

TRANSITION DOCUMENTS ON MAJOR ISSUES
FACING THE OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

Inflationary Impact Statements

"Statement of Issue

How should OSHA react if Executive Order 11821, which requires assessment of inflationary impact of government actions, expires as planned on December 31, 1976?

"Background

Executive Order #11821 requires that major proposals for legislation and regulations be accompanied by a certification that inflationary impact of the proposal has been evaluated. This has been the subject of frequent criticism, particularly by organized labor, including two letters from George Meany to the Secretary of Labor and at least one major suit urging repeal of the order. OSHA's position has been that studies of this nature are essential to establish fairness and comprehensiveness in the rulemaking process. Thus, critical elements for OSHA consideration include the state of industrial technology and the economic consequences of proposed actions, especially when considering the timing of compliance requirements. The data developed through this process can provide factual answers to many questions and

criticisms of OSHA regulations as examples of expensive and ineffective governmental regulation. Further, these studies provide evidence when inevitable court challenges arise from standard setting or enforcement actions.

"Status

OSHA has taken actions to internalize the requirements of the order by establishing agency procedures to make it an integral part of standards development, without delaying the rulemaking process. It is important to continue this sort of analysis whether the Executive Order expires or is extended.

The inflation impact analysis requirement, therefore, serves a useful purpose even while making the rule-making process for OSHA somewhat more cumbersome. It has been helpful both in the development of productive standards and to fend off criticisms of arbitrary actions in the standards development process, particularly from industry groups. Should Executive Order 11821 expire, OSHA may find itself under considerable pressure not to perform the very sort of economic analysis that is becoming increasingly important in the rulemaking, regulating and judicial processes.

"Critical Dates

Early 1977 — define and defend an appropriate economic analysis procedure should Executive Order 11821 expire "