

[Ms. KAPTUR addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. KIM] is recognized for 5 minutes.

[Mr. KIM addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

#### MEDIA OWNERSHIP AND OTHER ISSUES FACING AMERICA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Vermont [Mr. SANDERS] is recognized for 5 minutes.

Mr. SANDERS. Mr. Speaker, as the only Independent in the Congress, what I want to do is take a few minutes to discuss some of the major issues facing this country, issues which often do not get the time and exposure that I think that they need.

The very first issue that I would like to touch upon deals with how the American people get the information that they need in order to formulate intelligent decisions in our democracy. I am increasingly concerned about the rapid concentration of ownership within the media in America today. It should be a real concern to all Americans that all of our major television networks are owned by very, very powerful and wealthy corporations who very clearly have a conflict of interest in terms of what they present on the air. Rupert Murdoch, a multi-billionaire right-wing individual, owns the Fox Television Network. ABC has recently been purchased by Walt Disney whose chief executive officer earns several hundred millions of dollars a year and is one of the wealthier people in America. CBS will now be owned by the Westinghouse Corp. NBC is owned by General Electric. I think what we have got to ask ourselves, are corporations like these going to provide objective information to the American people? I think the answer is very clearly no, and I think the situation in terms of corporate ownership of the media is going from bad to worse. Fewer and fewer large corporations are controlling not only the television, controlling the radio industry, book publishing, newspapers, et cetera.

Mr. Speaker, I would raise a particular concern that recently, just in the last week or so, we learned that the Jim Hightower radio show has been taken off the air by ABC. To my mind, the Hightower show was one of the more provocative and interesting radio talk shows in America. It was a progressive show. I think it was a very good antidote to the Rush Limbaugh and the G. Gordon Liddy types, and I am concerned about its disappearance from the air.

Mr. Speaker, the second issue that I want to talk about which also does not get a whole lot of discussion is the re-

ality that is facing middle-class America and the working people of this country.

□ 1945

To my mind, the most important economic issue facing this country is that the standard of living of the vast majority of our people has declined since 1973. I get very tired of reading newspapers that tell us about how good the economy is, how the economy is booming, how we are creating new jobs, how the gross national product is going up. All of those figures are fine, but they are irrelevant in terms of what is happening to the average American worker.

The fact of the matter is that since 1973, 80 percent, repeat, 80 percent of American working people have seen either a decline in their real inflation-accounted-for-wages or, at best, economic stagnation. The middle class is shrinking. Poverty has increased significantly over the last 15 years.

On the other hand, what has happened is the very wealthiest the people in this country have seen a tremendous increase in their incomes.

I wonder how many Americans know that right now, today, the United States of America has by far, by far, the most unequal distribution of wealth in the industrialized world. No, it is not Great Britain with their queens and their dukes and their barons and their strong class-based society which has the most unequal distribution of wealth. It is the United States of America.

With the rich growing richer, the middle class shrinking, and the poverty increasing, we now have a situation where the richest 1 percent own more wealth than the bottom 90 percent, which is 1 percent or more wealth than the bottom 90 percent. No matter how you slice it, "That ain't fair." It is not what America is supposed to be.

Very clearly, NEWT GINGRICH's Contract With America, which will give huge tax breaks to the richest people in this country, which will, in effect, do away with taxes for the largest corporations while cutting back on all the needs of working people, low-income people and the middle class, will only make that situation even worse.

Let me very briefly, Mr. Speaker, touch upon some of the areas that I think we have got to move in if we are going to revitalize American democracy, if we are going to increase voter turnout, if we are going to make the American people feel—well, Mr. Speaker, it looks like I am not going to get to those issues. We will try again next time.

The SPEAKER pro tempore (Mr. CHAMBLISS). Under a previous order of the House, the gentleman from Indiana [Mr. BURTON] is recognized for 5 minutes.

[Mr. BURTON of Indiana addressed the House. His remarks will appear

hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington [Mrs. SMITH] is recognized for 5 minutes.

[Mrs. SMITH of Washington addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan [Mr. SMITH] is recognized for 5 minutes.

[Mr. SMITH of Michigan addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. RIGGS] is recognized for 5 minutes.

[Mr. RIGGS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

#### INTRODUCTION OF LEGISLATION TO REFORM DAVIS-BACON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. WELDON] is recognized for 5 minutes.

Mr. WELDON of Pennsylvania. Mr. Speaker, I rise today to discuss an issue that was previously discussed by my friend and colleague, the gentleman from North Carolina [Mr. BALLENGER], dealing with the Davis-Bacon legislation. There are many on my side of the aisle that would like to totally repeal this legislation and put at risk those construction workers across America whose quality of life and skilled craftsmanship directly depends on this important piece of legislation. There are many in the Republican Party who disagree with that premise but who do believe that reform of this rather outdated law in terms of its threshold level needs to be reformed and revised.

Mr. Speaker, with that in mind, over the past several months a group of us have, in fact, come up with a piece of legislation to reform Davis-Bacon. This piece of legislation I introduced today with the cosponsorship of 27 Republicans and the support of organized labor across the country as well as many of the largest contracting corporations in America.

Mr. Speaker, this legislation, in fact, does allow us to reform Davis-Bacon. It allows us to deal with the extremely low threshold of \$2,000 and raise that in a significant way. In fact, similar legislation was already introduced in the Senate in the form of S. 1183, which also enjoyed the support of the labor movement in this country.

Like S. 1183, my bill will raise the current \$2,000-and-above threshold for

applying Davis-Bacon to Federal contracts to \$100,000 for contracts for new construction, and \$25,000 for renovation and repair work. It will prohibit contract-splitting to avoid Davis-Bacon coverage. It will make provisions for payment of less than prevailing wages to apprentices, trainees, and helpers.

A very important part of reform, Mr. Speaker, is to allow us to continue to develop the apprenticeship programs and the trainees and helpers that are so necessary to the building trades of this country, and, in fact, the construction unions are, in most cases, the organizations that best provide those apprenticeship programs.

The act enforces and provides enhanced enforcement of the act and makes other changes to clarify the scope of coverage of Davis-Bacon. But my legislation differs from the Senate bill in two important ways that I think bring the bill even more to the center.

First of all, where S. 1183 adjusts the threshold for inflation only every 5 years, my bill adjusts the Davis-Bacon threshold on an annual basis so that that threshold goes up each year.

Second, where S. 1183 replaces the current weekly payroll reporting requirements with a monthly requirement which is very onerous for the business community, my bill requires payroll reports only every 3 months, or quarterly, which is a provision very much welcomed by the business community.

Mr. Speaker, there are many who will get up and argue there are abuses of the program, as my friend and colleague, the gentleman from North Carolina [Mr. BALLENGER] did today, and I will not dispute that, and, in fact, there are the appropriate actions that can be taken by the Federal agencies, Department of Labor, to deal with those instances where fraud and abuse occurs. That does not mean we should jeopardize the quality of life of every construction worker in this country, which is what repeal of Davis-Bacon would do. I would like to submit for the RECORD as part of my extraneous material, Mr. Speaker, a series of articles put forth by Peter Cockshaw. Peter Cockshaw publishes the Construction Labor News and opinion articles and newsletter. He has been doing this since 1971 and is one of the most respected construction authors in the country. In his letter that I am going to submit for the RECORD, he points out in the 1960's and 1970's he strongly backed repeal of Davis-Bacon, but as the same article indicates, he says, "My opposition to repeal today is based on a medically changed labor relations climate."

Peter Cockshaw and the Cockshaw report, which owe nothing to anyone and operate independently from both union and nonunion contractors, supports keeping Davis-Bacon in place but making the reforms in line with what I have outlined in my legislation.

In addition, Mr. Speaker, the legislation I have introduced today not only

is supported by all the major building and construction trades, but I have here a list that I will also include of 145 contracting companies and associations across America, many of them that frequently support Republican candidates in 20 separate States, who support this legislation and who support reform of Davis-Bacon as opposed to repeal of Davis-Bacon.

Let me further add, Mr. Speaker, that 34 Republican members signed a letter that I circulated to Speaker GINGRICH saying that we did not want Davis-Bacon to be a part of reconciliation and we continue to work to try to pull that out to allow us to have a separate up-or-down vote, hopefully, on my amendment and my bill, which would, in fact, reform the entire Davis-Bacon process.

Mr. Speaker, this is a sound way to approach a difficult issue. It is Republican approach that I know my Democrat colleagues will embrace as well. Labor is behind it. Significant business support is behind it.

I urge my colleagues to join with us in reforming Davis-Bacon is a way that keeps in mind the sensitivity of the American worker.

The material referred to follows:

COCKSHAW'S CONSTRUCTION,  
LABOR NEWS+OPINION,  
Newton Square, PA, May 4, 1995.

DAN MCGIRT,

Legislative Assistant, Office of U.S. Representative Curt Weldon, Rayburn House Office Building, Washington, DC.

DEAR DAN: As you requested when we talked Wednesday evening, enclosed is our April issue with follow up on the Davis-Bacon "battle" (see page 3).

Among other aspects, the article documents that the use of higher skilled, higher paid tradesmen on federal highway construction over a 14 year period actually was less costly than in the lower wage states. If you have any questions on the piece, or any other Davis-Bacon matter, please don't hesitate to call me.

Also enclosed is a bio and "Newsmaker" reprint which summarizes my 31-year background in construction.

As I indicated, our publication is 100% independent. We accept no advertising or financial support from any organization. The sole source of our revenues is from subscribers and from all types of industry groups I address in speeches (union and non-union employers as well as organized labor).

Finally, as the March article you have notes, I strongly backed repeal of Davis-Bacon in the 1960's and 1970's. But, as the same article indicates, my opposition to repeal today is based on a radically-changed labor relations climate.

Hopefully, this information is useful to you. I would appreciate your forwarding a copy of Curt's letter with the March article when it is sent to the other Members.

And please give my best wishes to Curt.

With warmest personal wishes,

PETER A. COCKSHAW,  
National Labor Analyst/Publisher.

[From Cockshaw's Construction Labor News+Opinion, March, 1995]

WILL PREVAILING WAGE LAWS BE REPEALED?  
OPPOSING SIDES LAUNCH HIGH STAKES CAMPAIGNS THAT WILL DETERMINE FATE OF DAVIS-BACON ACT

The campaign to repeal the Davis-Bacon Act is shaping up as the most bitter labor relations battle of this decade.

Gauging by the sparks now flying between repeal proponents and opponents, that probably is an understatement.

Encouraged by Republican victories in Congress and many state legislatures last year, repeal advocates see a golden opportunity to ax the Act.

U.S. House and Senate bills H.R. 500 and S. 141 seek to do just that. Repeal supporters also are pushing legislation in several states which have "Little Davis-Bacon" laws.

Leading these efforts is the merit shop Associated Builders and Contractor (ABC). It heads a group called the "Coalition to Repeal the Davis-Bacon Act."

Faced with the repeal threat, opponents are marshaling their forces all over the country. The largest group is the "Contractors' Coalition for Davis-Bacon" comprised of some 18,000 employers, associations and building trades unions.

To influence the outcome, opposing sides have "flooded the airwaves" with a blitz of claims, position papers and studies. Cockshaw's, assisted by respected construction analyst and research William Maloney, has just completed an exhaustive probe into all these arguments — both pro-and-con.

Having done so, we'll now attempt to put the Davis-Bacon debate in sharper focus and offer our views on whether repeal is in construction's best interests.

Let's first examine the key arguments by ABC and others who seek to kill prevailing wage laws at both the state and federal levels.

In making their case, repeal advocates focus on two central issues:

1. That the Davis-Bacon Act inflates the cost of construction, and
2. That it serves to protect the wage and benefit structure of union workers.

(Some also allege that the Act is racially discriminatory — a charge we view too spurious to dignify.)

Before addressing the critical issue of cost, let's dispense with the claim that the act fosters union bias.

This contention was true in the 1960's and '70's. Then the Act did protect union wages because the unions enjoyed a large portion of market share.

However, this is the 1990's where the tremendous growth of the non-union sector has shrunk organized labor's market share to about 20% of all construction.

Moreover, when once a majority of the workforce was organized, only 18.8% of construction workers were union members in 1994, the BLS reports.

Data from the U.S. Labor Department's Wage and Hour Division also illustrate the lessening impact of union rates on prevailing wages.

Last year only 29% of the 12,500 wage decisions were based on union rates.

So arguments that Davis-Bacon protects union compensation packages are no longer relevant.

NOT BATTLE BETWEEN UNION AND OPEN SHOP SECTORS

Industry authority Maloney who heads the University of Maryland's Construction Engineering and Management Program makes another crucial point:

"Although some may see it as such, the fight over Davis-Bacon is not strictly a union vs. non-union struggle.

"Many nonsignatories have as much to lose from repeal as the signatory sector.

"That because astute open shop contractors offer wages and benefits comparable to union signatories—pay needed to recruit and retain qualified workers.

"Absent the Act, cutthroat competitors will steal work from union and non-union employers alike.

"They'll do so by low-balling the bid with lower-paid, lower-skilled workers."

In sum, the current battle is between responsible employers—both union and open shop—on one side and those who win work by shortchanging workers on the other.

**COST SAVINGS ARGUMENTS ARE DISPUTED**

The disputed argument of those who want to ax Davis-Bacon is that the repeal will save money.

"In making their case," Maloney explains, "opponents have adopted an extremely narrow perspective on the Act's impact."

"They have done this by focusing solely on the value of the construction contract."

"That simplistic approach assumes that wage rates are the main determinant of installed costs."

"It totally ignores the influence of productivity—which is largely influenced by the knowledge and skills of the workforce."

Results of an eye-opening study by three noted economists at the University of Utah support Maloney's contention.

The economists probed the impact of repeal in nine states in which prevailing wage laws were repealed.

Their 82-page study is "Losing Ground: Lessons from the Repeal of Nine 'Little Davis-Bacon Acts'."

Tossing cold water on the cost-savings claims by repeal advocates, the Utah economists found:

"The shift to a less-skilled labor force—lowering labor productivity along with wages—have lessened any possible savings associated with repeal."

On the other hand, repeal proponents repeatedly cite cost savings estimates made by the Congressional Budget Office (CBO).

Last year CBO estimated that repeal would save some \$3 billion over five years.

The problem with that projection is that it is based on outdated and dubious methodology compiled from a study done 13 years ago.

This fact was pointed out by the U.S. Labor Department's (DOL) Employment Standards Administration.

In testimony before the Senate Labor and Human Resources Committee last month, Assistant DOL Secretary B.E. Anderson stated:

"Current CBO estimates originate from a 1983 study which used crude savings estimates from a 1982 departmental regulatory impact analysis."

"Changes in the construction industry—including narrowing the gap between union and non-union wages and changes in our administration of the Act—make these estimates unreliable."

The cost issue aside, University of Utah economists cited the impact of repeal on training and safety.

The study found that construction training fell off 40% in the 9 states which repealed the laws. It also noted that occupational injuries rose by 15%.

**REPEAL ADVOCATES IGNORE CHANGED CONDITIONS**

The biggest problem Cockshaw's has with arguments made by repeal advocates is that they totally ignore current industry conditions.

Most of the claims now being made to kill the Act have validity when applied to the 1960's and 1970's.

But, unlike the high wage climate 20 and 30 years ago, construction today is a low wage industry.

Pay is so lousy the industry no longer can compete for qualified workers and there are skilled shortages most everywhere.

Interestingly, those who lead the drive to repeal the Davis-Bacon Act agree with these points.

In a speech last year, Tommy Knight, president and CEO of ABC member Brown & Root stated:

"None of our challenges is more important than the need to reverse the decline in living standards that our craft employees have suffered over the past decade."

"Since 1983, the purchasing power of the typical construction worker has been reduced by almost 30%."

"Worse, a majority no longer can carry health insurance for their families. They can't afford it."

"Typical teenagers now view a potential career in construction as only slightly more appealing than becoming a migrant farm worker."

Brown & Root's chief executive continued: "It's a small wonder that our average craftsman is more than 40 years old and from a generation that entered the business when a good living could still be made from it."

"If this trend is left unchecked, it won't be long before our industry compromises its ability to fill the needs of our customers and our country."

ABC's executive vice president, Dan Bennett, also sounded the alarm early last year about construction's poor financial incentives.

Then in December he bemoaned the resulting skills shortfalls, noting: "A major part of the problem lies with an aging workforce . . . and the lack of qualified entry level workers to take their place."

Given these views, the ABC's campaign to repeal Davis-Bacon is puzzling.

That's because it is impossible to raise wages when you act to lower them!

And there is solid evidence that this is exactly what will happen if prevailing wage provisions are struck down.

It comes from the same 82-page University of Utah study cited earlier. The authors' key conclusion regarding the impact of repeal in nine states:

"Repeals in the states studied cost construction workers at least an average \$1,477 per year in earnings."

Given this evidence, it's crystal clear that scrapping Davis-Bacon will lower wages further and make a construction career even more unattractive.

And labor shortages, which are already increasing at an alarming rate, will worsen.

In summary, there was a time when Davis-Bacon contributed to higher costs and inflation. At that time, in the 60's and 70's, Cockshaw's backed repeal efforts.

But, as we've demonstrated in this article, conditions in construction today are vastly different. For that reason and others we've cited, Davis-Bacon repeal now would be a huge mistake.

Although repeal is not in the industry's best interests, reform of the Act's administration is.

[From Cockshaw's Construction Labor News+Opinion, April 1995]

**THE BITTER BATTLE OVER DAVIS-BACON ACT—II**

**NEW ANALYSIS REVEALS THAT REPEALING LAW WON'T SAVE MONEY**

Last month Cockshaw's argued that repeal of the Davis-Bacon Act is not in construction's best interest.

We made a number of points to support that view. One of them attempted to refute claims of those who contend that axing the Act will save taxpayers money.

As respected construction authority William Maloney noted: "In making their cost savings case, repeal advocates have adopted an extremely narrow perspective on Davis-Bacon's impact."

"They have done this by focusing solely on the value of the construction contract."

"That simplistic approach assumes that wage rates are the main determinant of installed costs."

"It totally ignores the influence of productivity—which is largely influenced by the knowledge and skills of the workforce."

To buttress Maloney's argument, we quoted University of Utah economists who probed the impact of repeal in nine states where prevailing wage laws were repealed.

Their conclusion: "The shift to a less-skilled labor force—lowering labor productivity along with wages—have lessened any possible savings associated with repeal."

Now there is more evidence to counter repeal proponents' cost savings claims.

It comes from one of the country's leading statistical analysts and economists, Robert Gasperow.

Gasperow, executive director of the Construction Labor Research Council (CLRC), just completed a review of a study commissioned by the National Alliance for Fair Contracting (NAFC).

**EXAMINES THE RELATIONSHIP BETWEEN WAGES, MANHOURS AND FINAL COSTS**

Using data compiled by the Federal Highway Administration (FHWA) over 14 years, the study sought to determine the correlation between wages, manhours and highway construction expenditures.

NAFC asked Gasperow to verify that the data and conclusions were based on sound economic principles.

His analysis—including comments about the relationship between wages and final installed costs—is most revealing.

Gasperow stated: "The study's data and findings support NAFC's position that wage rates are but one determinant of highway costs."

"It also documents that there is only minimal correlation between the hourly wage rate paid to labor and the cost of a mile of highway."

"Further, the limited correlation which does exist appears to indicate the relationship is inverse—higher hourly rates tend to equate to lower highway cost per mile."

The veteran economist explains that the amount/cost of any single factor in highway construction—various mixes of equipment, labor, materials and management—reveals little about total cost.

Up to a point, factors are substitutes for each other because they may be exchanged. Similarly, within a factor category, there may be substitutes.

**HIGHER SKILLED CRAFTSMEN ARE MORE COST-EFFECTIVE**

For example, workers with varying skill levels may be utilized. Although there are higher costs per unit of time for the more highly skilled, these workers require fewer labor inputs.

Therefore, if the gain in output per unit of time exceeds the premium paid to the more highly skilled worker, this becomes a more cost-effective alternative.

The analysis of FHWA data documents the impact on highway costs of utilizing various amounts of labor inputs at varying hourly rates.

Gasperow explains: "It substantiates the lack of correlation between labor inputted into a mile of highway and total cost of project."

"Using higher skilled, higher hourly cost labor substantially lowers the required labor inputs—often to the extent that cost per mile is lower than paying higher hourly labor rates."

The industry analyst's bottom line conclusion: "There is no basis for the contention that lower labor rates result in lower highway costs."

Study data revealed that, in the 26 states accounting for over three-quarters of highway expenditures, the cost per mile is \$50,000 less in higher wage states.

This result is despite the fact that rates in higher wage states averaged \$17.64 an hour—compared to lower wage states' \$9.21 per hour.

The CLRC director noted that a "number of factors" made the FHWA data base "ideal" for this type of analysis.

That's because he rates it as "objective, comprehensive and neutral" (i.e., not designed to evaluate labor costs).

Moreover, the study covers 1980 through 1993 so exceptions and a typical projects reported in a specific state in a specific year have little or no impact upon the findings.

Gasperow's review of the FHWA figures also noted the small portion of highway costs which accounts for labor—21%.

"This suggests," he opines, "that efforts to reduce federal highway expenditures might be better directed toward the other 79% of cost categories."

That aspect aside, Gasperow's analysis, coupled with the evidence Cockshaw's offered last month refutes claims of those who argue that Davis-Bacon repeal will save the taxpayers money.

[From Cockshaw's Construction Labor News+Opinion, May, 1995]

#### WILL DAVIS-BACON REPEAL SAVE MONEY?

PROBE OF REPEAL ADVOCATES' COST SAVINGS CLAIMS REVEAL THAT STUDY DATA THEY CITE ARE UNRELIABLE

We are constantly amazed at how many in this industry swallow the claims of various groups—hook-line-and-sinker.

That's probably because those who make claims to promote their agenda often contend that a study supports them. Apparently once people hear the word "study," they assume the claims are true.

As Cockshaw's longtime subscribers know, we've exposed many of these "studies" as defective. Some even turned out to be pure fiction.

Now we'll put the spotlight on another study—a 1983 effort by the Congressional Budget Office (CBO). This is the report many continually cite as source for claims that Davis-Bacon Act repeal will reap big cost savings.

For example, in recent testimony before the Senate Labor and Human Resources Committee, Maurice Baskin, general council for the Associated Builders and Contractors (ABC) contended:

"An extremely conservative estimate by the Congressional Budget Office found that the Davis-Bacon Act raises federal construction costs by at least \$3.1 billion over five years."

Since most repeal proponents—including many members of Congress—have made similar claims, Cockshaw's asked statistical expert Robert Gasperow to thoroughly scrutinize this government study. He is director of the Construction Labor Research Council (CLRC).

We think you'll find the analysis of Gasperow an eye-opener. It follows.

#### COST ESTIMATES MAY BE INCORRECT OR NONEXISTENT

Overall, the 1983 CBO study is a well thought out evaluation of the Act. The problem is that its cost estimates are flawed, Gasperow explains.

In fact, the CBO admits its estimates may be incorrect, or even nonexistent.

But repeal advocates fail to mention this vital point when making their cost savings claims.

Another fact repeal proponents don't reveal is that the study repeatedly notes unquantified benefits of the Act that could offset, or even exceed, perceived costs.

An April 2 CBO update of the cost figures extrapolates the earlier 1983 study's uncertain methodology.

But the update is most revealing for its comments by CBO's Assistant Director for Budget Analysis, Paul N. Van de Water. He admits:

"Any estimate of cost implications of the DBA is uncertain. Very little empirical work has been published on the subject since CBO's 1983 report, and even then there was little consensus as to the precise cost impacts. . . ."

Not only does Van de Water concede that CBO's cost estimates are suspect, he also reveals that "CBO's 1983 report was based on 1979 figures."

Industry analyst Gasperow stresses another fact not cited previously—that the CBO study repeatedly refers to the Act's benefits. For example, the 43-page report's summary section notes:

"The Act's benefits include protecting both the living standards of construction workers and the competitiveness of local firms bidding against transient contractors who might win federal contracts (by paying) lower-then-prevailing local wages.

"Government contracts are especially vulnerable to such practices because they must be awarded to the lowest qualified bidder.

"Further, by excluding bids from contractors who would use lower wage, less-skilled workers, DBA may aid federal agencies in choosing contractors who will do high quality work.

"Finally, by helping to stabilize wage rates in the inherently volatile construction labor market, DBA may aid the industry in recruiting and training workers.

(This would "help to maintain the long-term supply of skilled labor.")

And although it makes no attempt to quantify these benefits, Gasperow explains, the study concedes that they may equal or exceed the Act's costs.

#### IS REFORM A BETTER OPTION THAN OUTRIGHT REPEAL?

While not recommending a particular course of action, the CBO report indicates that reform of some sort may be a better option than repeal.

The study's summary section advises: "Adoption of any of these options but repeal would preserve the fundamental benefits the Act was designed to offer—while still saving varying amounts of federal outlays."

Also, contrary to critics' claims, the CBO indicates there is no bias as to union rates in Dept. of Labor's wage determinations.

As CBO's report states: "Union rates tend to be issued for geographic areas and types of construction that are relatively heavily unionized. And non-union rates are used in areas where the non-union construction work is dominant."

#### CBO ADMITS IT DOESN'T HAVE RELIABLE DATA

As the quotes by CBO official Van de Water revealed earlier, cost estimates of DBA are "uncertain." Adds CLRC's Gasperow:

"Again and again, CBO admits that its analysis of the Act is hampered by lack of good data to use in costs evaluation. That's because sources of data are few and those that do exist rely on a small number of wage observations."

Gasperow also notes that the CBO made no effort of its own to perform data collection. And this short-coming applies to data used by the Department of Labor and other sources.

The industry analyst criticizes other aspects of the CBO effort, stating:

"While the study is open about admitting limitations of its cost data, it is misleading in one key respect.

"In general, the report equates wage rates with construction costs. There is not an equal substitution between labor at various wage scales.

"Higher wages can be offset by higher productivity. And more labor hours are required when lower skilled persons are employed."

The analysis by CLRC's Gasperow—coupled with CBO's admission that its cost estimates are "uncertain"—have exposed repeal advocates' savings claims as flawed.

Those who continue to make such claims do themselves and the industry a great disservice.

#### LIST OF SUPPORTERS OF DAVIS-BACON

##### CALIFORNIA

Amelco Electric, Gardena, CA; Ball, Ball & Browsers, Danville, CA; Brutoco Engineering & Construction, Fontana, CA; Construction Employers Association, Walnut Creek, CA; J.R. Filanc Construction, Oceanside, CA; Association Engineering Construction Employers, Sacramento, CA; Berry Construction, Upland, CA; California Alliance for Jobs, Oakland, CA; Dutra Construction Company, Inc.; Rio Vista, CA; John A. Artukovich & Sons, Azusa, CA; K.E.C. Company, Corona, CA; National Electrical Contractors Association Southern Sierras Chapter, San Bernardino, CA; National Electrical Contractors Association—San Diego, San Diego, CA; Roy E. Ladd, Inc., Reading, CA; Top Grade Construction, Livermore, CA; K.L. Neff Construction, Ontario, CA; National Electrical Contractors Association—Santa Clara Valley Chapter, San Jose, CA; Northern California Drywall Contractors Assoc., Saratoga, CA; Scott Company of California, Gardena, CA.

##### COLORADO

L.O.S.T. Construction, Inc., Louviers, CO.

##### CONNECTICUT

ABB-CE Services, Inc., Windsor, CT; Lane Construction, Meridan, CT; L.G. Defelice Inc., North Haven, CT.

##### WASHINGTON

Air Conditioning Contractors of America, Washington, DC; Crane Rental, Washington, DC; Handon Diving, Washington, DC; Lynn-Phill Construction Company, Washington, DC; Macton Construction, Inc., Washington, DC; Sheet Metal & Air Conditioning Contractors National Association, Washington, DC; Temple Construction Company, Washington, DC.

##### FLORIDA

Union Contractors & Subcontractors Association, Inc., Lakeland, FL.

##### HAWAII

General Contractors Association, Honolulu, HI.

##### IOWA

Heavy/Highway Contractors Assoc., Des Moines, IA.

##### ILLINOIS

Barton Contractors, Inc., South Roxana, IL; Concrete Contractors Association, Deerfield, IL; Excavating and Petroleum Tank Removal, Carbondale, IL; Illinois Valley Paving Company, Winchester, IL; Illinois Valley Contractors Association, La Salle, IL; Kenny Construction, Wheeling, IL; L.J. Keefe Company, Mt. Prospect, IL; Lake County Contractors Association, Waukegan, IL; Midwest Foundation Corporation, Tremont, IL; Shappert Engineering, Rockford, IL; Underground Contractors Association, Des Plaines, IL.

##### INDIANA

Associated General Contractors of Indiana, Indianapolis, IN; CCC of Evansville, Inc., Evansville, IN; Crider & Crider Excavation, Bloomington, IN; Hagerman Construction, Ft. Wayne, IN; Kimes Construction, Inc., New Albany, IN; HEC Steel Service, Inc., Owensboro, KY.

##### MASSACHUSETTS

Perini Corporation, Framingham, MA.

## MARYLAND

Associated Builders, Inc., Hyattsville, MD; Bechtel Construction Company, Gaithersburg, MD; Clipper Steel, Elk Ridge, MD; Eastern Steel Construction, Fallston, MD; Gallo Rebar, Capitol Heights, MD; Hickman Construction, Suitland, MD; James Buch & Sons, Laurel, MD; Mechanical Contracting Foundation, Rockville, MD; Mekco, Inc., Laurel, MD; Mid-Atlantic Steel Contractors, Inc., Ellicott City, MD; National Electrical Contractors Association, Bethesda, MD; O'Connell Construction, Inc., Olney, MD; S.C.C.I., Temple Hills, MD; Wood Steel Company, Inc., Bryans Road, MD.

## MICHIGAN

Metropolitan Detroit Plumbing & Mechanical Contractors Association, Detroit, MI; Snowden, Inc., Escanaba, MI.

## MINNESOTA

Bor-Son Construction, Inc., Minneapolis, MN.

## MISSOURI

Bangert Brothers, St. Louis, MO; Heavy Constructors Assoc. of the Greater K.C. Area, Kansas City, MO; Mechanical Contractors Association of St. Louis, St. Louis, MO; National Electrical Contractors Association—St. Louis Chapter, St. Louis, MO; Painting & Decorating Foundation, St. Louis, MO; Site Improvement Association—St. Louis, Maryland Heights, MO.

## NEW JERSEY

Associated General Contractors of New Jersey, Edison, NJ; Building Contractors Association of New Jersey, Edison, NJ; Burris Construction Company, Mount Laurel, NJ; Raytheon Constructors, Inc., Lyndhurst, NJ.

## NEW YORK

Ashco Contracting Inc., Delanson, NY; Frank L. Ciminelli Construction Co., Inc., Buffalo, NY; General Contractors Association of Greater New York, New York, NY; Grace Industries, Whitestone, NY.

## OHIO

Associated General Contractors of Ohio—Cleveland Division, Brooklyn Heights, OH; Cin-Don Inc., Concord, OH; Construction Employers Association, Brooklyn Heights, OH.

## PENNSYLVANIA

Allison Park Contractors, Inc., Allison Park, PA; American Bridge, Pittsburgh, PA; Contractors Association, of Eastern Pennsylvania, Philadelphia, PA; IW Employers Association, Pittsburgh, PA; Joseph B. Fay Company, Pittsburgh, PA; Laurel Contractors Association, Ligonier, PA; Master Builders Association, Pittsburgh, PA; Mechanical Contractors Association, Pittsburgh, PA; National Electrical Contractors Association, Western Pennsylvania, Pittsburgh, PA; Osiris Enterprises, Pittsburgh, PA; Philadelphia Builders Chapter (AGC), Philadelphia, PA; Sheet Metal Air Conditioning National Association, Pittsburgh, PA; Sofis Company, Inc., Clinton, PA.

## VIRGINIA

Construction Contractors Council AGC Labor Division, Springfield, VA; Dredging Contractors of America, Alexandria, VA; J.W. Wise Reinf. Steel, Manassas, VA; Master Builders' Association, Inc., Greater Metropolitan Washington, D.C. Chapter, AGC, Springfield, Va; National Erectors Association, Arlington, VA; National Association of Plumbing, Heating, Cooling Contractors, VA Task Force, Falls Church, VA; Sullivan Steel Service, Beaverdam, VA; Vanessa General Builders—VA Ltd., Virginia Beach, VA 23462-4402.

## WASHINGTON

Associated General Contractors of Washington, Seattle, WA; Fletcher General, Se-

attle, WA; Max J. Kunej Company, Spokane, WA.

## WISCONSIN

Antigo Construction Inc., Antigo, WI; B.R. Amon & Sons, Inc., Elkhorn, WI; C. Jensen & Son, Inc., Superior, WI; Dell Construction Company, Inc., Eau Claire, WI; Dresel Construction Company, Ltd., Chippewa Falls, WI; Duffek Sand and Gravel, Inc., Antigo, WI; Edward Kraemer & Sons, Plain, WI; Edward E. Gillen Company, Milwaukee, WI; Hoeppner Building Corporation, Eau Claire, WI; Hoffman Construction Company, Black River Falls, WI; J.F. Brennan Company, La-Crosse, WI; James Peterson Sons, Inc., Medford, WI; James Cape & Sons Co., Racine, WI; Lunda Construction Company, Black River Falls, WI; Mann Brothers, Inc., Elkhorn, WI; Market & Johnson, Inc., Eau Claire, WI; Mashuda Contractors, Inc., Princeton, WI; Mathy Construction Company, Onalaska, WI; Michaels Pipe Line Construction, Milwaukee, WI; Oscar J. Boldt Construction Company, Appleton, WI; Pagel Construction Co., Inc., Almond, WI; Payne & Dolan, Inc., Waukesha, WI; Reliance Construction Company, Inc., De Pere, WI; Rock Road Companies, Inc., Janesville, WI; Roffers Construction Company, Inc., Ashland, WI; Ruzic Construction Company, Neillsville, WI; Stoehr Grading Company, Inc., New Berlin, WI; Straight Arrow Construction Co., Inc., Cottage Grove, WI; Timme, Inc., Endeavor, WI; Trierweiler Construction & Supply, Marshfield, WI; Vinton Construction Company, Manitowoc, WI; William Beaudoin & Sons, Inc., Brookfield, WI; Wingra Stone Company, Madison, WI; Yahara Materials, Inc., Waunakee, WI; Constructors' Labor Council of WV, Charleston, WV; West Virginia Heavy/Highway Labor/Management Council, Charleston, WV; West Virginia Construction Council, Charleston, WV.

## SOLVING THE MEDICARE CRISIS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Colorado [Mr. MCINNIS] is recognized for 5 minutes.

Mr. MCINNIS. Mr. Speaker, I would like, during the brief few minutes that I have to address, to talk about Medicare. Obviously, that is the issue of the day. It is obviously the issue of the year. It is an issue that we need to become more acquainted with, if you are not already well acquainted with it.

I would like to very briefly go over the history of Medicare, talk about the question of whether or not Medicare is in trouble, talk about why it is in trouble, talk about what we are doing as far as the solution and what is the best bipartisan solution to do something to solve the Medicare crisis that we have in this country.

Medicare was created in 1965, and it is a product of the Democratic Party, and it was a good product when it was created. Today, if we can reform Medicare, it will return to being a good product.

In 1965, when the Democrats created Medicare, the Republicans helped them. The Republicans voted for it. The Democrats controlled the House.

Is Medicare in trouble today? It is clearly in trouble. There is a non-partisan group of trustees which oversees Medicare. That group of trustees issued a report in April of this year. By

the way, three of those trustees were appointed by President Clinton. That report said in April this year, "If you do not do something about Medicare, this program will be bankrupt in 7 years. This program will cease to exist financially in 7 years. You cannot wait until tomorrow. You cannot wait until next year. You cannot wait until 3 years from now to save this program. You have got to take action today."

Why is it in trouble? There are several reasons, four right off the top: First, people are living longer. In 1965, a 65-year-old gentleman or 65-year-old senior could expect to live 14.9 years more. In just a simple span of 30 years, a 65-year-old person now can expect to live 17.5 years longer.

What is the second reason that Medicare is in trouble? The recipients, the people that benefit from Medicare, are getting more out of the system than they put into the system. On average, an average couple on Medicare draws about \$111,000 more out of the system than they put into the system.

We have more retirees than we do in proportion to workers. For example, when Medicare first came about, there were 5.6 workers for every retired person. Today there are only 3.3 workers for every retired person. This spells trouble.

A fourth reason, we have got a lot of fraud in the system, and I can give you examples, and some of the people that are opposing changes in Medicare, if they are honest with you, will also give you examples. The system has grown so massive that fraud is abundant within the system.

Inefficiency is abundant within the system.

We learned in the last few days, and I think it is driven by politics, people that want to maintain the status quo, they want to make all the people of America believe that there is not trouble with Medicare, that we do not need to worry about Medicare, the solution that is being proposed, one is a Republican solution, and they do not talk about bipartisan solutions. It is a Republican solution, and it is going to throw the seniors out in the street.

What a bunch of baloney. Tell those people to get real. Tell them to get their heads out of the sand. We need a solution.

Let me quote from an article called "Medicare Mistake." This is written by a Democrat. Last year he was a Democrat Congressman from Minnesota.

Today Medicare is facing a financial crisis. Democrats are playing politics instead of coming up with constructive solutions. Democrats in the United States Congress have not only opposed Republican reform initiatives, they have also refused to embrace the savings identified in President Clinton's plans. Democrats moved from being the majority party to being the minority party. This change, however, does not mean that Democrats should also move from being a responsible party to an irresponsible party.

Ladies and gentlemen, if you do not want to help us reform Medicare, you