MR. PRESIDENT,

I rise to speak in opposition to the proposed amendment which would add a Davis-Bacon Act provision to this bill. The purpose of this amendment is to require that every community project undertaken by even the smallest town or township must comply with a minimum wage schedule determined for that project by the Secretary of Labor in Washington. The Secretary of Labor would not only set the wage rates for the project but would also send out inspectors to police the project and enforce the federal standards. He would have the power to require the community to terminate any project where federal standards are not strictly and precisely followed. He would have power to cause money to be withheld from contractors and could require cancellation of contracts and blacklisting of contractors.

This kind of federal control and interference in the public works projects of our local communities is completely unwarranted and is contrary to every tradition and concept of the responsibilities of local governments for carrying on local affairs. It would place the heavy hand of federal bureaucracy on local government officials to an extent never before attempted. There is no precedent under any other federal works or federal-aid program for extending the requirements of the Davis-Bacon Act to local community projects financed by local community funds.

When it was originally passed, the Davis-Bacon Act was applicable only to public works construction contracts entered into directly by the federal government. In 1940 a provision in the Federal Housing Act extended the minimum wage concept of the Davis-
Bacon Act/to a certain category of multiple-dwelling rental housing projects/where the financing was guaranteed by the federal government. Later, the Davis-Bacon Act was extended to federal-aid airport projects under the Federal Airport Act/and to federal-aid hospital projects under the Hill-Burton Act. In 1956 the Davis-Bacon Act was further extended to contracts for state highway construction/under the federal highway program. It must be noted that under each of these programs -- airports, hospitals and highways -- a grant of federal money to the state or local governments is involved. None of these programs involve repayable loans/as is the case with projects to be undertaken under the present bill. The difference here lies in the fact that under this bill/no federal grants are contemplated and no federal expenditures will be involved. The costs of these projects will be borne entirely by the local community/under repayable loan financing at interest rates comparable to those available in the open market. On what basis then is the federal government justified in demanding the right to tell the local community/what wage rates are to be paid on the work? The local community in spending its own money should be able to specify its own terms and conditions/rather than have the terms and conditions dictated to it by the federal Department of Labor.

The sponsors of this measure claim that it is designed simply to protect the locally established construction wage rates/and that the Department of Labor under this provision/will do no more than specify the rates that are actually prevailing and paid in the locality. Unfortunately, this is not the case. The fact of the matter is that wage determinations of the Department of Labor are invariably based
upon the wage rates prevailing or in effect in the major cities and metropolitan centers nearest to the site of the proposed project. For example, if a federal project is to be undertaken in Southern Maryland 50 to 75 miles from Washington, the Department of Labor will use the Washington, D.C. wage rates as the basis for the determination. By the same process, the Washington, D.C. wage rates have been extended 75 to 100 miles into towns such as Front Royal and Winchester in the Shenandoah Valley of Virginia. In a recent situation in my state of South Carolina, the Department of Labor imported into a rural area the wage rates from cities such as Atlanta and Charleston, each of which was more than 100 miles away from the site of the project. These are not just isolated instances, but are in fact the general method of operation. Anyone who is familiar with the way in which the Davis-Bacon Act has been applied can cite numerous other instances where the Department of Labor has extended big city wage rates into small communities and rural areas.

This method of making wage determinations is directly contrary to the purpose and intent of Congress in enacting this law. When the Act was passed in 1931, its purpose was to protect locally established wage rates and to prevent outside forces from upsetting the locally established wage structures. One of the problems that existed at that time was that some contractors made a practice of moving lower priced labor into a locality or area with a resulting adverse effect upon the established wage structures of the locality. Local rates were thus forced downward and local contractors who adhered to the local rates were unable to compete with outside contractors paying the lower scale. There was at this time no Federal
minimum wage law.

For the first few years that the Act was in existence it was administered properly and the wage determinations of the Department of Labor accurately reflected the locally prevailing wage rates. During World War II, however, the Department of Labor introduced a new concept into the Davis-Bacon Act. Under this new theory the Department took the position that in making wage determinations it should look not only to the locally established wage rates but also at the wage rates prevailing in other areas from which labor might be drawn for a particular project. In other words, they would determine not the locally prevailing wage rates but the level of wage rates which might be considered necessary to attract workers to the project. This was referred to as the "source of labor supply" rule. Under this new approach to Davis-Bacon wage determinations the large metropolitan centers are always considered as the major sources of labor supply and consequently the wage rates established in these metropolitan centers are used as the basis for the wage determinations for projects in small cities and towns within a radius of 100 to 200 miles from the metropolitan centers.

The effect of this transposition of the big city wage rates upon the local communities has, in many instances, been disastrous. The local contractors and other business firms cannot possibly compete with the higher wage rates and have found their work forces drawn away to the higher-paying federal projects. The local community wage rates are thrown completely out of balance and the local economy becomes seriously maladjusted. There are on record hundreds of cases where local contracting firms have suffered severe financial losses as the
result of the arbitrary setting aside of local wage structures by the Department of Labor.

In the State of South Carolina we have had many disturbing and distressing experiences as a result of the high-handed and arbitrary methods followed by the federal Department of Labor in applying the Davis-Bacon Act. In instance after instance they have ignored local practices and imported into our small towns and cities the wage scales of large metropolitan areas many miles distant. In case after case they have imposed their higher wage scales upon communities that had, up until then, a well-established and well-ordered price-and-wage relationship, and literally turned upside down the established economy and brought about severe dislocations in local business conditions.

We find, then, the Davis-Bacon Act being used to break down and set aside locally established prevailing wage scales and to substitute for them the higher wage scales in effect in larger communities. This result is just exactly the reverse of what Congress intended. With this law Congress intended to protect the locally established wage practices and to prevent disruption of local economic situations. But as so frequently happens, the bureaucrats who apply the law use it for a purpose substantially different from that which Congress intended.

Let us also consider the effect in terms of the increased costs of the local community projects if we include this Davis-Bacon provision in this bill. It would not be an exaggeration to estimate that a great many of these projects would cost small communities 50% more in labor costs than they would otherwise have to pay. As I have
said, they would be saddled with the big city wage rates and the small communities would have to pay the bill for these big city wage rates. These increased costs would not come out of the federal treasury but would come out of the pockets of the taxpayers in the local community. It is entirely possible that because of this factor a majority of small communities would have to decline to undertake any projects under this bill. Only the larger cities would be in a position to afford such projects.

There is also a fundamental question of governmental philosophy involved here. Behind this proposed amendment lies the assumption that our state and local governments are incapable of determining what is best for the interests of the citizens of the state and the community. I am unable to comprehend why such a proposition can gain support or acceptance among those who are elected to represent here in Congress, the states and local communities. Why must it always be assumed that the federal government alone is sufficiently wise and omniscient to decide what is right and good for the people? For over 150 years our state and local governments got along fine without the interference of the federal government in their local affairs. In the past two decades, however, the idea has taken hold that local matters should no longer be left to the state and local governments but rather must be guided from the all-powerful federal bureaus in Washington.

This, of course, is contrary to all reason and common sense. Local economic factors are best known to the local government officials. Certainly the local officials are better able to judge local conditions and local needs than a bureaucrat in a federal government agency.
perhaps a thousand miles or more away in Washington. If there is any problem of protecting the local wage structure, why cannot this be done by the local government? If prevailing wage provisions are to be inserted in contracts, who is better able to determine what are the local prevailing wages -- the officials of the community or a federal agency in Washington? Are we here in the Congress of the United States so committed to this principle of federal power and federal supremacy that we are going to turn over to the federal government the elementary functions of local government officials? This is precisely what we would be doing if we approve this proposed Davis-Bacon amendment. We will be delivering to the federal Department of Labor direct power and control over public works projects of the smallest towns and villages throughout the United States. This to me would make a travesty of the federal system envisioned by the Constitution.

I beseech the Members of this great deliberative body to reject the rule of tyrant and usurper, and, at least in this matter, to leave the decision to the good judgment of our local constituents.

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