EEOC is the leading edge. . . . It's ominous for the employer."

The Administration's proposals transfer to EEOC the enforcement of the Equal Pay Act and of the Age Discrimination in Employment Act (ADEA), both formerly the responsibility of the Labor Dept. They also abolish the Equal Employment Opportunity Coordinating Council and transfer its duties to EEOC. The council was established four years ago to eliminate duplication and inconsistency among the various federal anti-bias agencies, but has had only one major accomplishment: creation of uniform employee selection guidelines.

Also transferred to EEOC under the reorganization is the responsibility for equal employment opportunity for federal employees, formerly the charge of the Civil Service Commission.

Consolidation. These changes will require Congressional hearings. Another step outlined in the plan, however, will be accomplished by Executive Order. The President will amend Executive Order 11246, as of Oct. 1, to terminate the authority of 11 government agencies currently responsible for nondiscrimination by federal contractors and consolidate this authority in the Labor Dept.'s Office of Federal Contract Compliance Programs (OFCCP), which now coordinates the activities of the 11 agencies.

This consolidation is widely approved by business. EEO Services' Mr. Jagerson points out that one of his clients, a large corporation, is required to have six affirmative action plans, each for a different government agency, at just one of its plants.

There is, however, considerably less

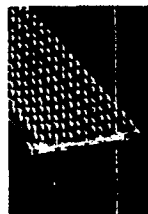
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For Information, Circle No. 52

March 6, 1978, INDUSTRY WEEK 25

AP00025498

NEWS ANALYSIS

plant rice to feed their people, or build a cement plant or a railroad or a fertilizer plant to develop their economies," contends the National Legal Center for the Public Interest, a Washington group with pro-business leanings.

On the practical level, indicates E. H. Dowd, the center's director of legal research and planning, if NRDC and the Audubon Society win their suit, Eximbank might have to spend six to 18 months on EIS preparation for an export sale—when speed in reaching a financing decision could well be the difference between a U. S. manufacturer winning or losing an overseas order.

That point is picked up by Frank A. Weil, assistant secretary of Commerce for industry and trade. Impact statements on all exports would be regarded by many foreign buyers "as just one

more headache . . . and if there was any alternative, they would tend to go to that," he says.

CEQ view. While alarms are starting to go off among international business people, CEQ is proceeding with cool determination to put final touches on its draft regulations.

That process involves accommodating the views of the State, Treasury, Defense, and Commerce departments, which generally have looked upon the proposal with the same fondness they would display toward a 50% budget cut.

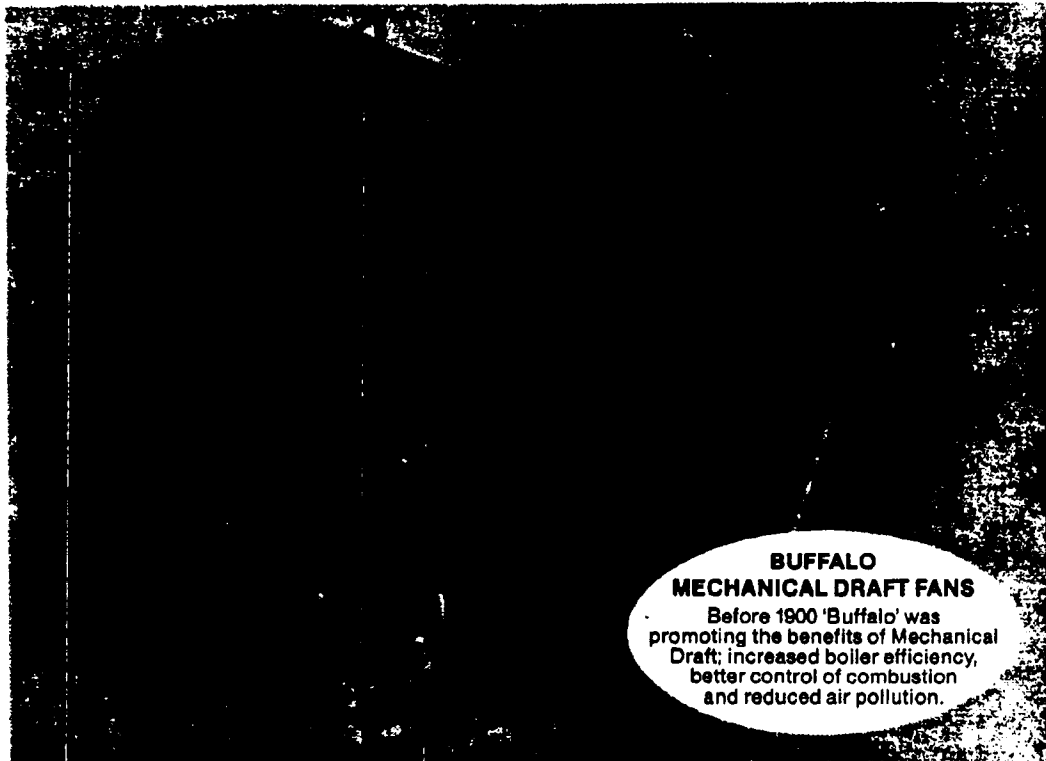
As CEQ finishes its writing task, no one seems sure how soon—or if—its proposed rules will be published in the *Federal Register* for business and other public comment. A lot depends upon the reaction of Stuart E. Eizenstat, one of

President Carter's policy assistants.

The council believes, nevertheless, that its regulations would not harm U. S. exports, which totaled \$127.1 billion last year.

For one thing, the EIS requirement would apply only to those goods that need a government export license. CEQ states. By the council's calculations, about 10% of all U. S. exports fall into that category, but it feels that far fewer would actually be affected since they would not constitute a "major" government action or produce "significant" environmental effects.

CEQ insists it is not trying to set up the council as the world's environmental policeman. Emphasizes one CEQ official: "We're not imposing our standards on the world; we're just making the information available." She notes



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AP00025500

that the impact statements (there would be two kinds, with their comprehensiveness determined by the areas of the world they applied to) would be similar to the warnings that appear on cigarette packages.

An export EIS would simply provide information, not be a barrier to sale, she contends. A country which still wanted the product, despite the prospect of some adverse environmental impact, could have it.

The CEQ also pooh-poohs the notion that EIS preparation would delay things long enough to lose sales. The regulations are "very flexible," the CEQ official says. "In general, we're not saying that you have one for every action. You have large, programmatic ones, and then you just cite them for a specific situation."

To help bolster its side, CEQ likes to show off a December 1977 letter from John J. Gilligan, administrator of the Agency for International Development (AID), the State Dept. group that oversees U. S. foreign assistance.

Loss of business—and a consequent loss of jobs—has not been significant in AID's experience with its 20-month-old program of environmental impact statements, Mr. Gilligan claims. "No project has fallen through because of the required environmental analyses, and, as far as we can discern, compliance with our environmental regulations may have had only minimal impact on U. S. jobs in the chemical industry as a result of the discontinuance of our financing selected pesticides."

Businessmen reply that AID's experience can't be compared with what is

likely to happen in the open marketplace. A government agency, they imply, does not face the competitive pressures a company must confront. ■

Detroit senses victory in emissions battle

By Charles R. Day Jr.

As if existing federal emissions and fuel economy regulations weren't enough for the auto industry effort to meet, another ominous cloud now clutters Detroit's horizon.

Concern is growing that the 1985 corporate average fuel economy of 27.5 miles per gallon (mpg) will not be the ultimate federal standard, as it's now advertised. "No, we don't think we've heard the last word about those 1985

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March 6, 1978, INDUSTRY WEEK 29

AP00025501

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In other

Chemology March 78

Excess Regulations—Count the Cost!

The impact of federal regulations on Dow Chemical U.S.A. operations during 1976 increased by more than 27 percent from the previous year and cost more than \$186 million, according to a study by the company.

The follow-up study, launched to determine regulatory trends in more than 70 agencies and their impact on Dow, classified government regulations as either appropriate, excessive or questionable.

Of the \$186 million total cost to the company, more than \$69 million (37 percent) was considered excessive by Dow. Questionable regulations grew from \$10 million to \$14 million, up 40 percent. Costs considered appropriate increased 18 percent, from \$87 million to \$103 million.

The study covered regulations mainly on the environment, health and safety and transportation.

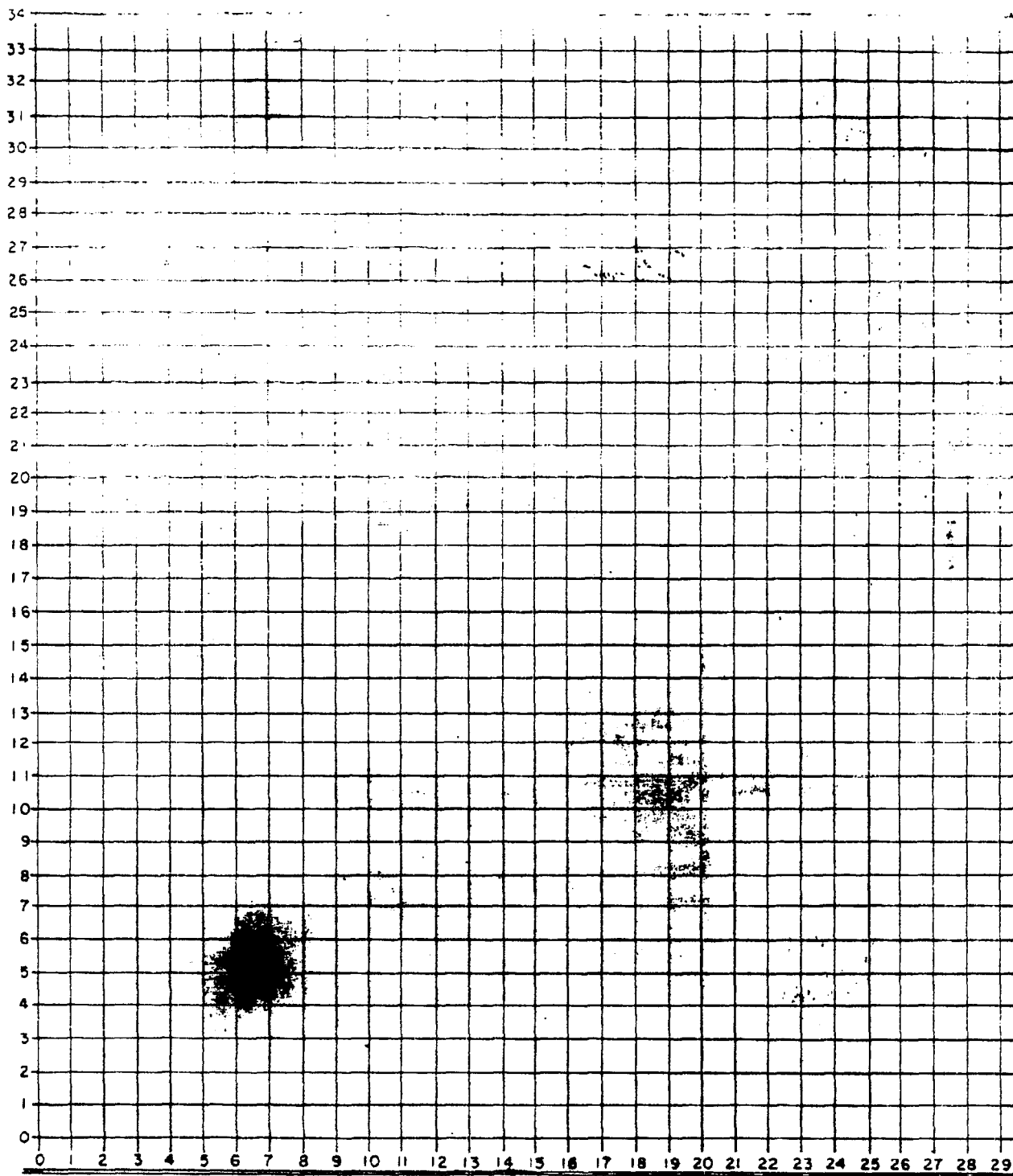
Complying with federal paperwork alone on top of the \$186 million cost of meeting the regulations cost Dow \$20 million in 1976. This included manpower to fill out reams of reports.

Paul F. Oreflice, president of Dow U.S.A., said the excess costs eventually "translate down not only to the consumer, but also to American workers whose jobs are jeopardized by excessive and burdensome federal regulations."

Another company feeling the pinch has taken action.

Hooker Chemicals and Plastics Corporation says it is laying off 100 employees in several western New York plants because growing costs for environmental protection, government regulations, taxes and energy cut into available funds.

AP00025503



COMPANY DEPARTMENT LOCATION

SUBJECT

BY	DATE	FILE	SECTION	SHEET OF
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FORM 8073 (REV 4/75)

Air Products

AP00025504

WSJ 20 Nov 78

Pollution War Spending By Governments Soars

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON—Federal, state and local spending for pollution-control is soaring.

The Census Bureau reported that all levels of government spent \$10.2 billion on environmental quality control activities in their 1976 fiscal years, up 14.4% from 1975 and almost double the \$5.5 billion spent in fiscal 1972. Transfers between levels of government are counted only once in the totals. Most of the fiscal years ended June 30.

Water-pollution control constituted 42 billion of the spending, followed by \$3.5 billion for "land quality control," mainly street cleaning, garbage collection and highway repair. Air-pollution control cost \$2.7 billion, and the remainder covered noise pollution and administrative operations.

Federal spending rose 29% to \$3.7 billion in the latest fiscal year, mostly due to increased wastewater-treatment grants. State spending rose 27% to \$2.5 billion. Local government pollution control operations spent \$4 billion, a 23% increase. The separate figures exceed the totals because of transfers between levels of government.

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AP00025506

SUBSTANCE OF SUBMISSION TO EPA
CANCER POLICY RULE MAKING RECORD

The Environmental Protection Agency has repeatedly cited figures concerning the costs incurred by the vinyl chloride and polyvinyl chloride industries for in coming into compliance with its regulation of vinyl chloride emissions under §112 of the Clean Air Act. To ensure that the Agency is using proper figures and in order that the actual figures could be evaluated by the industry, the following data were developed by SPI's Polyvinyl Chloride Safety Group.

1. Cost of Capital Equipment Investments Required to Conform With OSHA and EPA Vinyl Chloride Standards from 1974 to Present - in millions of dollars.

<u>OSHA</u>		<u>EPA</u>		<u>TOTAL</u>	
VC	PVC	VC	PVC	VC	PVC
\$19.8	158.	79.4	119.	99.2	277.

2. Yearly Operating Expenses Required to Comply With OSHA and EPA Vinyl Chloride Standards from 1974 to Present - in millions of dollars.

	<u>OSHA</u>		<u>EPA</u>		<u>TOTAL</u>	
	VC	PVC	VC	PVC	VC	PVC
1974	\$0.6	3.7	0.8	3.4	1.4	7
1975	.9	4.8	1.4	4.1	2.3	8.9
1976	1.5	6.1	1.9	4.3	3.4	10.4
1977	2.2	7.6	2.6	5.3	4.8	12.9
1978	2.2	8.5	6.1	9.7	8.3	18.3
1979	2.8	11.9	10.4	19.5	13.2	31.5

AP00025507

In the process of developing these statistics, SPI also collected capacity-related information. In so doing, The Society was able to quantify the loss of capacity attributable to the two regulations. Comparing nameplate capacity and practical operating capacity, it has been determined that the vinyl chloride producing industry can operate to only 93% of capacity and that the PVC industry can only operate to 89% of nameplate capacity. This reduction in capacity is due to process modifications required in order for the industry to obtain compliance with the OSHA and EPA regulations applicable to vinyl chloride.

This survey was conducted by mailing a copy of a survey form to each company for the preparation of a response. After the response was prepared a representative of The Society contacted each member company to gather the data. Based on the results obtained it can be stated that the foregoing data are based on responses from more than 80% of the entire vinyl chloride producing industry and over 60% of the entire polyvinyl chloride producing industry.

Should the Agency have any questions or comments regarding the foregoing, contact should be established with Mr. John R. Lawrence, Technical Director of SPI, at:

Mr. John R. Lawrence
The Society of the Plastics
Industry, Inc.
355 Lexington Avenue
New York, New York 10017

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