

TELEGRAM TO:

JUNE 24, 1970

THE PRESIDENT
THE WHITE HOUSE
WASHINGTON, D. C. 20500

WE THE UNDERSIGNED REPRESENTATIVES OF MAJOR NATIONAL EMPLOYERS ASSOCIATIONS IN THE CONSTRUCTION INDUSTRY, WHO ARE MEMBERS OF THE COUNCIL OF CONSTRUCTION EMPLOYERS, BELIEVE, IN THE LIGHT OF RUNAWAY WAGE INCREASES FOR THE BUILDING TRADES, THAT THE RESTRAINT PROPOSALS IN YOUR ADDRESS OF JUNE 17 FALL FAR SHORT OF MEETING THE CRITICAL PROBLEMS OF WAGE INFLATION IN THIS COUNTRY'S LARGEST INDUSTRY.

THE CONSTRUCTION WAGE INFLATION AVERAGED A MINIMUM OF 14% IN 1969, WILL ADD AN ADDITIONAL 18% IN 1970 AND AT LEAST ANOTHER 18% IN 1971. THIS IS FAR BEYOND THE 6.7% INCREASE FOR 1969 MENTIONED IN THE GOVERNMENT ANALYSIS HANDED OUT AT THE WHITE HOUSE LAST WEEK AND IS IN FACT ON A CUMULATIVE BASIS NEARLY 60% OVER THREE YEARS.

THESE CONDITIONS RESULT NOT ONLY IN INCREASED ECONOMIC BURDEN TO THE OWNERS OF CONSTRUCTION PROJECTS, PUBLIC AS WELL AS PRIVATE, BUT THE ENTIRE ECONOMY IS THREATENED BY THE SPILLOVER EFFECTS OF EXORBITANT WAGE INCREASES IN CONSTRUCTION.

THE CONSTRUCTION INDUSTRY ITSELF IS SUFFERING HEAVY ECONOMIC LOSS AS A RESULT OF EMPLOYER ATTEMPTS TO RESIST THE DEMANDS OF ORGANIZED LABOR. INCREASED CONSTRUCTION COSTS THREATEN OUR MARKETS. FINALLY, PRODUCTIVITY, GENERALLY HAS TENDED TO DECREASE AS THE RATE OF WAGE INCREASES HAS ACCELERATED.

EVEN MORE SERIOUS THAN THE EFFECT ON OUR INDUSTRY IS THE INEVITABLE SPREAD OF THESE INCREASED RATES TO OTHER INDUSTRIES. CONSTRUCTION UNIONS ARE NOW PLAYING A GIGANTIC GAME OF LEAP FROG; IT IS ONLY A MATTER OF TIME UNTIL OTHERS LEARN THERE ARE NO EFFECTIVE LIMITS AND JOIN THE GAME.

THESE INEVITABLY RESULT IN HIGHER COSTS WITH LESS VALUE ADDED TO CONSTRUCTION BUYERS, WHICH INCLUDE THE FEDERAL GOVERNMENT WITH ITS MAJOR NATIONAL CONSTRUCTION PROGRAMS IN THE FIELDS OF HOUSING, HEALTH SERVICES, HIGHWAYS AND URBAN RENEWAL.

THE PRESIDENT

WE ARE ENGAGED IN DISCUSSIONS LOOKING TOWARD IMPROVING THE ECONOMIC IMBALANCE ON THE EMPLOYERS' SIDE WHICH NOW EXISTS IN COLLECTIVE BARGAINING IN THE INDUSTRY. WHILE WE EXPECT TO MOVE AS RAPIDLY AS POSSIBLE, OUR REALISTIC VIEW IS THAT ANY TANGIBLE RESULTS WILL NECESSARILY TAKE TIME AND WILL HAVE NO MORE EFFECT ON THE IMMEDIATE CRISIS THAN THE PROPOSALS YOU MADE JUNE 17. MEANWHILE, OUR HUGE INDUSTRY, WITH ITS 3.8 MILLION EMPLOYEES, IS PLANTING THE SEEDS FOR AN INFLATION WHICH WILL FAR OUTSTRIP ANYTHING THIS COUNTRY HAS YET EXPERIENCED AND EVERY ADDITIONAL WAGE SETTLEMENT MADE AS THE MONTHS PASS WILL NURTURE THOSE SEEDS. WE NEED ACTION NOW, NOT MONTHS FROM NOW, TO CONTROL THE WILD INFLATION IN THIS INDUSTRY AND THIS ACTION MUST COME FROM GOVERNMENT.

WE RESPECTFULLY REQUEST YOU TO GIVE FAVORABLE CONSIDERATION TO CONTROLS IN OUR INDUSTRY FOR SUCH LENGTH OF TIME AS MAY BE NECESSARY TO COOL UNION DEMANDS AND THE RESULTANT INCREASES IN PRICES AND THUS ENCOURAGE LABOR AND MANAGEMENT AT THE LOCAL LEVEL TO NEGOTIATE REASONABLE AGREEMENTS. WE REQUEST THAT CONSTRUCTION WAGES BE ESTABLISHED AS THOSE IN EFFECT ON JANUARY 1, 1970.

IN ORDER TO ACCOMPLISH THIS STABILIZATION OF CONSTRUCTION WAGES AND PRICES, WE PROPOSE THAT AN APPROPRIATE TAX BE PLACED ON THE CONTRACTORS DOMESTIC CONSTRUCTION OPERATIONS TO PREVENT ANY WINDFALL PROFIT BY THE EMPLOYER AS THE RESULT OF THE REDETERMINATION OF WAGES.

DURING THE PERIOD OF THESE CONTROLS, MANAGEMENT AND LABOR, WITH GOVERNMENT ENCOURAGEMENT, SHOULD COOPERATE TO DEVELOP A NATIONAL STABILIZATION AGREEMENT CONTAINING A NO STRIKE NO LOCKOUT PLEDGE WITH PROVISIONS THAT THE ARBITRATION OF WAGE DISPUTES SHOULD BE DEVELOPED AND IMPLEMENTED. THIS PROCEDURE WAS USED MOST EFFECTIVELY IN PREVIOUS EMERGENCIES.

THE INCREASE IN CONSTRUCTION WAGES IS A THREAT TO OUR ECONOMY WHICH HAS BEEN BUILDING FOR SEVERAL YEARS. NEVERTHELESS, IT IS WITH US AND ITS PERILOUS THRUST CAN EASILY BE DOCUMENTED AND VERIFIED. YOU SHOWED GREAT POLITICAL COURAGE IN MANY OTHER CRISES. THIS PROBLEM DEMANDS THE SAME COURAGE NOW.

THE PRESIDENT

ASSOCIATED GENERAL CONTRACTORS OF AMERICA, INC.

By: FRED W. MAST
CHAIRMAN, LABOR COMMITTEE

INTERNATIONAL ASSOCIATION OF WALL & CELLING CONTRACTORS

By: JEREMIAH BURNS
LABOR LIAISON COMMITTEE

MECHANICAL CONTRACTORS ASSOCIATION OF AMERICA

By: FRED N. ESTOPINAL, JR.
PRESIDENT

NATIONAL ASSOCIATION OF PLUMBING-HEATING-COOLING CONTRACTORS

By: LAWRENCE P. MATTER
EXECUTIVE DIRECTOR

NATIONAL CONSTRUCTORS ASSOCIATION

By: PHILIP S. LYON
PRESIDENT

PAINTING AND DECORATING CONTRACTORS OF AMERICA

By: JOSEPH SANSONE
PRESIDENT

SHEET METAL & AIRCONDITIONING CONTRACTORS NATIONAL ASSOCIATION

By: JAMES H. FERGUSON