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Stenographic Transcript Of

HEARINGS

Before The

COMMITTEE ON EDUCATION AND LABOR

HOUSE OF REPRESENTATIVES

Full Comm.

HEARING ON BUILDING AND CONSTRUCTION  
TRADES LEGISLATIVE PROBLEMS

Washington, D. C.

APRIL 22, 1975

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Hearing on Building and Construction  
Trades Legislative Problems

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TUESDAY, APRIL 22, 1975

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House of Representatives  
Committee on Education and Labor  
Washington, D. C.

The Committee met, at 9:30 a.m. in Room 2255, Rayburn House Office Building, Hon. Carl D. Perkins presiding.

Mr. Perkins. The Committee will come to order.

I want to make a few opening remarks. I am delighted to welcome all the leaders and members here this morning in connection with the Jobs Conference to make a presentation to the full Committee on the House, Education and Labor Committee.

It is my understanding that you made a similar request and will be making a presentation to other committees of the House of Representatives and of the Senate.

At each of these presentations, a delegation of building and construction trade members will be led by an international president of one of the international labor organizations who will be accompanied by other members of the building and construction trades.

We are fortunate this morning to have here to testify

1 before us Mr. Edward J. Carlough, president of the Sheet  
2 Metal Workers' International Association. Mr. Carlough will  
3 testify before our committee on a number of subjects within  
4 the jurisdiction of the committee. The subject matter will,  
5 as I understand it, cross the jurisdictional lines of a number  
6 of our subcommittees.

7 Mr. Carlough, will you please identify the gentleman  
8 sitting with you at the table, for the record and for the  
9 Members of the committee, and then you may proceed.

10 STATEMENT OF EDWARD J. CARLOUGH, GENERAL PRESIDENT OF  
11 THE SHEET METAL WORKERS' INTERNATIONAL ASSOCIATION, AFL-CIO,  
12 ACCOMPANIED BY STANLEY RUTTENBERG, ECONOMIST, BERNARD  
13 MC MONIGLE, DEPARTMENT OF RESEARCH AND EDUCATION, SHEET METAL  
14 WORKERS', AND FRANK SCADUTO, DIRECTOR, GOVERNMENTAL AFFAIRS.

15 Mr. Carlough. Yes, Mr. Chairman.

16 On my left is Frank Scaduto, Director of General Affairs.

17 Bernard McMonigle, Research Associate.

18 Stan Ruttenberg, of Ruttenberg Associates, Washington, D.C.

19 My name is Edward J. Carlough, General President of the  
20 Sheet Metal Workers' International Association, AFL-CIO. I am  
21 here this morning representing three and a half million union  
22 members of the Building and Construction Trades Department,  
23 AFL-CIO of which our union is an affiliate.

24 On behalf of the Department and its members, I want first  
25 to thank the Chairman and the Members of the Committee for

giving us this special opportunity to appear here this morning.

The purpose of our appearance is to present the Department's viewpoint on three resolutions concerning labor standards in the construction industry that were unanimously adopted yesterday at a special Jobs Conference attended by over 4,000 local union officials, representing all 50 states and all crafts in the construction industry.

I understand that copies of these resolutions were furnished this morning to Members of the Committee.

The first position I want to present to you this morning on behalf of my fellow building tradesmen concerns the Davis-Bacon Act.

Despite increased unemployment and a reduction in workers' purchasing power, there are those who would remove statutory labor protections and ask construction workers to accept lower earnings.

Advocates of reduced wages for workers generally ignore the issue of whether there should be strict government control of profit margins for contractors and developers.

They similarly ignore the fact that construction workers have suffered from a 12.2 percent rate of inflation in the past year; we have no choice but to ask for wage increases to protect our standard of living.

Last year, our average wage increases were one-third less than the rise in the cost of living.

1 Both the Congress and the courts have recognized that  
2 labor is not a commodity, and that people have a right to  
3 organize and bargain for wages to support a decent living  
4 standard.

5 In 1931, the Davis-Bacon Act was enacted into law, assuring  
6 that wages paid to workers on federally-assisted contracts  
7 would be comparable to prevailing wages in the area for com-  
8 parable construction projects.

9 The original purpose of this Act -- to prevent itinerant  
10 contractors from undermining local labor and local contractors  
11 by paying less than an adequate wage -- is as valid today as  
12 when the Act was signed.

13 The ability to underbid contractors using highly trained  
14 workers, not on the basis of greater efficiency or better  
15 quality products, but on the basis of a depressed wage rate,  
16 can only have a negative effect on the local labor force. It  
17 leads to increasing unemployment rates up to a dangerous level.

18 Serious doubt should be given to the optimistic economic  
19 reports currently being cited by certain administration  
20 officials.

21 Time after time, the extent of the present recession has  
22 been played down. Unfortunately, these new unemployment  
23 figures indicate that the construction industry is not showing  
24 signs of turning around.

25 The downturn has not yet moderated. Instead, the plight

of the construction worker continues to worsen.

Even worse, unemployment is a lengthening problem. The number of workers idled for 20 weeks or more is over 225,000.

The construction industry has been a victim. It has been a victim of deliberate and reckless economic policies -- policies which by their very nature spelled instant doom for construction. And the future looks no better.

The President and his economic advisers seem reconciled to a protracted depression in the economy, as reflected in the budget assumption of a 7.9 percent unemployment rate for fiscal year 1976.

In 1931, when the Davis-Bacon Act was passed, we had a national unemployment rate of 15.9 percent. Today the construction industry has an even greater level of unemployment -- 18.1 percent. That is official. Unofficially, it is much higher.

We have a much larger work force -- so the percentage involves many more people.

That is why we deem it particularly inappropriate for some members of Congress to be considering repeal of this worthwhile Davis-Bacon program.

Even beyond its immediate value, this program has served a very necessary function throughout the past 44 years. By its nature, the construction industry is subject to high rates of unemployment. A review of the last five years

demonstrates this.

In 1969, the average annual rate of all unemployment was 3.5 percent; in construction it was 6 percent.

In 1970, the annual rate was 4.9 percent; in construction it was 10.4 percent.

In 1972, the national rate was 5.6 percent, and 10.3 percent in construction.

And, in 1973, the national rate of unemployment was 4.9 percent while the construction industry suffered a rate of 8.8 percent unemployment.

Today, even though the 3.7 percent unemployment rate for the nation is the highest since 1961, the jobless rate in construction is more than twice that figure.

These figures show that unemployment in the construction industry runs about twice as high as the total economy.

Mr. Perkins. I have a large delegation visiting up here from my district this morning. Before I leave I would like to interrupt to ask one question which I feel is pertinent.

We are in the process of upping the public service employment appropriation considerably but I am wondering about the best way to reach Tom, Dick and Harry, the real people at the bottom of the totem pole who actually need the employment the worst. I am wondering whether we should divert some of our public service employment funds for our public works projects like water, sanitation, community facilities or utilize

all those funds just for public service.

What are your views along that line in your organization?

Mr. Carlough. I wouldn't want to starve one sector of the economy to help another sector. We believe this country has the necessary resources to take care of all of its citizens, those at the bottom of the ladder and those skilled construction workers who are unemployed right now.

When you are unemployed, you are at the bottom of the ladder.

Mr. Perkins. I refer to hundreds and hundreds of public works projects, even reservoirs, flood control, for example, where people need them so badly they are ready to go and we are not able to get those projects off the shelf, and water projects and sewer projects done on a contract basis that construction people do, you know.

If we don't get a tremendous amount of funding for projects of that type, I am fearful that we are not going to do this job that you are talking about.

I do not want to take money from one sector and give it to another sector but I just thought I should call on you to elaborate if this Congress was to take the position that they are only going to appropriate so much money here for recovery, public works or public service, and I wanted to know how you feel, knowing the limitation on funds, as to how we should divide those funds.

1 I feel just as you do but I am asking you, if you were  
2 faced with that kind of an alternative, what you would suggest.

3 Mr. Carlough. President Meany, as I understand, is  
4 next door at this moment testifying before the Public Works  
5 Committee on behalf of a \$5 billion public works program.

6 We, of course, support President Meany's position in  
7 that matter. We look at public works and public works types  
8 of projects as not merely putting construction workers to  
9 work, but whenever you build a new house, you not only put a  
10 construction worker to work, but we are the third largest  
11 consumer of lumber in the United States and the second largest  
12 consumer of glass and steel, and when the construction industry  
13 is booming, the ancillary industries that supply us and depend  
14 on us boom as well, so that provides job opportunities for  
15 those people, too.

16 We look to public works projects as not merely helping  
17 construction workers. We look at them as helping the entire  
18 economy.

19 We think this kind of expenditure is as useful a kind  
20 of expenditure as the Congress of the United States can make in  
21 bolstering the entire economy.

22 Mr. Perkins. I thought this should be mentioned in this  
23 hearing.

24 Go right ahead.

25 Mr. Carlough. May I say that part of the problem -- and

1 testimony is being given before a Senate committee this  
2 morning by a fellow general president --- is on the entire issue  
3 of impoundment. There is a great amount of funds that have  
4 been authorized and appropriated by the Congress of the  
5 United States that have not been spent by the administration.

6 I believe it is Bud Raftery who is giving the testimony  
7 on impoundment. He is president of the painters' union. He is  
8 presenting the program adopted by the Jobs Conference yester-  
9 day on this issue.

10 Mr. Perkins. That is correct, and I know funds have been  
11 impounded on projects in my particular area, which has been  
12 very devastating.

13 Go ahead.

14 Mr. Carlough. Those would be my major comments on it.

15 Mr. Perkins. Mr. Daniels, any questions?

16 Mr. Daniels. I just came in. I am sorry, I met with  
17 the building construction trades of the State of New Jersey  
18 this morning at breakfast, at which time it was reported by  
19 my distinguished colleague from New Jersey, Congressman Robert  
20 Roe, that their hearings were being held this morning on the  
21 \$5 billion public works program. which is a project oriented  
22 bill, as was indicated by the witness who just testified.

23 I think that is a very, very good bill. It seems to be  
24 in line with the pulse of the Congress which, in the expendi-  
25 ture of money for public works and for public jobs, would like

1 to see something concrete after the expenditure of the money  
2 in the nature of some public improvement.

3 I think it is a step in the right direction.

4 It would not only give aid to our unemployed, reduce in  
5 substantial numbers the ranks of the unemployed, but would also  
6 give a shot in the arm to the rest of the economy by the  
7 utilization of private sectors, wood, metals and so forth,  
8 which has its corresponding effect with regard to jobs.

9 Now, in my own subcommittee, as you are aware,  
10 Mr. Chairman, I introduced a bill which would provide an  
11 additional \$5 billion for public service employment extending  
12 the present law into fiscal 1975.

13 As you recall, the Public Service Employment Bill that  
14 was signed into law on December 31 by President Ford would  
15 expire June 30 this year.

16 However, there is one billion, six hundred million  
17 dollars in the pipeline which may be allocated. The House  
18 already approved that legislation. I don't know the status of  
19 it in the other body.

20 But I think this is needed legislation in order to really  
21 get our economy moving.

22 I regret that I was not here earlier because, after  
23 attending this breakfast this morning of the New Jersey trades  
24 and construction workers, I had to go to a meeting of the Post  
25 Office and Civil Service to testify on a bill.

1           So, I am sorry I did not have the benefit of your views,  
2 but I wanted to make that statement.

3           Thank you, Mr. Chairman.

4           Mr. Perkins. Let me say that the gentleman from  
5 New Jersey is a non-tiring, persevering individual insofar as  
6 getting legislation through this committee to do something to  
7 help remedy the situation in America.

8           All I want to do is complement you people for coming  
9 here this morning. I think it will have a very profound  
10 influence on the House Committee on Education and Labor and  
11 make the committee more conscious of the great need of doing  
12 something immediately to relieve the unemployment situation.

13           I want to complement all of you from all over the country  
14 in that connection.

15           I misunderstood before, and thought you were finished.  
16 If you want to proceed with reading your statement, go ahead  
17 and continue, Mr. Carlough.

18           Mr. Carlough. We are providing the statement for the  
19 record.

20           The current down-swing in the economy reinforces the need  
21 for the continuance of this program. In 1973, all new con-  
22 struction totalled \$135.5 billion. Of this, \$32.5 billion was  
23 government-related.

24           In 1974, government construction exceeded \$34 billion.  
25 And, had Davis-Bacon not been effect, the situation facing

1 construction workers would be even more disastrous than it is  
2 today.

3 It is a bulwork which should not be tampered with. Many  
4 of these unemployed workers are some of the most highly skilled  
5 in the country. They have spent long hours studying their  
6 trades. They have invested many years of their lives gaining  
7 the experience necessary for their work.

8 These men are craftsmen. But, they are also builders.  
9 They install the water facilities, build the highways, construct  
10 the mass transit systems, erect the public buildings and put  
11 up the energy facilities this country badly needs.

12 These men take pride in their work. Through their  
13 ingenuity and resourcefulness, they have helped to build  
14 America. And they want to continue to build for this country.

15 But this is no longer possible. Some of this country's  
16 most skilled and productive workers are putting down their  
17 tools for lack of work. Many are quitting the industry.

18 Nothing is so demeaning, so degrading, so humiliating as  
19 to be unemployed in a society which prides itself on  
20 industriousness.

21 Accordingly, we urge the members of the committee to give  
22 their strong support to the resolutions concerning the  
23 Davis-Bacon Act which was unanimously adopted at our confer-  
24 ence yesterday.

25 The other major issue concerning labor standards adopted

as yesterday's building trades conference concerns equal treatment for construction workers.

It is an issue of great equity and one of primary legislative concern to us, and I refer, of course, to the issue of Situs Picketing.

Since the 1949 decision of the National Labor Relations Board in the Denver building trades case, building trade unions have been denied the right to peacefully picket at their employment site -- a right that is now accorded to unions in other industries in a labor dispute.

For a period of over 60 years prior to this 1949 decision, the building trades unions enjoyed the same rights as all other unions.

This tortured interpretation of Section 8 (b)(4) of the Taft-Hartley Act by the NLRB was based on a technicality in the law and it utterly failed to take into account the unique relationship between contractors and subcontractors in the construction industry.

The special relationships between contractors and subcontractors within the garment industry have already been fully recognized by 1959 amendment to Section 8 (b)(4) of the Act.

H.R. 4726 and s. 1238 would do no more than apply similar principles to the construction industry, where the job site relationships between employers jointly engaged in construction are highly comparable to those of the garment industry.

1 It should be noted that at the time the NLRB rendered  
2 its decision in the Denver case, the Taft-Hartley Act had been  
3 in effect for only 20 months.

4 The NLRB had had no previous experience with the building  
5 and construction industry because it had not taken jurisdic-  
6 tion during the years 1935-1947, when the Wagner Act was in  
7 effect, before Taft-Hartley became law.

8 There is solid legislative history supporting proposals  
9 to correct this injustice by reversing the Denver building  
10 trades rule.

11 Presidents Truman, Eisenhower, Kennedy, Johnson and  
12 Nixon have differed on many issues, but they all agreed on  
13 support for the principle of equal treatment of construction  
14 workers.

15 In 1949, President Truman proposed to the Congress  
16 legislation which, among other things, would have nullified  
17 the NLRB's Denver case rule.

18 In 1954, President Eisenhower submitted a message to  
19 Congress which included the following recommendation on the  
20 subject:

21 "The prohibitions in the Act against secondary boycotts  
22 are designed to protect innocent third parties from being in-  
23 jured in labor disputes that are not their concern.

24 "The true secondary boycott is indefensible and must not  
25 be permitted.

1           "The Act must, now, however, prohibit legitimate con-  
2           certed activities against other than innocent parties.

3           "I recommend that the Act be clarified by making it  
4           explicit that concerted action against an employer on a  
5           construction project who, together with other employers, is  
6           engaged in work on the site of the project, will not be treated  
7           as a secondary boycott."

8           Thereafter, Republican Senator Alexander Smith of  
9           New Jersey, Chairman of the Senate Committee on Labor and  
10          Public Welfare, introduced a bill and after extensive hearings,  
11          that bill was favorably reported.

12          The same proposal was repeated by President Eisenhower in  
13          1956, and again in 1958. There were identical proposals that  
14          year by Democratic Congressmen and Senators which would have  
15          implemented the President's message. The amendment was  
16          favorably reported by the House Labor Committee in 1959 and  
17          1960.

18          In 1959, a similar proposal was introduced by  
19          Representative Thompson of New Jersey and by Senator John F.  
20          Kennedy. The same language was repeated by Representative  
21          Carroll Kearns, Republican of Pennsylvania, and introduced by  
22          Senator Goldwater, Republican of Arizona.

23          It constituted a major issue before the conference  
24          committee on the labor-management reporting and disclosure  
25          act of 1959 during its deliberations in the first session of  
26

1 the 86th Congress. Indeed, only a threatened point of order  
2 prevented the change from being made in conference.

3 Senator Prouty, Republican of Vermont, when addressing  
4 himself to this subject in the Senate on September 2, 1959,  
5 stated:

6 "I regret that more was not done to ameliorate the  
7 problems of employees in the building and construction industry.

8 "Because of the peculiar nature of this industry, rights  
9 enjoyed by other segments of organized labor have not been  
10 available to workers in the building trades and to me this  
11 represents a definite inequity."

12 In 1960, the special subcommittee on labor of the House  
13 Education and Labor Committee held extensive hearings and this  
14 committee reported the proposal to the House.

15 Full Senate committee hearings were also held on  
16 Senator Kennedy's proposal. The legislation received bipartisan  
17 support.

18 Under Secretary of Labor James T. O'Connell urged "favor-  
19 able consideration of the bills pending before this committee  
20 which, in accordance with the recommendations of the President,  
21 would make clear that primary strikes and picketing at the site  
22 of construction projects are not secondary boycotts which are  
23 prohibited by the National Labor Relations Act."

24 In 1961, hearings were held on a similar bill, and  
25 Secretary of Labor Arthur J. Goldberg testified:

1 "I am grateful for this opportunity to appear before you  
2 and urge prompt and favorable consideration of this legisla-  
3 tion. This is a simple bill with a laudable purpose.

4 "That purpose is to do equity -- to restore to unions in  
5 the building and construction industry the right to engage  
6 in peaceful activity at a common construction site to protest  
7 sub-standard conditions maintained by any one of the con-  
8 struction contractors working at the very same site."

9 To complete the pattern of support for this measure,  
10 Secretary of Labor, W. Willard Wirtz testifying in 1965 before  
11 the subcommittee on behalf of the Johnson Administration,  
12 urged its prompt enactment. The closing section of Secretary  
13 Wirtz' prepared statement brought out some very lucid points:

14 "Finally, Mr. Chairman, in addition to pointing out what  
15 these bills are and their fairness, I want to make clear what  
16 they are not.

17 "The proposed legislation will not legalize any activity  
18 otherwise unlawful under the National Labor Relations Act or in  
19 violation of bargaining agreements.

20 "It will not require that a man join a union in order to  
21 get a job. Two provisions in the Taft-Hartley Act, Section  
22 8 (a)(3) and 8 (b)(2), outlaw any such requirement.

23 "This legislation will not affect product boycotts.

24 "It will not legalize jurisdictional strikes. These will  
25 remain barred by Section 8 (b)(4)(D) of the Taft-Hartley Act.

1 "It will not legalize otherwise unlawful recognition or  
2 organizational picketing.

3 "It will not extend beyond the project site, and will not  
4 have any effect outside of the construction industry.

5 "I urge the prompt enactment by the Congress of this  
6 legislation." So said Secretary Wirtz.

7 At the conclusion of hearings, the House of Labor Committee  
8 met in Executive Session on September 21, 1965, and favorably  
9 reported the legislation.

10 A rule was granted on March 14, 1966. Speaker John  
11 Mc Cormack then scheduled the bill for floor action on May 12,  
12 1966.

13 However, on May 11, at the request of the then Chairman  
14 of the House Labor Committee, in a completely unprecedented  
15 move, the bill was withdrawn from the agenda.

16 It was grossly unfair that such a sound and justified  
17 piece of legislation should have fallen victim to this wholly  
18 undemocratic action, which had never happened before in the  
19 history of the United States Congress.

20 In the 90th Congress, an identical Bill, H.R. 100 --  
21 Thompson of New Jersey -- and a companion bill, S. 1487 --  
22 Morse of Oregon and ten co-sponsors -- were introduced and  
23 referred to the Labor Committees of the House and Senate.

24 Following hearings in the House, which were held from  
25 April 4 to April 11, 1967, the House Education and Labor

Committee favorably reported H.R. 100, with amendments, on May 4, 1967.

After a long delay, due to certain differences between Democrats and Republicans, the House Rules Committee, over the objection of its Chairman, held several days of hearings, completing them on September 26, 1967.

While final action was pending, a poll of House Democrats was conducted at the instruction of the House majority leadership.

The poll consisted of two questions:

1. Are you for or against the equal treatment of construction workers?
2. Would you prefer the Senate or the House to act first?

Responses to the second question were overwhelmingly in favor of the Senate acting first. This result, of course, was entirely predictable before the question was asked. The replies undoubtedly would be the same on any controversial issue.

However, based on the outcome of this poll, the House Rules Committee passed a motion to defer final action until the Senate acted on this legislation.

Prior to and during this unusual chain of events in the House, representatives of the AFL-CIO building and construction trades department met repeatedly with the leadership of

both parties in an effort to iron out the differences between them on this bill.

Unfortunately, our efforts were without success. The legislation died with the adjournment of the 90th Congress.

During the 91st Congress, Congressman Frank Thompson again introduced legislation. Its companion bill in the Senate was introduced by Senator Harrison Williams.

The special subcommittee on Labor of the House Education and Labor Committee completed its hearings on May 29, 1969. During testimony before the committee, the Department of Labor requested additional time to study all of the provisions of the Taft-Hartley Act and submit its recommendations to the committee at a later date.

The Labor Department never did submit these recommendations and the bill died in committee.

In the 92nd Congress, Representative Carl Perkins introduced the bill. It was referred to the House Labor Committee, but no further action was taken.

In the 93rd Congress, Representative Frank Thompson and Representative Carl Perkins introduced legislation. A companion bill was introduced in the Senate by Senator Harrison A. Williams, Jr.

These bills were referred to the House and Senate Labor Committees.

In the past, this legislation has been caught in a stalemate

1 of the legislative process which results too often from the  
2 strategic application of power by small groups in the Senate  
3 and House operating under their existing rules and procedures  
4 of the Congress.

5 Unfortunately, as I am sure thoughtful Congressmen will  
6 realize, the facts of much good legislation is too often  
7 determined, not on its merits, but by outdated rules, pro-  
8 cedures and traditions which enable small oppositionist  
9 minorities to block or delay action.

10 Nevertheless, the urgent needs of the building and  
11 construction workers are not met when technicalities are  
12 permitted to hinder necessary legislative action.

13 We are heartened by the fact that in recent months  
14 Congress has indicated a new sense of awareness to human and  
15 economic needs.

16 We believe that in the spirit of this new sense of  
17 serious purpose, the committee will listen thoughtfully and,  
18 we hope, act promptly on these issues of such great importance  
19 to so many American workers.

20 We urge the Congress not to buckle under to the historical  
21 enemies of labor who are seeking to destroy us.

22 We urge the Labor Committees in both houses of Congress  
23 to conduct hearings at the earliest possible date and to move  
24 ahead decisively toward action on this issue.

25 This important legislation is vital if the building and

1 construction trade unionists are to maintain their standards  
2 of wages, hours and other conditions of employment against  
3 the substantially lower standards of non-union contractors.

4 Truly, the union picket line is labor' life line, which  
5 saves us from exploitation and inequity.

6 We feel confident that the House and Senate Committee  
7 leadership does indeed recognize the importance of removing  
8 this unfair Situs restriction imposed a generation ago.

9 I reiterate: It is our profound hope that you will take  
10 action to bring this matter to the House and Senate floor for  
11 consideration in this session of Congress.

12 Mr. Chairman, I felt it was necessary to take this amount  
13 of time because there are members of the committee who are not  
14 familiar with the sad and tragic history of our attempts to  
15 reverse the Denver building trades case for almost 25 years,  
16 and if the members of the committee were present yesterday  
17 afternoon, as we were, there was no issue that caused more  
18 frustration and more anger in the minds and hearts of the  
19 3,000 delegates who attended this conference yesterday than  
20 this issue of Situs Picketing.

21 It is one where everyone seems to be in favor of us.  
22 Presidents of the United States, Secretaries of Labor,  
23 Executive and Congress, and yet, after 25 years, we have been  
24 unable to get favorable action in both houses of Congress on  
25 the issue.

1 I will now answer any questions members of the committee  
2 would have of me.

3 Mr. Thompson. First, I am sure I speak for the entire  
4 membership of the committee in welcoming you and, also, we  
5 recognize that there are here in Washington at least 3,000  
6 building trades delegates representing many millions.

7 My comments will be relatively brief. I am in total  
8 sympathy, of course, with the retention of the Davis-Bacon  
9 Act. It is under attack very strongly and, frankly, I have  
10 been somewhat surprised by it. It does exist. Nevertheless,  
11 it is under attack in the Committee on Public Works in some  
12 legislation there and it will be under attack, I suppose, here.

13 I don't think that many people realize the number in  
14 today's economy of illegal aliens and non-union workers and  
15 people who are so desperate that they will work for virtually  
16 any amount of money.

17 We heard only this morning relating to my State of  
18 New Jersey that since the new postal corporation has taken over  
19 the rehabilitation and so on of the federal buildings, the  
20 post office buildings, there is very widespread use of both  
21 non-union labor and of illegal alien workers, and the building  
22 trade representatives are not allowed --- even though they are  
23 citizens --- to go into those places where work is being done  
24 to check out who is doing it and what they are being paid.

25 Were Davis-Bacon to be repealed, there would be

1 tremendous inter-state competition by non-union contractors  
2 for jobs in areas where relatively high hourly wages are paid  
3 to union workers and the wage structures would be destroyed.

4 We are having difficulty, also, I might say, with the  
5 Service Contracts Act, which doesn't necessarily affect all  
6 of the trades but activities confined mostly in military  
7 establishments. We are going to have to have the Secretary  
8 of Labor before us relating to some rules which were published  
9 only last week in the Federal Register which violate the  
10 Congressional intent.

11 With respect to equal treatment for construction workers  
12 and the Denver building trades case, I have been a member of  
13 this body for 20 years, and for all of those years I have  
14 been, as you recited, the author of legislation to remedy that.

15 This year my bill, House Resolution 5900, will have a  
16 considerable number of co-sponsors. Some of my colleagues  
17 ask me: "What will happen if the common Situs situation is  
18 taken care of? What will you do for the rest of your career?"

19 (Laughter.)

20 Mr. Thompson. I am a lawyer, and if I had the administra-  
21 tion of let's say a \$15 million estate, I would prolong it in  
22 collaboration with the bank involved, of course, for 25 years  
23 or so, but there are no such gains to be made from common  
24 Situs Picketing and equal treatment of construction workers.

25 Your history -- your recitation of the history of it must

j25

1 interest some new members and I assure you, Mr. Carlough, that  
2 they are interested and they will be fully educated and  
3 informed on the issue very soon because hearings will start  
4 some time -- we are gearing up for them some time immediately  
5 after the 15th of May and we hope for action before the  
6 summer recess.

7 It does have an amazing history, including that unique  
8 circumstance which you described where the then chairman of  
9 this committee took the rule and put it in his pocket, took  
10 the bill and put it in his pocket, and went fishing somewhere  
11 I suppose to Bimini -- I don't remember exactly where it was,  
12 but he had the bill with him.

13 There has always been a question, of course, as to  
14 which body should act first. It is natural on this side for  
15 us to desire that the other body act first because our rules  
16 are quite different than theirs and they could Christmas tree  
17 a bill at any time.

18 However, I think that we have one that is designed so  
19 that it is more acceptable than the bills in the past.

20 It does, as I am sure you know, include the Civil Rights  
21 amendments which were added the last time the bill was reported  
22 favorably.

23 I think it would be very helpful if you would communicate  
24 at least my sympathy to your colleagues and ask them to  
25 communicate in turn with their representatives here in the House

116  
1 With that, I will thank you very much. I will have to  
2 leave soon for another committee meeting but I am sure the  
3 members here will want to ask you some questions.

4 We will start with Mr. Daniels of New Jersey.

5 Mr. Daniels. I have already made my comments,  
6 Mr. Chairman.

7 Mr. Thompson. Thank you.

8 Mr. Quie?

9 Mr. Quie. Thank you, Mr. Chairman.

10 The first question I would like to ask is: It is my  
11 understanding that the unemployment situation in construction  
12 work occurred before the vast unemployment that has occurred  
13 throughout the nation.

14 Could you put a date down when the severe problems of  
15 unemployment hit the construction industry?

16 Mr. Carlough. Of course, if you are out of work, it is  
17 severe. But I would say when it became very severe -- it  
18 varied in different parts of the country -- it became very  
19 severe in New York City and the East coast within the time  
20 frame of 12 to 18 months ago.

21 In fact, New York, Long Island, Congressman Daniels'  
22 district of New Jersey, Congressman Thompson's district, are  
23 virtually disaster areas for construction. Within the past  
24 six months it became somewhat universal in most parts of the  
25 country.

1 Mr. Quie. The housing starts, however, dropped drastically  
2 further back than that, did they not? I think we once had  
3 about a two and a half million figure for housing starts. Now  
4 it is down way below a million, close to 600,000.

5 When was that rapid drop off from the two and a half  
6 million housing starts?

7 Mr. Carlough. About a year and a half ago, when the  
8 interest rates hit the level that they did hit at that time.

9 Mr. Quie. In the industrial unions, there has been a  
10 problem with the last hired-first fired rule, meaning that  
11 blacks and women have been hurt more than other individuals  
12 because the affirmative action programs caused the later  
13 hiring of blacks and women.

14 Can you tell me what happened in the construction industry  
15 where I imagine the situation would have some difference than  
16 in an industrial unit?

17 Mr. Carlough. Well, unfortunately, in terms of women --  
18 we are speaking only for the sheet metal workers -- we do not  
19 yet have women at construction sites. We look forward to the  
20 day when we do have them.

21 We do not have seniority rules in the construction industry  
22 so minorities are not affected as they would be in the auto-  
23 mobile industry and steel industry, where they have the rule of  
24 the last hired is the first layed off.

25 Mr. Quie. So that problem does not exist in the

1 construction industry.

2 Mr. Carlough. Black, white, Spanish-speaking, we have all  
3 been suffering together in the construction industry.

4 Mr. Quie. So when a job goes down, it just means no  
5 matter who it is, they are out of work.

6 How about the hiring halls? Is the same thing true there?  
7 Without regard to seniority of the individual, they get placed  
8 on a job?

9 Mr. Carlough. The hiring hall is used for the last man  
10 who was layed off the job from any contractor in the area and  
11 in the normal way a hiring hall operates, he would be placed  
12 at the top of the list and he would be the first one hired  
13 back. It is a reverse situation.

14 Mr. Quie. You mentioned there aren't women in sheet  
15 metal work at the present time. Of the various crafts, which  
16 ones have women now employed?

17 Mr. Carlough. Do any of you fellows have young ladies  
18 in your union?

19 Carpenters. Some electricians.

20 Mr. Quie. There are some women welders, aren't there?

21 How about blacks and Spanish-speaking Americans, which  
22 are the two that have the greatest concern here in the committee?  
23 To what extent are they affected in proportion to the various  
24 crafts?

25 Mr. Carlough. As of last year, the construction industry

became the only skilled industry, to our knowledge, where the percentage of apprentices for all apprenticable trades was a higher percent than the percent of the minorities in the country at large.

In the year 1974, we have brought into the apprenticable trades something in the neighborhood of twelve and a half or thirteen percent of our incoming apprentices being blacks and minorities.

Mr. Thompson. Will the gentleman yield?

Mr. Quie. Yes.

Mr. Thompson. Unfortunately, because of the very deep depression in the industry, my experience in my congressional district in Central New Jersey has been that the trades had readied themselves to accept qualified apprentices and were emphasizing minority group apprentices, but there has been so little work that the carpenters and electricians have since not been able to take a single apprentice in the last year.

Mr. Carlough. The problem has not been taking in a single black or Spanish-speaking apprentice. It has been taking in any apprentice.

Mr. Thompson. They have taken absolutely none. Their plan was to take minority apprentices.

Mr. Quie. I just want to thank you for bringing your testimony to the committee and further elaborating on it. I wanted to ask you those questions because many individuals

1 don't realize that there is a substantial difference between  
2 building construction trade unions and the industrial unions.

3 When I was a new member of the committee, that was one  
4 of the things I learned and it helped me greatly in the  
5 intervening years, and I bring this out so my colleagues on  
6 the committee might be fully aware of this, as well.

7 Thank you.

8 Mr. Thompson. Mr. Brademas.

9 Mr. Brademas. Thank you, Mr. Chairman.

10 It is very good to see you and your associates here. I  
11 have one question to put to you.

12 We have been seeing in the news reports statements on  
13 the part of high administration officials and leaders in  
14 business and industry that the recession is bottoming out,  
15 that light is seen at the end of the tunnel, that we are  
16 turning a corner in terms of unemployment and inflation.

17 I wonder if you could comment on those widespread reports  
18 from the perspective of a leader in the construction trades.

19 Mr. Carlough. Yes, Congressman.

20 The light at the end of the tunnel reminded me of a  
21 cartoon of some years ago where then President Nixon was  
22 standing in the tunnel on the Vietnam question and he said he  
23 now sees the light at the end of the tunnel.

24 The cartoon showed a locomotive bearing down on him. That  
25 was the light.

(Laughter.)

Mr. Carlough. The way things stand now in the construction industry, unless this country does something about its interest rate problem and money supply problem and open market operations with the Federal Reserve Board, our condition is going to continue to worsen.

We keep fairly intensive records in our union, not only concerning unemployment but concerning under-employment. Even where our members are employed in many parts of the country they are working short hours or working short weeks. The figure has gone in our union for the past 17 months from some 6 percent up to 19.7 percent.

I haven't spoken to any administration official who knows what he is talking about who said to me that he believes the problems and the depression in the construction industry will right itself at any time in the very near future.

The ones we have talked to have been rather pessimistic about the future of the construction industry unless a number of steps are taken to right this.

Mr. Brademas. I will just make one observation and yield the floor.

I happen to share your analysis. We got very little encouragement from what the President said last night with respect to the role of the Federal Reserve Board because he didn't seem to be at all sensitive to the impact of high

1 interest rates and Federal Reserve Board policy on the economy  
2 generally.

3 The other point I would make is simply a personal one.  
4 It is also good to see back before this committee an old  
5 friend of many of us and one of the most able leaders in the  
6 American labor movement, Stanley Ruttenberg.

7 Thank you, Mr. Chairman.

8 Mr. Thompson. Mr. Carlough, as Mr. Brademas must leave,  
9 I, too, must leave for another committee hearing.

10 My distinguished colleague from New Jersey has done so  
11 much as Chairman of the Manpower and Safety Subcommittee with  
12 public service jobs, and he is so sympathetic to your cause,  
13 so Mr. Domonic Daniels will take the chair now, with my  
14 thanks.

15 Mr. Ashbrook?

16 Mr. Ashbrook. Thank you, Mr. Chairman.

17 I take it you are testifying on a broad range of subjects  
18 inasmuch as your conference here would include your interest  
19 across the board.

20 I would say in my conversations with construction workers  
21 in the Ohio districts that one of the major concerns they seem  
22 to have in addition to those you presented has been the  
23 application of the so-called Affirmative Action Programs.

24 Could you give me an indication of the position of your  
25 union on the Affirmative Action Programs? Your experience as

1 to whether they increase costs, cause problems or whether they  
2 have generally worked.

3 Mr. Carlough. The problem is that there are so many  
4 different types of Affirmative Action Programs. The one that  
5 we believe in, and the one the building trades department  
6 believes in, is Operation Outreach.

7 We have been able to work in our union with the A. Phillip  
8 Randolph Institute on a cooperative type of program. Brad  
9 Ruston, director of the Institute, spoke at our convention  
10 last September and gave a rather remarkable statistic that of  
11 all of the youths that he and his Institute referred to our  
12 union, 85 percent had either successfully graduated as a  
13 journeyman or were in the interim stages of apprenticeship  
14 and completing them successfully.

15 That is the kind of Affirmative Action Program we  
16 believe in, where they seek out youths who have the necessary  
17 background.

18 In our union, it is important to have high school math  
19 up to and including intermediate algebra, trigonometry, at  
20 least two and a half years of math. If you don't have it, you  
21 will find yourself falling behind.

22 We can work with groups like the A. Phillip Randolph  
23 Institute where they can come up with young men with the kind  
24 of background that can successfully go through our apprentice-  
25 ship program. That is the kind of Affirmative Action Program

1 cur union believes in.

2       However, we have had other programs thrust upon us under  
3 the names of Affirmative Action where numbers have been  
4 referred to us rather than the kind of youth who can cut the  
5 mustard in the construction union. The tragic history has  
6 been an enormous drop-out rate. An enormous cost to the  
7 young man, who is led to believe by his friends -- I put that  
8 word in quotes -- that he will be able to go through a program,  
9 come out, become a \$10 an hour ironworker or a \$10 an hour  
10 sheet metal worker, and then, when he finds out he can't make  
11 it, a young man who perhaps has already been disillusioned by  
12 what is happening in his neighborhood and his part of  
13 society, you make him an even angrier and more disillusioned  
14 person. There is the social and psychological cost to the  
15 young guy and the economic cost to the program, and then there  
16 is another cost, because for every unqualified youth who is  
17 forced into an apprentice ship program, somebody else who may  
18 be qualified is kept out and loses his opportunity to come into  
19 the trade.

20       So, to sum it up, Congressman Ashbrock, we not only believe  
21 in Affirmative Action but the 17 unions affiliated with the  
22 department have been practicing Affirmative Action, and a  
23 very successful Affirmative Action. But we do have our  
24 problems with some courts and some other people who feel they  
25 are doing right in our society, who attempted to force upon us

15  
1 the kind of programs that haven't been working.

2 Mr. Ashbrook. I would say your response indicates the  
3 feeling generally among the men that I discussed this with at  
4 the local level. Their commitment to what is right, fair and  
5 reasonable. But I think if we find anything in government  
6 programs or across the board, sometimes the theory is one  
7 thing and the phenomenon is something else. The phenomenon  
8 forced on many contractors in our area is something they can  
9 hardly work with in that, particularly in small construction  
10 companies, in contracting companies where there are sub-  
11 contractors, in addition to overall compliance -- I can think  
12 of several firms in our area where they comply with Affirmative  
13 Action Programs company-wide, but then the government comes  
14 along and makes them break down into every single subcontract  
15 quota system where it is almost impossible to do anything.

16 For example, we had one instance where this company was  
17 far above the quotas that had been set and yet, on several jobs --  
18 for example, this was a particular area where they were  
19 finishing concrete. They had maybe 10 or 15 workers on a job  
20 in one place and 5 in another place, and the government comes  
21 along and says among these 15 you still have to have a quota  
22 breakdown among them and among these 5 you have to have a quota  
23 breakdown. It presents a problem of management. It presents  
24 a problem of shuffling people around to try and fit a quota on  
25 the job.

6  
1 If I have seen one thing that does not make sense, it is  
2 the enforcement of each quota on a job where the company has  
3 complied in the first place with across the board quota  
4 requirements, and many of these operational things I think are  
5 what caused the difficulties, the grievances and in some cases  
6 develop a resistance to the overall program.

7 I think this comes from administration of the government,  
8 not from any attitude or policy of the trade unions. I think  
9 it is in that area where maybe we can move with dispatch to  
10 help improve the situation.

11 Mr. Carlough. May I say again we are opposed to quotas.  
12 We do believe in proper Affirmative Action. We have been  
13 taking those steps.

14 If we are going to go ahead with the proper kind of  
15 Affirmative Action Program, it can only be done in the context  
16 of an expanding construction economy. It can't be done when  
17 the economy is contracting.

18 Mr. Ashbrook. I think you are right. A percentage of  
19 nothing is really no gain for anyone at this point.

20 One last question. You went into length on the Situs  
21 Picketing, which was proper and I think appreciated, and I  
22 think you indicated because there are new members -- from your  
23 vantage point in having operated in this area in the past,  
24 could we get a little information on one or two areas?

25 First of all, it is accurate that at the present time

1 your trade construction unions in general can, as a part of  
2 their grievance, picket and strike their prime contractor, is  
3 that right?

4 Mr. Carlough. On an economic strike?

5 Mr. Ashbrook. Yes.

6 Mr. Carlough. Yes, sir.

7 Mr. Ashbrook. I think at that point it probably would  
8 be good for the record to indicate what you now cannot do that  
9 you would like to do and could do if Situs Picketing legisla-  
10 tion envisioned in bill 5900 would pass.

11 Mr. Carlough. I suppose the simplest example would be in  
12 trades that work closely together. For example: ourselves  
13 and the United Association of Plumbers and Pipefitters, a good  
14 number of the contractors in the country operate what is known  
15 as combination shops. Within the same shop, they employ  
16 members of my union, the sheetmetal workers, and members of  
17 President Ward's union, the pipefitters.

18 We have instances of combination contractors where the  
19 sheetmetal workers are union and the pipefitters are not  
20 union, or where the pipefitters are union and the sheetmetal  
21 workers are not union.

22 Under the Denver building trades case, we cannot help  
23 each other. We can't resort to the kind of self-help that  
24 others can in industrial organizations.

25 If the pipefitters are union and they want to help us on

1 the job because it is protecting their standards as well,  
2 and the sheetmetal workers want to place a picket line on the  
3 job site to help us, the picket line is subject to injunction.

4 Mr. Ashbrook. Under the Miller decision, it has to be  
5 against the contractor at the normal place of entrance and so  
6 forth.

7 Mr. Carlough. There are so many different kinds of games  
8 that can be played, like establishing a different gate, by  
9 having the contractor working after the normal work force  
10 leaves for the day, et cetera.

11 What is meant is that it has taken the only real weapon  
12 a trade union has in a democratic society -- the right to  
13 picket, to withdraw our services -- and it barred construction  
14 workers from a useful use of that kind of weapon. It has  
15 been a great law for lawyers because the expenditures all of  
16 us have on fighting these cases in court is just enormous.

17 Mr. Ashbrook. As a member of the subcommittee which will  
18 hear this, I will have plenty of opportunity to ask questions.  
19 I know many of the members want to present statements and  
20 questions at this time so I will yield.

21 Mr. Daniels. Thank you, John.

22 I recognize Mr. Lehman. Any questions?

23 Mr. Lehman. The only question that I have is that some  
24 of the problems in our district in regard to the Davis-Bacon  
25 Act -- we have problems with subcontractors on some of the

1 Federal projects there and I would like to see some of these  
2 kinds of situations cleared up. If you have any comment to  
3 make on it, I would be glad to listen to it, perhaps after the  
4 meeting.

5 Mr. Daniels. The gentleman from Illinois, Mr. Erlenborn.

6 Mr. Erlenborn. Thank you, Mr. Chairman.

7 Mr. Carlough, is it fair to say that the court has  
8 interpreted the National Labor Relations Act as prohibiting  
9 certain types of picketing activity by construction unions  
10 because they are a secondary boycott? That is, the reasoning  
11 in the Denver building case.

12 Mr. Carlough. The NLRB with that 20 months experience  
13 under Taft-Hartley so interpreted the law but five Presidents  
14 of the United States and multitudinous Secretaries of Labor  
15 and houses of Congress feel that the NLRB and the court erred  
16 in its interpretation.

17 Mr. Erlenborn. I was struck by the way, when you were  
18 quoting those who supported the enactment of this legislation,  
19 how many of them are no longer with us. Members of Congress,  
20 Presidents, Secretaries of Labor. I hope there is nothing to  
21 be read into that.

22 Mr. Carlough. Congressman Thompson, for 20 years, has  
23 been a key author and he is still with us.

24 Mr. Erlenborn. Frank seems to be able to run against the  
25 tide, somehow or other.

1 (Laughter.)

2 Mr. Erlenborn. I take it, then, what you are really  
3 asking for is an exception to the secondary boycott so that  
4 the building trades may engage in secondary boycotts under  
5 certain conditions.

6 Mr. Carlough. Not quite. What we are asking for is that  
7 the Congress right the interpretation of the Supreme Court in  
8 the Denver building trades case by saying the limited type of  
9 picketing that we seek is primary picketing and not a secondary  
10 boycott.

11 Mr. Erlenborn. Hasn't the NLRB in the Moore Drydock case  
12 spelled out what activity you can engage in that is primary  
13 picketing?

14 Mr. Carlough. The NLRB has, in Moore Drydock.

15 I would have to ask Paul Hall how it has affected the  
16 maritime trades. I believe Moore Drydock came out as a  
17 maritime issue. Those rules and principles have not at all  
18 been helpful to construction unions. If they were, we would  
19 not be asking the Congress to give us our right to picket  
20 situs.

21 Mr. Erlenborn. I take it from your response you are not  
22 trying to justify secondary boycotts.

23 Mr. Carlough. No, we are not.

24 Mr. Erlenborn. You are trying to differentiate your  
25 activity and say it is not a secondary boycott.

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1 How do you feel about things like the grape and lettuce  
2 boycott, which are clearly secondary boycotts?

3 Mr. Carlough. Ceasar Chavez, I am not.

4 (Laughter.)

5 Mr. Erlenborn. Do you support that sort of secondary  
6 boycott?

7 Mr. Carlough. I don't eat lettuce.

8 (Laughter and applause.)

9 Mr. Erlenborn. On your doctor's orders?

10 (Laughter.)

11 Mr. Erlenborn. Would you support legislation that would  
12 give the workers in these areas the same rights that construc-  
13 tion workers have; that is, to have elections to determine  
14 bargaining units in representation and prohibition thereafter  
15 of the use of the secondary boycott?

16 Mr. Carlough. On the second question, if there are  
17 circumstances that are similar to our circumstances, yes.

18 On the answer to the first part of the question, I am not  
19 familiar enough with collective bargaining in the dirt fields  
20 to give you an honest answer to the question of whether or not  
21 it ought to be conducted through elections or some other  
22 method.

23 Mr. Erlenborn. I think we are, as a Congress, very  
24 derelict in our duty to give to agricultural workers the same  
25 rights enjoyed for a long time by other workers, including the

1 construction trades, of engaging in collective bargaining and  
2 having the mechanism for determining bargaining units and  
3 representation. I am a little disappointed that you wouldn't  
4 endorse that, in answer to my question.

5 One other area I would like to investigate is: I  
6 understand the building trades primarily are union shop and,  
7 in many cases, with the use of the hiring hall, is that  
8 correct?

9 In other words, you don't allow non-union and union  
10 generally to work alongside each other doing the same work  
11 for the same employer.

12 Mr. Carlough. We operate under the provision of the  
13 Taft-Hartley which states that we can write agreements in all  
14 except those 18 states where they are now currently proscribed  
15 by state law that a man shall make application to join a  
16 union on the 8th day after his employment in the construction  
17 industry.

18 Mr. Erlenborn. That is commonly called union shop. Not  
19 closed, but union shop.

20 Mr. Carlough. That is correct.

21 Mr. Erlenborn. That was the question I was asking.

22 What accommodation do you make for Seventh Day Adventists  
23 and others who belong to established religions that have as a  
24 tenet of that religion a prohibition against either belonging  
25 to or contributing to a labor organization?

1           Mr. Carlough. That is a matter for the individual judg-  
2 ment of the union.

3           In our union, in general, where there is a sincere  
4 religious question, we generally handle the matter through a  
5 service agency contract where the man would not be required to  
6 join the union but he is required to pay the same type of  
7 initiation fee and union dues that others would be required to  
8 pay.

9           That is a matter for each individual union to make a  
10 judgment on. We make that particular judgment in our own  
11 union.

12           Mr. Erlenborn. The issue did arise in the extension of  
13 the National Labor Relations Act to private not for profit  
14 hospitals and other health care institutions in the last  
15 Congress and it was agreed by the Congress then, and by those  
16 representing the AFL-CIO, that an amendment I offered would be  
17 incorporated, and it was incorporated in that Act, providing  
18 for religious freedom and allowing those who have a real basic  
19 religious objection to belonging to a union to still be gain-  
20 fully employed in their chosen occupation without violating the  
21 tenets of their established religion.

22           This religious freedom amendment is now the law relative  
23 to these health care institutions. It does not allow them to  
24 have a free ride. It provides that they would have to pay an  
25 amount equal to initiation fees and dues to a charity, not to

1 the union, because that also violates their religious  
2 principles.

3 How would you view that as a general amendment to the  
4 National Labor Relations Act? Do you believe in such a  
5 religious freedom amendment?

6 Mr. Carlough. There is nothing in H.R. 5900, the  
7 Situs Picketing legislation, that would require any individual  
8 to join the union.

9 Mr. Erlenborn. But the present practices do, because you  
10 do have union shop.

11 Mr. Carlough. Our union is not only an affiliate of the  
12 Building Construction Trades Department but we are an affiliate  
13 of the AFL-CIO, and I am a good soldier and we have a very  
14 interesting man, about 80 years of age, who acts like he is  
15 about 40, a plumber from New York City named George Meany, who,  
16 on those kind of legislative questions, speaks for the labor  
17 movements, and speaks rather well, and the position of our  
18 union and the position of the Department would be the position  
19 of President Meany and the AFL-CIO, when and if that issue  
20 comes before the Congress.

21 Mr. Erlenborn. I am suggesting a bill amending the  
22 National Labor Relations Act does open up to this sort of  
23 amendment and it may be an issue.

24 Knowing the democratic nature of your union, I know  
25 Mr. Meany will be interested in how you and other labor leaders

1 feel on this issue before he makes up his mind and speaks for  
2 the AFL-CIO, and I am trying to enlist your support for this  
3 sort of amendment that would allow the free exercise of  
4 religion.

5 As I understand, we all, under our Constitution, believe  
6 people should have the right to free exercise of their religion  
7 and yet be able to maintain their employment.

8 I am not asking anybody to have a free ride. I think the  
9 same economic impositions, if you want to call it that, or  
10 economic deductions from their pay for amounts equal to  
11 initiation fees or dues ought to come out, so we are not letting  
12 anybody have a free ride, but we should, in my opinion, allow  
13 people to be employed in their chosen occupation without  
14 violation of what they believe to be their firmly held  
15 religious convictions.

16 I enlist your support and I hope you would agree.

17 Mr. Carlough. As you suggest, President Meany may be  
18 interested in my opinion, but again, the way we operate in the  
19 labor movement, I would first convey my opinion to President  
20 Meany in private and then I would be prepared to answer your  
21 question.

22 Mr. Erlenborn. Thank you very much, Mr. Chairman.

23 Mr. Daniels. The gentleman from Wisconsin, Congressman  
24 Cornell. Any questions?

25 Rev. Cornell. Thank you.

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1 I have more of an observation than a question. I thought  
2 that your forecast of the future economic situation in this  
3 country was rather pessimistic. I have been always told that  
4 the building and construction business is kind of the bell  
5 weather of the economy. It certainly doesn't look very good.

6 As you know, of course, this session of Congress has  
7 already attempted to spur the economy. Our emergency legisla-  
8 tion, we have rejected about 91 percent of the revisions and  
9 referrals of the President -- some people refer to it as an  
10 impoundment -- but I think there is a way in which your people  
11 can help us.

12 We are going to face next week voting on a budget that  
13 our Budget Committee came along with, about \$73 billion in  
14 deficit for fiscal year 1976. We are receiving a lot of mail.  
15 This was brought out, incidentally, this morning at our  
16 breakfast with the Wisconsin building and construction trade  
17 representatives.

18 We are receiving a lot of mail from people asking us to  
19 vote against such a deficit. I am convinced that if we are  
20 going to spur the economy, if we are going to have jobs, if we  
21 are going to restore prosperity in this country, that it is  
22 going to be essential that we spend that type of money.

23 I think this is a message you ought to carry back to your  
24 people. As a matter of fact, if we don't, we are probably  
25 going to have an even greater deficit. I think it is very

important that the working people of this country realize that.

Thank you.

Mr. Carlough. No one wants a deficit. The whole idea of this kind of approach, given the state of our economy, is, hopefully, to put more people back to work so they will pay more taxes and the government will have a greater income next year and attempt to move towards some type of balance.

Part of the problem has been that I recall going to the mini-summit last September in Atlanta, Georgia, on the construction industry. Jim Lynn, now Director of the OMB, was then Secretary of HUD and he chaired the conference. There were a number of Congressmen and Senators present at it.

I recall the first eight or nine speakers, and as I told the conference when I did speak, I got there late because the day before was my 20th wedding anniversary and regardless of the state of the crisis of the country, I wasn't going to create a personal crisis by leaving my wife on that kind of day. She is back here right now, by the way.

The first seven or eight speakers all talked about the number one problem of inflation.

When I spoke, I told them I really felt like I was an atheist in church because my viewpoint and the viewpoint of so many of us in the construction industry was that we were heading over the abyss unless this country was turned around. This was back late last summer.

18  
1 No one seemed to listen.

2 At the final summit conference held in this town a few  
3 months later, we went through a repetition of the same sort of  
4 thing. Unfortunately, we have too many officials in the  
5 administration -- I am hopeful Secretary of Labor Dunlap will  
6 be an exception. He has always been a very practical human  
7 being. But up until him, the agency -- the administration,  
8 almost without exception, including the Federal Reserve Board,  
9 continues to put the breaks on the economy which has been  
10 sliding backwards for several months, and even in construction  
11 our problem is lead time. Even if a decision were made by  
12 Congress today, the best kind of decisions signed by the  
13 President of the United States, the men that these guys repre-  
14 sent back in the 50 states of this country -- carpenters,  
15 plumbers, sheet metal workers, electricians, still could not  
16 look forward to going back to work for several months because  
17 of the lead time between spending of money and putting  
18 construction workers on the job site.

19 Rev. Cornell. One thing you mentioned, when the  
20 President's budget was presented to Congress, Roy Asch appeared  
21 and talked primarily to the freshman members, but there were  
22 others there.

23 He pointed out if we would reduce unemployment by 1 per-  
24 cent, this would bring an additional approximately \$14 billion  
25 in revenue to the federal government.

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In addition to that, he pointed out that this budget the President presented to Congress called for, I believe, an increase of about \$12.6 billion in unemployment compensation and, of course, if we could reduce unemployment substantially, we would come close to a balanced budget. People have to realize this.

I recall in the Nixon Administration, they always called it, for the Democrats, deficit spending. For the Nixon Administration, it was an expansionary budget. Whatever you call it, I think it is absolutely essential and we have to spur the economy. If this means spending a substantial amount of government money, it has to be done, but your people have to understand why.

Mr. Daniels. Mr. Peyser from New York. Any questions?

Mr. Peyser. Thank you.

One of the key issues involved in the NLRB case and the Denver building constructions trade case was this concept of the contractor and the subcontractor being totally independent on a job and, therefore, this was the reason that the ruling was made in effect eliminating the Situs Picketing.

In your opinion as a practical worker in the field in this area, do you find this is true, that they are not totally independent contractors, subcontractors, on any given job and that there is no relationship in the work they are doing?

Mr. Carlough. That is a very good question, Congressman.

1 As one who started as an apprentice in 1949 in the construction  
2 industry, I have been there a few years and we are a totally  
3 integrated industry at the job site.

4 You will have the engineers start by digging a hole and  
5 the ironworkers on the steel and we follow one another. As a  
6 matter of fact, we are so integrated on the job site, that if  
7 one or two of the trades, for whatever reasons -- weather or  
8 some other factor -- lag behind on the job site, it affects  
9 all the other trades.

10 If something holds the electricians back, it holds us  
11 back from coming in later and putting in our work. This kind  
12 of example is reproduced over and over again in the construc-  
13 tion industry.

14 We are really just like an automobile assembly plant. We  
15 each have a function to perform. It is a highly integrated  
16 industry. There is no such animal as an independent contractor  
17 in the construction site.

18 Mr. Peyser. I appreciate that answer because, frankly,  
19 my own observance with the building trades and the construction  
20 unions in my own area in New York, where I raised this question  
21 many times before, is that it does become apparent in a very  
22 practical sense to a layman like myself that there is a close  
23 integration in this entire picture on any job, on any construc-  
24 tion job, and it does raise a serious question on this ruling  
25 that the courts held in this particular interpretation that



1 these are all independent and have nothing to do with each  
2 other, and, of course, this strikes at the very heart of the  
3 question of Situs Picketing.

4 Now, I would also like to say that yesterday, as you are  
5 probably aware, in the Congressional action on the floor,  
6 those in the building trades -- particularly from New York,  
7 Vermont and Connecticut -- saw an action by the Congress that  
8 basically reversed a federal court decision and also will open  
9 up an excess of 30,000 jobs practically immediately in your  
10 area as soon as the Senate acts, which is supposed to be next  
11 week and the bill will be signed, I am sure, without any  
12 question.

13 So, I, at least, want you to know in the area of  
14 encouragement that the Congress can move rapidly on an issue.  
15 This was the environmental question that was upheld by the  
16 circuit courts and has been reversed yesterday by the House of  
17 Representatives, who represents several billion dollars,  
18 incidentally, and to me it is far more important that these  
19 monies go into this effort than to go into benefit programs or  
20 unemployed programs where we could obviously gainfully have  
21 people working. I think you do have a very critical issue  
22 coming to the front more and more on this question.

23 On the Situs Picketing, I think your answer is a very  
24 great help for many of us interested in this area. I appreciate  
25 your comments.

1 Mr. Carlough. Thank you.

2 The action that you spoke of in the House was announced  
3 by Joe Dean to the delegates yesterday afternoon and it drew  
4 a great round of applause, greater than any of the speeches  
5 given by the 17 general presidents, including myself.

6 Mr. Feysen. It was a matter of great applause also in  
7 the Congress, as you know, and particularly those of us from  
8 these three states, and then the later action in the following  
9 bill that will affect all states favorably in the building  
10 trades on these issues.

11 Once again, I thank the gentleman very much.

12 Mr. Carlough. May I make another comment apropros to  
13 your comment, that they would much rather have jobs than  
14 unemployment checks. We have a program in our unit called a  
15 stabilization agreement for the sheet metal industry. In this  
16 situation, on Valentine's Day in Arizona, February 14, we  
17 distributed the first under-employment check. Some half  
18 million dollars. An average of about \$1,100 to each of our  
19 members who were under-employed in Phoenix. We have since put  
20 out checks in Jacksonville, Seattle, Elmira, for example. I  
21 have been at all of those proceedings and without exception  
22 the men that I have talked to, after they got their check, were  
23 very thankful, but so many made the comment that it is not as  
24 good as working. What are you doing in Washington to put us  
25 back to work, too?

1 That kind of mentality is not just with the sheetmetal  
2 workers; it is the plumbers, carpenters, ironworkers, et cetera.  
3 We want to save the government unemployment compensation money.  
4 We want to go back to work.

5 Mr. Peyser. I agree.

6 Mr. Pressler. Will the gentleman yield?

7 Mr. Peyser. Yes.

8 Mr. Pressler. What percentage of the people working in  
9 the buildings and trades are organized in organized labor? Do  
10 you have that figure?

11 Mr. Carlough. It depends on the area. It depends on  
12 whether it is heavy highway or residential. My research staff  
13 tells me overall something in excess of 60 percent,

14 Mr. Pressler.

15 Mr. Pressler. Thank you.

16 Mr. Carlough. Much higher in commercial and industrial  
17 work. Much less in housing.

18 Mr. Daniels. The gentleman from Oklahoma, Mr. Risenhoover.  
19 Any questions?

20 Mr. Risenhoover. I don't have any questions. I have  
21 something more in the way of an observation, also.

22 I may be a little more familiar with the building trades  
23 industry than some. My chief field representative in the  
24 district that I represent in Oklahoma is vice president of the  
25 State Building Trades Council. While we talk about taking care

1 of the minorities and apprenticeship training and Affirmative  
2 Action, we are as much aware of that as you are and we know  
3 you are as concerned about those things as we are, but as we  
4 try to pull the economy out, and you know as well as we do  
5 what the problem is with the economy and how we got in this  
6 shape, as Congressman Cornell said, we need you to go back  
7 across the country and talk to your membership because as we  
8 vote these tremendous deficits, and it probably will be \$70  
9 billion this year, we can't do that for two or three years in  
10 a row. There has to be cooperation with the Executive Branch  
11 and, heretofore, we haven't had that cooperation. That is  
12 probably the reason we got into this situation we are in  
13 economically.

14 I personally believe in stimulating the private sector.  
15 When we talk about public service employment, these leaf raking  
16 make busy jobs, I just don't see. I think we should stimulate  
17 the private sector so those jobs will be good for a long time;  
18 not just six or nine months or the duration of a program and  
19 then we are right back into the same deficit situation.

20 The interest rate probably is as key as anything as far  
21 as you folks are concerned about how we got into this mess.  
22 When people pay for a \$25,000 or \$35,000 home over the life of  
23 the loan \$100,000 or more, this is just an unacceptable  
24 situation. We can vote a \$70 billion deficit this year and  
25 stimulate the economy, but unless Mr. Byrnes loosens up the

1 money, the whole thing will be neutralized.

2 If, in fact, a tide does exist, then it is up to you  
3 folks as much as anyone to go back out across this country and  
4 turn that tide. Next year will be the opportunity. Unless  
5 you get out and get it on, we will be in this same mess for a  
6 long time.

7 So go back to your people and next summer, when the  
8 campaigns get started across this country, get them out and  
9 elect friends of working people because when the working people  
10 of this country make it, everybody makes it.

11 (Applause.)

12 Mr. Risenhoover. When you don't make it, we all fail.

13 Mr. Carlough. I mentioned to the conference yesterday  
14 one statistic that a lot of our guys thought was interesting.  
15 A couple who buys a \$40,000 home pays 10 percent down and pays  
16 the balance off at 8-1/2 percent interest over 30 years and  
17 ends up by paying 4.8 cents of every dollar to the construction  
18 workers who built the home and 48.6 cents of every dollar to  
19 the banker who loaned them the money. The comment that I  
20 added was: Is the consumer being gouged in the housing  
21 industry? Yes, but the gouger does not wear the hard hat of  
22 the construction worker; he wears the Homburg of the banker.

23 We fully subscribe to what you said. Furthermore, those  
24 of us in this room must run for re-election as you do. We  
25 understand that. We will do our best to educate our membership

55  
1 concerning both the necessity for the budget deficit this year  
2 and on the other part of the bill, one of my colleagues is  
3 testifying this morning concerning the type of actions that we  
4 are suggesting to Congress that they might consider useful  
5 concerning the "independence" of the Federal Reserve System and  
6 what the Congress might want to do about it in its wisdom and  
7 in its judgment.

8 Mr. Daniels. Are you through, Mr. Risenhoover?

9 Mr. Risenhoover. Yes.

10 Mr. Daniels. Mr. Carlough, I must relinquish the Chair  
11 at this particular point. I, like my two predecessors who sat  
12 here this morning, have an appointment with the Assistant  
13 Secretary of Labor in charge of manpower to work out some  
14 ground rules for the release of \$400 million for the summer  
15 youth program, so it is not because of a lack of interest in  
16 the subject matter before us this morning that I am leaving  
17 but it is because of this important appointment.

18 Therefore, I will turn over the Chair to Mr. Lehman, the  
19 gentleman from Florida.

20 Thank you very much. I want to complement you on your  
21 testimony here this morning. It was not only most interesting  
22 but most informative, and I am sure the members of the Education  
23 and Labor Committee appreciate the comments you make. It will  
24 help us immensely in our future consideration of legislation  
25 coming before this body.

Mr. Carlough. Thank you.

Mr. Lehman. Thank you.

I would just like to follow one of Mr. Risenhoover's concerns and bring you up to date on the legislation that we are doing in the private sector. That is the banking and currency legislation to provide mortgage assistance to middle income families for approximately 400,000 homes. That has come through the House side, was passed on the House floor and it is now reported out by a Senate committee. You should do whatever you can to expedite the Senate action. I hope we will have this kind of legislation in front of us that will not only provide jobs, but also provide homes for the middle income American that is in such a tight bind.

This legislation that subsidizes mortgage interest down to 6 percent will, I think, to my way of thinking, be one of the greatest stimuli for economic recovery that I can think of.

For each 1 percent in interest, it is approximately \$15 or \$20 a month in payments. If you can subsidize three points of the interest, you are bringing many of the home payments down to a level at which people can buy homes in the middle income level.

I just wanted to bring that to your attention. This is the kind of action that we need your support on not only to get it passed but to provide additional subsidies not just for 400,000 homes but maybe for 600,000 or 800,000 homes, because

1 this is where a great deal of the effort should be directed.

2 Mr. Carlough. You will have our support. We are mindful  
3 of Congressman Wright Patman, when the Joint Economic Committee  
4 about four years ago put out a statistic that a reduction of  
5 one-quarter of 1 percent in the interest rate would have a  
6 greater impact on the cost of the home than if all construction  
7 workers took an across-the-board 10 percent wage reduction.

8 Mr. Lehman. Mr. Sarasin, I think you are next.

9 Mr. Sarasin. Thank you, Mr. Chairman.

10 Thank you for your attendance here today. I probably  
11 don't have too much to quarrel with many of the things you  
12 brought to the attention of the committee this morning.

13 I also have a comment concerning the economy and  
14 inflation. I think it is something we have to be a little bit  
15 careful of.

16 I happen to think there is a legitimate time that govern-  
17 ment can deficit spend. This is one of these times. The  
18 problem is that you have to make up for it in the good years  
19 and we have let the good years go by.

20 The '60's were the good years. We ran in a philosophy  
21 that you could maintain a lot of programs and deficit spend in  
22 years when we could have come close to a balanced budget. The  
23 fear that I have is that we will end up with such a massive  
24 deficit that we will destroy the building industry, that we will  
25 create a wave of inflation that will be greater than the one

1 we are trying to get out of today.

2 The comment has been made that we can spend government  
3 money in this area but I think we have to remember that it  
4 isn't government money we are spending -- it isn't even tax-  
5 payer's money we are spending, because we are not getting  
6 enough in taxes -- but what we are spending is borrowed money.

7 When we go out in the marketplace, if we have an \$80  
8 billion deficit this year -- and probably will -- and a \$40  
9 billion deficit carried from 1975, in the next 18 months we  
10 will borrow \$120 billion. That is the greatest portion of the  
11 capital market that is available.

12 Money is a commodity, like wheat or sugar or anything  
13 else. If there is a shortage, government will pay whatever it  
14 has to pay to get it. It will start first in the housing  
15 industry, because the guy who wants a home mortgage or the  
16 builder who wants to build an apartment house or commercial  
17 building won't be able to get that money.

18 I think we can deficit spend, and we will, but I am  
19 concerned that we may find ourselves going too far.  
20 Unfortunately, the people who are affected first are the  
21 craftsmen.

22 Mr. Carlough. We craftsmen have heard it said we are  
23 generally conservative oriented kind of people. I never  
24 believed that.

25 While we are conservative, I guess to some extent, when

1 you have an unemployment rate like we have in the construction  
2 industry, the conservative starts to get a bit radical.

3 We would agree in principle that the Congress cannot  
4 continue to spend this way. I am sure the most liberal member  
5 of the House does not anticipate the spending of a \$70 billion  
6 budget deficit over the next several years. But we have a  
7 problem today in 1975. One of the ways -- not the only way --  
8 of correcting the problem is the kind of work projects and  
9 others that involve great expenditures of money in this fiscal  
10 year.

11 We are hopeful that they will create the kind of jobs  
12 and produce the kind of taxable income and returns to the  
13 Treasury to put the country on a more even and stable keel in  
14 the years ahead, but we have the problem in 1975 and we have  
15 to meet it this year.

16 Mr. Sarasin. I understand that and I certainly don't  
17 argue in this year. I certainly supported in the past the  
18 concept of some deficit spending but I really think we have to  
19 be careful. We can get carried away and now you see, Congress  
20 creates the inflation in this country.

21 We can look at other causes but basically it is Congress  
22 spending money it doesn't have and borrowing money and driving  
23 the price up and creating an increase in consumer prices as a  
24 result.

25 If we are not careful, we will set off the next wave of

1 inflation that will be followed by recession greater than we  
2 are in today.

3 I think it is the time to really be concerned, not only  
4 with today but with tomorrow, as well.

5 Mr. Lehman. Mr. Simon, the gentleman from Illinois.

6 Mr. Simon. Mr. Chairman, I would like to associate  
7 myself partially with the remarks of the gentleman from  
8 Connecticut. I do think and I agree with you, sir, that we  
9 have to be concerned.

10 I really am not concerned about the money market absorbing  
11 the deficit this year because the demand is not high right  
12 now for money, but the danger is that today's emergency be-  
13 comes tomorrow's habit, and I think that the effective spokes-  
14 men like yourself have to be here next year to say we have  
15 got to pull this thing in line.

16 One of the things that is happening is that an increasing  
17 percentage of our tax dollar is going for interest rather than  
18 goods and services. That is another reason why these interest  
19 rates ought to be brought down, as you have pointed out.

20 Beyond that, I would simply like to commend you. I will  
21 confess I have not known very much about you, Mr. Carlough,  
22 but I anticipate hearing a great deal about you and from you  
23 in the future. I think you are an extremely effective  
24 spokesman.

25 Mr. Carlough. I will give you a union card. You can

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vote for me in 1978.

(Laughter and applause.)

Mr. Simon. Well, I had a union card for a long time but not in your union, unfortunately, so I can't very well legally vote for you, but I think the fundamental point that you made, that this nation ought to be wise enough and compassionate enough and sensible enough to use the productive capacity and put people to work, really makes sense. We have to balance this, not only balance the budget but balance the economy. The thrust of what you have said is eminently sensible and I appreciate your testimony.

Mr. Carlough. I appreciate your kind comments, Mr. Simon.

I am reminded of words of Oliver Wendell Holmes, who once said, "It is amazing with what great fortitude a man can stand to sit there and listen to excessive praise of himself."

(Laughter.)

Mr. Simon. It is not excessive in your case.

Mr. Carlough. I would also remind members of the Committee that the enactment of the situs picketing bill, HR 5900, would not add one single penny to the budget deficit of the United States.

(Laughter.)

Mr. Lehman. Congressman Buchanan, the gentleman from Alabama.

Mr. Buchanan. Thank you, Mr. Chairman.

Mr. Carlough, I appreciate your remarks concerning the

1 preference of having jobs to unemployment compensation. It  
2 would appear to me that some people consider it a visionary  
3 position, but one of the obligations of our society in its  
4 position of wealth and strength is to provide a quality education  
5 for every child and then a job compensurate with that person's  
6 abilities, to every person in this society who needs or seeks  
7 employment.

8 That is hard to fulfill, but it seems to me it is a very  
9 reasonable goal. In that connection, one of my jobs as  
10 ranking minority member on Gus Hopkins' Equal Opportunity  
11 Subcommittee, is to help attain that goal so if my questions  
12 seem a bit redundant, it is because I am new at that job and  
13 trying to find out all that I can about it.

14 The figures you mentioned for the percentage of minorities  
15 involved in apprenticeship programs, were those for sheet  
16 metal or the building trades in general?

17 Mr. Carlough. Apprenticeship crafts in the building  
18 industry.

19 Mr. Buchanan. Very good. So at this time in history,  
20 you are running slightly ahead of the population percentage.

21 Mr. Carlough. Yes, sir, we are.

22 Mr. Buchanan. Could you tell me how long that has been  
23 going on?

24 Mr. Carlough. The program that is primarily responsible  
25 for what we think is this rather remarkable record started in

Operation Outreach in 1967. Approximately seven or eight years ago.

Mr. Buchanan. Well, I was struck, as you were talking about your experience with situs picketing, that that is a rather remarkable history of having everyone for you so long and no legislation in this state. I was thinking of the parallel situation of Black Americans in finding equal employment opportunities in this society. Everybody has been for it for a long time, but they have a hard time working into the system in many areas.

All the time I was growing up in the deep South, some of the best skilled people in the building trades I knew were Black people, but they were mostly non-union because they had technical difficulties overcoming --

That was not only in the unions but was generally true in many areas of life and endeavor.

But it does seem to me that we have quite a frustrating experience that would be parallel in terms of actually achieving an equal and fair chance to do work which they often excelled in when they got the opportunity.

I would just commend you on what you have started. I think all of us were pretty late getting started, but at least it seems you are on the right track and maybe their one hundred year wait since the Emancipation Proclamation is headed toward being ended. I would hope that we could find

1 a solution in the industry unions and a solution to the problem  
2 of seniority rights versus equity for people who never had a  
3 chance to get into the system. That is the toughest question  
4 to resolve, I know.

5 The closer you get to full employment, the easier it will  
6 be to solve that problem. At least, you did not have that  
7 problem in your system.

8 Mr. Carlough. No, sir; not in the construction industry.

9 Mr. Buchanan. I want to commend you for your progress.  
10 I think not only you but a lot of folks in this society; for  
11 you it is somewhat like a deathbed conversion in that it is  
12 so late coming, but I think it is a very worthwhile development.

13 Mr. Lehman. Mr. Beard from Rhode Island.

14 Mr. Beard. Thank you, Mr. Chairman.

15 Gentlemen, one of the proudest moments of my life came on  
16 January 14 when I was sworn in from Rhode Island as the second  
17 working man to come out of that state as a Representative. I  
18 am very proud that I have the unique position in Congress at  
19 the present time, and in the last year of being the only  
20 member of the trades that worked with his hands as a member of  
21 195, the Painters' Union. I am very proud of that fact.

22 (Applause.)

23 I also intend, as a working man, as one who works with his  
24 hands and did so all his life and is very proud being a member  
25 of the building trades, that I will work in this Congress to

convince daily my colleagues that may not feel the same as I do about organized labor about our working people in this country, to convince them to recognize the problems of organized labor, and that is my goal in the Congress.

In 35 years in Rhode Island, in the second district, we had three Congressmen. One was John Fogarty in 1940 who came in. He was a brick layer. I am the second one.

I am very proud we have a tremendous labor movement in the State of Rhode Island. I also have a program that I hope will be recognized by the Congress of the United States, which I will introduce, which will help people get back to work. It is a modern version of the WPA. Give to the building trades, give to people that are out of work. Because my colleagues in Rhode Island want to work.

I get very upset sometimes when I see some of these high-rise buildings going up and they are supposedly paying the prevailing wage to some of these non-union contractors, and you find out they are cutting down on the size of the plywood. There is a big space between the studs. Well, I am going to cause some inspections in Rhode Island. It won't be the regular inspections. I will do my own. I have called a couple of these contractors up and my colleagues in the carpenters and painters trades go by these projects day in and day out and they are out of work, and if they are going to have a prevailing wage, they had better make sure they meet the

1 specifications.

2 (Applause.)

3 I believe in calling a spade a spade. I don't know what  
4 it is to walk the middle of the line. Maybe that is why I  
5 got here. But I know one thing: these non-union contractors  
6 building these high-rise buildings, fine, they pay the pre-  
7 vailing wage, that is what the law requires. But they had  
8 better make sure that every nail and every stud is exactly  
9 where it is because I have my union colleagues back in Rhode  
10 Island, the carpenters and plumbers and painters, who will be  
11 right behind.

12 Mr. Carlough. And the sheet metal workers.

13 (Applause.)

14 Mr. Beard. Thank you.

15 Mr. Lehman. I don't guess you will have to react to that,  
16 Mr. Carlough.

17 (Laughter.)

18 Mr. Pressler.

19 Mr. Carlough. Except to say that Congressman Beard makes  
20 a point, because he comes from a craft quite often overlooked  
21 in the Davis-Bacon issue.

22 When a contractor who has been paying his people \$5.00  
23 an hour gets a government job and is then compelled to pay them  
24 \$7.00 or \$8.00 or \$9.00 an hour, he is not used to paying these  
25 guys who work with their hands that kind of money. We find  
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1 a lot of shoddy jobs going on in government projects of all  
2 types. That is an excellent point. The taxpayer is not getting  
3 what he paid for again.

4 Mr. Pressler. This is not a question related to situs  
5 picketing, but it is related to our vocational-technical schools,  
6 and I have had a couple in my district in South Dakota.

7 So many of the building and trades areas in the vocational-  
8 technical education schools are not now finding jobs, and what  
9 can I say -- indeed, I am going out to give a speech Friday  
10 night to a vocational-technical educational school in my  
11 district -- what future can these people expect, who have  
12 graduated from these vocational-technical educational schools  
13 in the building trades area?

14 Mr. Carlough. I think the answer that I would give them,  
15 Congressman, is that the long-term history of construction in  
16 this country has been a good one. Once in a while, because of  
17 ineptness or for whatever reasons, we lose our way for a  
18 while, but this is a country that is a building country.

19 We not only build cities but after a while we tear them  
20 down and start building them all over again.

21 While we have good housing in this country, if you go to  
22 Newark, New Jersey or many other parts of the United States you  
23 will find a lot of poor housing in this country. We think there  
24 is a great job to be done.

25 We have to clean our air, clean our water, we have to have  
26 industrial expansion, atomic energy plants, public utilities,

1 because we are starved for power in this country and we have  
2 alternatives. We don't have to resort to being the subjects  
3 of blackmail from the Middle East. All we need is enough  
4 people who understand, who care, who are in positions of power;  
5 men such as yourselves, women such as are in the Congress, to  
6 work with us and then work with the Administration and support  
7 those who feel as you do.

8 I trust you agree with me on the issue in order to put this  
9 country back to work again.

10 Mr. Pressler. I do agree.

11 One other question. What affirmative action programs are  
12 there in terms of getting women more involved in the building  
13 industries area?

14 Mr. Carlough. I understand that Ernie Grain in New York  
15 City is conducting an experimental program nationwide under  
16 contract with the United States Department of Labor for this  
17 purpose, and I would be very interested in seeing the results  
18 of what transpires.

19 Mr. Beard. Mr. Zeferetti of New York will be next.

20 Mr. Zeferetti. Thank you, Mr. Chairman.

21 I have no questions, but as the President of a labor  
22 organization just prior to being elected to this office, I  
23 can sympathize with you and I would like to compliment you on  
24 your presentation this morning. It has been informative. It  
25 has been the type of presentation that I think your membership

can be very proud of.

I would just like to comment that I am a co-sponsor of the Situs Picketing bill.

(Applause.)

Mr. Beard. Mr. Miller of California.

Mr. Miller. Thank you, Mr. Chairman.

I also enjoy it when Ed is present at the committee hearings. I think he is very frank on any of the issues that a lot of us dodge around on.

I would like to express a concern to you, Mr. Carlough, and thank you for your testimony. You are a very articulate spokesman for the building trades. Some time in the next few weeks, this Congress is going to make a decision on a national energy policy. There will be many components of that legislation, I think all of which will affect the working men and women of this country, whether it is gas rationing or allocation or a new tax on gasoline.

Also, the questions of de-controlling the price of oil and taking the lid off of natural gas.

I think that this is an issue that is going to knock the hell out of the building trades if the energy corporations in this country are successful in writing that policy as they desire to. I have been given some preliminary information from the Library of Congress that indicates that multi-family rental construction is at a virtual standstill where you have

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seen large increases in the price of energy.

A friend of mine, who is a major developer in this metropolitan area, now is running at a negative income for his developments due to the increased cost of energy.

I think if we do move as the oil companies would have us and as the utilities would have us in taking the controls off these prices and de-regulation of the price of natural gas, there isn't going to be any construction for investment purposes because there is no point in putting your money in. You might as well buy government bonds with it and get a sure return. There is not going to be that kind of risk.

I think your organization and the other unions have really got to start speaking to that issue in terms of this Congress if you ever want to see the construction trades come back.

There have been a lot of discussions about housing starts and how we are off the block with the costs of interest. I wonder if your organization has taken a position on the proposal by Mr. Seidel of the Carpenters that the government get into the housing business directly and stop with all the multitude of subsidy programs that cost a fortune and whether or not housing is something individuals are entitled to based on their income.

Let's start getting people into decent shelter and provide it and not leave it at the whims of the money market where the banks say, "Well, all right, we have a surplus money so we will give it to a developer for housing," but then when money is

1 tight, they are the first to go and you are out of work.  
2 Then, perhaps, you hope they come back.

3 There is some indication that maybe the banks don't even  
4 want to get into the housing lending business and have left it  
5 for the savings and loan companies. The question is whether  
6 the housing needs of this country really ought to be left to  
7 that kind of fluctuation, because when we miss it by a million  
8 and a half units this year, there is no indication that we will  
9 make up that next year because everyone tells us already the  
10 credit crunch in 1976 will be dramatic because of our deficit,  
11 and when the corporations go out for capitol, there will be real  
12 competition. That is why they say we finance this deficit for  
13 the remainder of this year but we have problems next year.

14 I don't think that the housing needs ought to be left that  
15 way. If you would like to comment, those are two concerns that  
16 I think will really slap this industry around.

17 Mr. Carlough. We are very much concerned with the energy  
18 problem. I know in our own union last January we hired the  
19 Stanford Research Institute and the MIDA Corporation, which  
20 constructed Project Independence for the government, to do a  
21 study on the impact of the energy crisis on our part of the  
22 industry -- air conditioning, heating and ventilation -- and  
23 what alternatives we might recommend. That study will be  
24 ready in May. We adopted a position paper and resolutions  
25 yesterday at the conference on the question of energy which

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1 are being brought to the attention of a Committee of the  
2 United States Senate this morning.

3 We will be putting a great deal of input into the energy  
4 question because whatever decision is made, it will affect the  
5 interests of our membership. We are aware of it.

6 I saw Harry Reasoner's show the other night and made a  
7 mental note that I want to go down to the Ford Theater and see  
8 James Whitmore's presentation of "Give them Hell, Harry."  
9 Part of the sequence shown on television had Whitmore portraying  
10 Mr. Truman and he was talking about bankers, and he said,  
11 "The problem with the bankers is that they want the triple-A  
12 credit rating and ask for this and that, and actually they end  
13 up offering money to the guy who doesn't need it and don't give  
14 it to the guy who does need it."

15 Stanley Rутtenberg, who is with us today, has been a  
16 very eloquent spokesman for the idea of credit allocation.  
17 Some years ago we passed a housing act and the objective was  
18 to produce 2.6 million new homes for Americans every year.  
19 I don't know if we ever hit the objective in any given year.  
20 We have been substantially below the objective, of course, for  
21 the last couple of years.

22 The housing industry is most sensitive to the rate of  
23 credit and flow of money and level of interest rates in this  
24 country. You can draw a chart going back to the post-world-war  
25 II years and where interest rates climb, the housing market  
26 declines.

Where interest rates go down, the housing industry goes up.

To us, it is our life's blood. It is plasma. Not only from the standpoint of the mortgage buyer who wants to buy a home at a reasonable interest rate but from the standpoint of our own contractors who are vitally affected by short term interest rates. Most of your contractors are too small. They are not General Motors or General Electric and can't finance a project internally. The only way they meet their payroll is by going to the bank and getting some more money. When the general contractor is paid by the owner and the mechanical is paid by the general, they pay the bank back. With the kind of short term interest rates we had in this country, it was a disaster.

We think what President Sidel recommended yesterday, as Chairman of the Housing Committee, is a good part of the answer. It included subsidizing interest rates or direct payments, as you suggested, as alternative approaches. We favor one more than the other. It included a credit allocation scheme. For the life of me, I think there is no moral or economic reason why we ought to treat a businessman who wants to borrow money to put people to work by putting together a project the same as, God rest his soul, Aristotle Onassis, who may want to borrow some millions of dollars to refurbish a yacht. We think there is a difference between these two

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1 situations, a very important distinction, and we feel government  
2 policy should recognize that distinction and allocate the  
3 credit resources in the country to the kind of projects that  
4 are most socially useful and put people to work.

5 We adopted a program for just about everything yesterday.  
6 If you listen to us, the country will be in pretty good shape.

7 (Laughter.)

8 Mr. Beard. Any additional comments?

9 Well, gentlemen, on behalf of the Committee, I sincerely  
10 thank you for testifying here today.

11 Maybe as a last comment before I adjourn, it is too bad  
12 they couldn't organize the Congress.

13 (Laughter and applause.)

14 Thank you. We will adjourn.

15 (Whereupon, at 11:30 a.m., the hearing was adjourned.)  
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