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DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR 1962

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HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH CONGRESS

FIRST SESSION

SUBCOMMITTEE ON DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE, AND RELATED AGENCIES APPROPRIATIONS

JOHN E. FOGARTY, Rhode Island, *Chairman*

WINFIELD K. DENTON, Indiana
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ROBERT M. MOYER, *Staff Assistant to Subcommittee*

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DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR 1962

MONDAY, MARCH 6, 1961.

DEPARTMENT OF LABOR

WITNESSES

HON. ARTHUR J. GOLDBERG, SECRETARY OF LABOR
W. WILLARD WIRTZ, UNDER SECRETARY
JAMES J. REYNOLDS, ASSISTANT SECRETARY
JERRY R. HOLLEMAN, ASSISTANT SECRETARY
CHARLES DONAHUE, SOLICITOR
MRS. ESTHER PETERSON, DIRECTOR OF WOMEN'S BUREAU
EWAN CLAGUE, COMMISSIONER, BUREAU OF LABOR STATISTICS
JAMES E. DODSON, ADMINISTRATIVE ASSISTANT SECRETARY
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY

Mr. FOGARTY. The meeting will come to order. We are very pleased to have our new Secretary of Labor, Mr. Goldberg, with us today. We welcome you to the committee. Do you have a statement for us, Mr. Secretary?

Mr. GOLDBERG. Yes, sir.

Mr. FOGARTY. You may proceed.

GENERAL STATEMENT OF THE SECRETARY

Mr. GOLDBERG. Mr. Chairman and members of the committee, I have a prepared statement which I would like to offer for the record, and if I may I would like to summarize the statement and perhaps add a few additional remarks.

Mr. FOGARTY. You may do so.

(The Secretary's statement follows:)

STATEMENT OF HON. ARTHUR J. GOLDBERG, SECRETARY OF LABOR

Mr. Chairman and members of the committee, this is my first appearance before an appropriation committee and I believe it might be well for me at the very opening to tell you how I see my responsibilities as Secretary of Labor.

Before doing so, I would like to introduce my immediate staff: Mr. W. Willard Wirtz, Under Secretary of Labor; Mr. Jerry R. Holleman and Mr. James J. Reynolds, Assistant Secretaries; and Assistant Secretary James E. Dodson who has appeared before you many times. In addition to these gentlemen the Solicitor of the Department, Mr. Charles Donahue, and Mrs. Esther Peterson of the Women's Bureau are with me this morning and will appear before you with their respective bureaus.

Of course, I have been somewhat familiar with the Department of Labor for a good many years but after approximately 1½ months on the job I find the breadth and scope of its work to be greater than I realized. I am sure that it is

nothing new to the members of this committee, who have served for a number of years, that our activities in the Department embrace such functions as employment service, unemployment insurance, international labor, factfinding and research in the fields of wages, automation and productivity, employment, prices, industrial relations, skill development, promotion of safety in industry, the administration of a workmen's compensation law for Federal workers and maritime workers, the promotion of good labor laws and their administration at both Federal andd State level, the problems of youth employment, the woman worker, the migratory worker, the administration of the importation of Mexican nationals for agricultural work. Then we have the regulatory activities such as the administration of the Davis-Bacon Act, the Fair Labor Standards Act, the Walsh-Healey Act, the Landrum-Griffin Act, the act concerned with reemployment rights of ex-servicemen and several other acts dealing with employment of workers.

This covers generally the functions; however, there are many facets to some of these functions. I believe a few words as to how I regard my personal responsibilities in administering the Department are in order. I hope to administer the affairs of the Department of Labor with honesty, with integrity, with regard for everybody's views, and with the hope and intention that I will faithfully fulfill the obligations in administering the high responsibilities to which I have been entrusted. In so doing I do not look upon the Labor Department as being the prime domain of any special interest group. I intend to help fairly and vigorously the interests of all who have important concern with the work of the Department. I plan to see that all elements in our population are fairly heard, fairly treated, fairly reported, and that their points of view are, to the best of my ability, considered so that a consensus will advance and promote the interest of all people in our population.

The economic climate of today offers greater problems. I do not believe these problems have been exaggerated by this administration. These problems concern troubles abroad as well as troubles at home. Both are related. We cannot have a vigorous, successful foreign policy unless we have a vigorous, successful domestic policy.

The current status of the economy with more than 5½ million unemployed people and record payment of unemployment compensation has made new problems. Since I have been in office there has been recommended to the Congress new legislation which will place added responsibilities upon the Department of Labor. These include the temporary extension of unemployment insurance, amendments to the Fair Labor Standards Act, and area redevelopment legislation. In addition we are developing our position on the Mexican farm labor program and on permanent amendments to the unemployment insurance legislation. There have also been several unusual labor situations which have confronted the new administration. It would be an understatement to say that we have not had to look for something to develop or keep us occupied.

I am appreciative of the more than considerable efforts and unselfish contribution of time by the staff of the Department in helping me meet all of these situations.

Both program and budget people have experienced unusual complications in preparing the program and budget estimates for fiscal year 1962. At the same time they are trying to prepare these estimates they have been faced with the preparation and presentation of several supplemental estimates for 1961 due to unforeseen economic conditions. If the new legislation previously mentioned passes there will be additional programing and budgeting to be performed.

The 1962 estimates which are before you now, of course, had been completed prior to this administration assuming office. At the direction of the President I have had a review made of the budget as submitted by the previous administration and evaluated that submission against current economic facts and foreseeable trends. This has resulted in several proposed amendments to the 1962 budget. I believe that the entire amount we are requesting—that is, both that submitted as a part of the regular budget and the amendments thereto are needed to enable the Department to meet its obligations. It would not be fair if I did not say to you that several of these estimates rise and fall with the economy and it is most difficult to estimate accurately the impact on activities. The estimates for 1962 are based on an improvement in the economy. For example, we estimate that in 1961 fiscal year insured unemployment insurance will average 2.3 million per week. The average included in the 1962 estimate is 1.9 million. This may prove to be wrong in actual operation. I am told that it costs

approximately $6 million for every 100,000 additional claims. It would not take much a further downward turn in the economy to make necessary a further supplemental request for even additional funds. However, the estimate we have presented will be sufficient for us to operate on until Congress convenes again, should there develop a deficiency in our estimate for 1962.

I had hoped to have the approval of the Bureau of the Budget on the amendments to the budget for 1962 and in your hands prior to this hearing. It is difficult for me to refrain from commenting on the items included in the amendments and I probably will be violating some rule of government in so doing. However, so that you gentlemen will know generally what operations of the Department are affected by these amendments and better enable you to appraise our total needs I will review them briefly.

The amendment to the amount required for the Bureau of Employment Security deals solely with the upgrading of the employment service. The employment service must be strengthened and its emphasis redirected. It is hoped with these additional moneys and administrative action we can operate an employment service on a planned basis to meet the challenge of the 1960's. For example, it is generally known that the characteristics of metropolitan centers has changed considerably not only as a result of growth in population, but in the distribution of its places of employment. The job of the Employment Service is to service business and workers. As the industrial makeup of an area changes there is need for changes in the Employment Service organization and methods to service the area. We also know that we are servicing only a small percentage of the Nation's employers.

There is need to stimulate employers to the use of the Employment Service to the maximum extent. We believe there are some towns and cities where the people are not getting the benefit of the public employment service. We hope to improve that situation.

We hope by improving the basic operations of the Employment Service—that is, in helping the employer and the applicant that we will also improve the opportunities of the older worker, the young worker, the physically handicapped, and others to obtain employment. We believe that this general strengthening of the Employment Service can be accomplished if we can expand its use by employers.

Another problem which is very disturbing concerns automation. I have directed Assistant Secretary Holleman to coordinate and direct a program to find out the extent of this problem and to corral the Department's activities that can be directed toward doing something about the displacement of large numbers of our people by technological advancements. As you review the estimates of the Department you will see that in the Bureau of Labor Statistics we have requested additional funds to do research and factfinding work in this field including the following-up of people displaced from their jobs to see what has happened to them. This is included in the budget justification. What can we do to help these people get other employment? The displacement of workers by automation is a major problem. The number of workers needed at any level of production in the steel industry is about two-third of that required 12 years ago. I have heard of a survey that asserts that 160,000 Detroit automobile workers never will return to the plants because of automation. In a local operation I am told of a radio plant in which two men can assemble 1,000 radio sets a day where 200 men were formerly needed for this amount of production. In the telephone business which increased 25 percent from 1935 to 1960 there are fewer jobs.

These are just several examples and I say sincerely that I want the Department to do everything it can do to learn more about this displacement of manpower and what we can do or recommend to the Congress and to labor, management, and others to ease the problems of the displaced worker.

In reviewing the estimates I note two items for further decentralization of the staff of the Department. I am a firm believer in grassroot operations. The closer that performance is to the area to be serviced the better. Two moves of this kind are included in 1962 estimate. The completion of decentralization of the Federal workmen's compensation program and expansion of decentralization of the investigation phase of the labor-management reporting program to the field. It is intended to take a good hard look at all of our programs in order to achieve the maximum decentralization possible.

The total amount requested for the operations of the Department in the former administration's budget before you, totals, $642,269,000 of which $377,912,000 is chargeable direct to trust fund accounts thus leaving $264,357,000 that must come from general revenue of the Treasury. Again at some risk of violating the rules the amendments that I have proposed to the 1962 budget at the Bureau of the Budget calls for an increase of $33,390,000 of which $31,830,000 will be a charge to the unemployment trust fund and $1,560,000 from general revenue. These totals, of course, are subject to change as the Congress acts upon new legislation which it has before it and which will make for additional work by the Department. In fact on Friday afternoon there was forwarded to the Bureau of the Budget estimates for the amounts needed to finance the temporary extended unemployment compensation law which has passed the House and which requires us to begin payments within 2 weeks after the bill has been enacted into law.

I understand that the usual practice is for each of the Bureau Chiefs to present their particular appropriation estimates to you. In the interest of conservation of time I will only mention that the additional funds requested are for economic statistical improvement, maritime safety, completion of staffing the labor-management reporting programs, and greater efforts to improve the skills of the work force.

These are in addition, of course, to my earlier comments with regard to the employment service and unemployment compensation activities. I have made in my statement to you comments on the economic situation that confronts us and if the committee would permit I will ask Mr. Clague, the Commissioner of the Bureau of Labor Statistics, who is here with me to present a short economic outlook picture to you. Then I will be happy to answer questions that the committee may have.

I have relied heavily on Mr. Dodson, whom you all know, in my review of the budget program and in preparation of amendments. I appreciate the courtesy this committee has extended to me in allowing me to appear before it and the thoughtful consideration it has shown over the years to the Department's requests. My sole objective here is to put before you our best judgment for the amounts needed to enable us to adequately carry out the responsibilities placed in the Department of Labor.

Mr. GOLDBERG. This, as the chairman has intimated is my first appearance before an Appropriations Committee of the Congress and I thought it appropriate that I tell you in a general way my conception of my responsibilities as Secretary of Labor and how I approach this high task which the President and the Congress through the action of the Senate has imposed upon me.

Before I do this, however, I would like to introduce the members of my official family, some of whom at least, and one of whom is at least well known to you throughout the years; my distinguished colleague, Mr. Dodson on whom I have naturally heavily relied in the presentation of the material itself that I am going to present to you this morning and that will be presented by my colleagues.

Mr. FOGARTY. Is that good or bad for Mr. Dodson?

Mr. DODSON. Time will tell, Mr. Chairman.

Mr. GOLDBERG. I would like to present the Under Secretary of Labor Mr. Willard Wirtz and the Assistant Secretary, Mr. James J. Reynolds, Assistant Secretary Jerry Holleman and the Solicitor of Labor Mr. Charles Donahue, and the new head of the Women's Bureau, Mrs. Esther Peterson of whom I am sure you all know through many years, Mr. Ewan Clague who is a distinguished public servant, and the same is true of Mr. Goodwin. This is a part of our family who will be appearing before you in amplification of the requests we are making to you this morning.

I have of course in my former capacity as counsel for various branches of the labor movement, which is now 25 years, been in a general way familiar with the activities of the Department of Labor.

But I must say in all candor that after about 40 some days on the new assignment, I was not really familiar with the complexity of the activities of the Department in detail and with the great scope of the Department's activities and with the great responsibilities which have been imposed on the Department by the Congress throughout many, many years: and these activities of course are better known to you who have had important responsibilities in helping the Department plan its activities, finance its activities than they are to me. This particular period, however, has imposed even greater responsibilities upon the Department of Labor, and I am particularly conscious of the responsibilities arising out of the present problems confronting the Nation. I want to talk to you briefly about that.

Mr. Clague will this morning, with your permission, give you a more detailed view of the economic outlook, but before talking about the economic problems which lead to activities of the Department I want to say a word to you about how I approach my tasks. Now on this matter of the labor question. The problem has naturally arisen in the public's mind as to how I approach the responsibilities I have at hand. When I appeared before the Senate the question arose in my mind as to how I would respond to the natural questions which would be presented to me by Members of the Congress as to how a man with my orientation and background would approach the problems of the Department. I suppose it would have been a very easy way for me to say that I have completely divorced myself from the outlooks that I have had for a quarter of a century. I did not feel that in all candor I could do that. I have a set of views and a set of convictions developed throughout the years. I have not departed from those convictions. I have felt throughout those years that my convictions are sound convictions, and I so told the Senate Labor Committee. I said I had not brainwashed myself. I had these ideas. I would counsel the President as objectively as I could and I would administer the laws entrusted to me to administer in the spirit in which Congress enacted them, whether I agreed with them or not, and I would hope that I would do this with honesty and integrity and with objectivity within the framework of my attitudes and my points of view. I felt deeply that the Department of Labor, like all departments of the Government, was a Department which represented all the people and all points of view, and I was well aware of the broad interests, not only of the labor movement but of the business community and the public at large and the activities of the Department. I regarded one of the important tasks of the Department in the period that stretches ahead would be to improve the participation of all groups in the work of the Department and to improve the climate of understanding between labor and management and the public at large in our country. I think it needs improvement.

My work in connection with the labor movement has indicated to me very strongly that we need a better understanding between management and labor and the public in the United States. We did not have that understanding to the extent that we should and in some areas we have fallen back instead of going forward. Later I want to talk to you about some of the programs that the Department has which lead in the direction immediately of trying to improve this climate of understanding.

I am hopeful that as a result of this frank statement of my position to the Congress and to the public at large and as a result of our activities that we will be able to develop a broader consensus between the different interest groups that have such an important stake in the work of the Department and in the labor-management scene.

UNEMPLOYMENT PROBLEM

The problem is further complicated by the economic situation that confronts us. We face a picture which is not a good picture at the present time and I want to make clear why I have been saying this to the public and why I have been saying it to the Congress. I have not been saying this to create scares in the minds of the public. That is the last thought in my mind. But shortly after I took office I was charged with the responsibility on behalf of the administration of presenting several administration programs to the Congress of the United States. The temporary unemployment compensation program which the Department of Labor will have to administer enters into this appropriations hearing. The distressed areas legislation which also enters into this hearing in terms of our responsibilities. The employment picture generally and the minimum wage situation, too, are areas which require action by this administration. We need to share frankly with the Congress every fact that we have at our disposal, respecting of course whatever the proprieties are about Executive privilege and by the farthest reach of our ability I felt it important to tell the Congress where we stand so that the Congress can make its appraisals on the basis of a full disclosure in connection with the important legislation before the Congress.

Once I told the Congress that this is a matter of public record and therefore I felt it incumbent to tell the public this. Hearings in the Congress were public hearings, and I could not say one thing to the Congress of the United States and the contrary to the public. Everything I have said about the situation has been designed to illuminate the facts to the Congress and to the public insofar as they are available to us. When I have talked about the unemployment situation, reporting on the number of people unemployed this is my estimate. I cannot even find out from my own Bureau until the official release date, until they have assembled all the figures, exactly what they are at the moment. I commend them for that policy, and we are going to adhere to it. My estimate at the moment, and I may prove to be wrong tomorrow when the figures are officially released, is that we have in existence over 5½ million people unemployed. We know from the figures that are available and that have been publicly released that about 1,300,000 of those have been unemployed for more than 15 weeks and we also know from our figures that 650,000 of those have been unemployed for 27 weeks or more. We also know right now from the figures that were released the other day by the Bureau of Employment Security that we have reached an all-time high in the number of men and women drawing unemployment compensation benefits, we reached a level of 3,400,000. I derive my estimate of the number of unemployed from the fact that, as a general rule, insured unemployment is about three-fifths of the total unemployment. I made a projection which I used in my television debate with Senator Goldwater yesterday and I said this is an unofficial figure and not an official figure of the Department.

One of the characteristics of the present period is that a great many of our communities are substantially affected by the present economic situation. Seventy-six major labor market areas have reached the point where we have characterized them as areas of substantial unemployment, which means that 6 percent or more of the working force in those areas is unemployed, and when we say major labor market areas we mean areas where the labor force is over 100,000. That is more than half of the major labor areas in the United States. For the first time great cities like Detroit and Pittsburgh are included in those major labor market areas. Unemployment falls as heavily on the smaller as well as larger communities. Sometimes it is even worse in terms of individuals to have the man living in a small community and be unemployed than a larger community, and I will say why in a moment, but more than 150 of these areas are in the areas of substantial unemployment.

Part of the test that the Department has traditionally applied, and you are familiar with this more than I am, is that to fit into the definition of a distressed area, unemployment of this type must have existed for more than 4 months. The smaller areas sometimes bear an even heavier burden of unemployment, because they do not have the facilities for public and private relief that some of the larger communities have.

RESPONSIBILITIES OF THE DEPARTMENT AS A RESULT OF ECONOMIC SITUATION

Now I mention these economic facts which Mr. Clague will illuminate far better than I can because they bear upon the problems that I am going to present to this committee this morning. We will have additional responsibilities imposed upon us, and we already have them as a result of the economic situation. These will include obviously the administration of the program of the temporary unemployment compensation benefits which already has passed the House and which will be the subject of the hearings before the Senate Finance Committee starting on Wednesday. I will appear before that committee on Wednesday.

We also will have important responsibilities in the area of redevelopment legislation, the area which has sometimes been called the distressed areas.

We have a minimum wage bill before the Congress and we will have additional responsibilities in connection with the minimum wage bill. As coverage is broadened, as we hope and trust it will be, this of course will create additional problems for the Wage and Hour Division of the Department.

In addition to that the whole character of our unemployment situation, the whole impact of automation has created great problems for communities and for the country at large. The character of our working force is changing.

Today we have a dropoff of over 900,000 in 1 year and that is in the number of factory workers employed. 900,000 fewer factory workers are employed today than there were a year ago. We hope the economy will pick up as a result of natural forces and as a result of the program which we are recommending to the Congress. It is quite clear from the past history that many of the people unemployed

in manufacturing industries will not be called back to their jobs even if there is a substantial pickup in production. This is because of automation and what is developing in this area.

PRESIDENT'S PROGRAM STEPPING UP ACTIVITIES OF THE EMPLOYMENT SERVICE

Now the President in his messages to the Congress pointed that out and made certain requests of the Department of Labor for preparing supplemental budgetary request for the 1962 budget. One of the principal ones was a request that he made in his message for the stepping up of the activities of the Employment Service. I would like to draw this committee's attention to a specific message which I have received from the President and a reply that I have sent to the President as well. On February 1, 1961, the President sent me a message which I would like to read.

Mr. FOGARTY. You may read it.

Mr. GOLDBERG. And then I have the reply which is much more extensive. I will read the request and summarize the reply. Now this is a memorandum addressed to the Secretary of Labor from the President which reads:

> Pursuant to my message to the Congress today, I request that you take all necessary steps with the U.S. Employment Service to improve services for employment insurance claimants and other job applicants. This will require expanded counseling and payment services to workers in depressed areas and in rural areas of critical unemployment. Particular attention should be given to the problems of workers displaced by automation and technological changes in factories and on farms.
>
> I would like to have a written report from you on the steps taken in the above regard no later than March 1.

I replied promptly to the President, of course, saying that we would review these programs and I have now since written to the President suggesting what we might be able to do and what we have done in this regard.

In addition to the letter to the President I will review what I have told the President we can do. I have met with the labor commissioners and the employment security administrators of virtually all the States. This is a cooperative State-Federal program and I felt it was necessary therefore to solicit the advice and cooperation of the men in the States who were charged with the responsibilities in this area.

I want to say to the committee I have received almost unanimous cooperation from the Governors of the States who have been kind enough on short notice to direct their principals involved in charge of these programs to counsel and meet with us. We have had two very successful meetings in this area and I say virtually every State was represented in these meetings. We have worked intensively and I appreciate the fine cooperation I have had from the gentlemen who are here and the staff of the Labor Department who have been working long hours.

I have written to the President in general suggesting what should be done. We have submitted to the Bureau of the Budget an amended budget request which is encompassed here in these proposals to permit improved and expanded employment services to take account of

postwar economic and labor market changes and the new emphasis required. In this conection we have indicated high priority to a greater emphasis on nationally significant employment and unemployment problems and achievement of national goals; expanded employer services to assure that more employers look to the Employment Service for workers and that applicants have access to a larger number of job openings; improved placement services to all employers and workers, with less need for specialized placement or services; establishing as the prime function of the employment office placement and other job market services and reducing emphases on unemployment insurance operations.

We want to state here and elsewhere that the emphasis should be on job placement and employer services which is the universal desire of everybody. The unemployment insurance program is of course very important and very necessary, but what the people want and need more than anything else are jobs. We want to establish better machinery to facilitate geographic mobility of workers. This is one of our big problems. We want to try to see that we can give better counsel and advice so that workers can move a little more from areas that are in distress to areas where there are potentially greater job opportunities. We will try to step up the professional competence of the people who work in the Employment Service because with the change in the working force we will have to upgrade the skills of the people who need jobs. More and more people are needed of professional character, of trained character, and this requires in itself a stepup in the quality of the staffs of the State and Federal Employment Services. We need improved programs to identify changing occupational requirements and to anticipate the impact of automation and other technological changes on employment. Here we have not done nearly as much as we need to do. Things are happening and we have got to recognize what is happening and we have got to anticipate what is happening. We have got to look ahead now in the decade that lies ahead. We need better services in the large metropolitan labor markets and urban and rural areas of persistent unemployment. We have got to step up our activities in these areas.

And then we need more expanded labor market research. We have got to analyze our labor market areas and see whether or not they have been changing with changes in commuter habits and changes in the character and location of plants and industries.

PROBLEM OF AUTOMATION

TUGBOAT STRIKE

In this connection one of the big problems is as the President indicated, automation. The Bureau of Labor Statistics with its characteristic foresight and with the amount of money available to it has already made some studies in the automation area, but we will have to ask for stepped up activity in this area. We need to know far more if we are going to service employers and employees and the public about what is happening in the automation area, and one of the problems that Mr. Clague will tell you about in greater detail, is that we really have to find out what is happening to people who have been displaced by automation. Where do they go? What is their training

potential? What do we do with a man who is 50 years old and has worked a lifetime at a particular job and is dislocated by automation? This has a direct relationship to the question of labor disputes in this country. In the short time I have been in office I have felt it with the tugboat strike in New York and then the pilots' controversy in the airlines. I want to make two observations.

I don't want this committee which has prime responsibility for the appropriation of our Department to think that I have just barged into any labor dispute in America. I don't intend to do that. It is not right for me and, secondly, I don't want to interfere with the free collective bargaining or with the established agencies set up by Congress to deal with that. We have the Mediation Service and the Mediation Board and they have the prime responsibility. In both of these cases I did not move in until the President requested me to do so and until it was quite clear that there were two elements present. One was that the established agencies of the Government had exhausted their efforts in these disputes and had come to a dead end. This was true in New York in the tugboat strike where the National Mediation Board had jurisdiction. They had an emergency board and had gone through the whole procedure of the Railway Labor Act. There was a strike. The National Mediation Board had tried to compose the strike and I only participated only after I consulted with Chairman O'Neill, Mr. Boyd and at the request of the Board and management and labor. Only when it was established beyond any doubt by all these agencies, including the State and National agencies involved that we had a very critical situation developing did I step in. It has not been publicized but if that strike in New York had not been settled, within 4 days of the day we settled it, all freight moving into New York would have stopped, including foodstuffs required to maintain the life of that city. But not only foodstuffs, all freight, which movement is through the tugs which are strategic channels of commerce into New York.

In addition to that, three of our Nation's railroad lines would have gone down completely, the New York Central Railroad, not only to New York but all the way west to where the New York Central runs; the Pennsylvania Railroad with its great network, and the New Haven Railroad. Those are the facts of the tugboat strike and that is why the President asked me to move in. He had been advised about it as I was advised about it. We did not impose any terms of settlement upon anybody. We used the good offices of the Department of Labor and the Secretary to get an agreement between the parties for a settlement, and the settlement that evolved was mutually agreed upon both by the carriers and the union. Now the characteristics of the tugboat strike is what is involved here, and what is involved is the old, old question of job security growing out of automation. It was not an economic strike essentially. There were some economic issues. The basic issue here is one which I believe will be dominant in the United States in industrial matters in the period that lies ahead. That is job security. When I say job security I mean that the carriers on the one hand say that they can do the job with new improved techniques and machines and the unions ask what are we going to do with the men displaced.

Now this was also true of the flight engineers in their controversy. There, too, the National Mediation Board exhausted its activities. In fact the strike was taking place against the National Mediation Board. The strike was against a decision of the National Mediation Board. It was quite obvious to Chairman O'Neill as well as to me then that someone else had to enter into the picture who could focus attention on this. He was the subject of the attack, I think unfairly, but he was the subject of attack and he and I both understood that under those circumstances someone else had to move in. In that area we stood by the Mediation Board as we had to under the law. We did not overrule the decision in the *United Airlines* case which the engineers were striking against. We could not legally do that and we did not believe we had any right to do that when Congress set up a body to do it. We did use the good offices of the administration to try to bring to an end, I hope permanently, although I have no assurance of that, the biggest shutdown we have ever had in the airlines of the country. There were shut down during that strike Pan American, American, Eastern, National, the Flying Tigers Line, and Western, and then TWA. This is the bulk of the air transprotation of the country. Of course the consequences of this today with air transportation being such a vital part of our transportation system, are very obvious. Here too, we supported the existing agencies in the area. We did not repudiate them. We worked in close harmony with them to help arrive at a composition of the dispute which all parties would accept, which they did, except one airline which is still in controversy.

I mention these things to emphasize that the characteristic of these situations was job security. It was not an economic strike. The engineers are worried about losing their jobs on the airlines. The airlines have become automated, automated in a very significant way. The airplane today can carry a passenger load of 162 people as against the DC–3, which is a plane which came into being during our own recollection and which carried 26 people. The airlines think they can carry that passenger load of 162 people with 3 men in the crew and much faster. In other words, you can see the obvious implications in terms of employment opportunities for people. Of course more people are traveling by air, but here too you have the ancient problem of what about now? What happens to the people, the pilots and the engineers who are laid off as a result of this great technological advance, which we welcome and which creates not only benefits but burdens.

Therefore we feel that the activities of the Department in the areas of automation must be expanded and improved. Let us study the problem. We are asking for more funds and some personnel of course so that we can do a better job and we think it ought to be done in the Department of Labor. We think we are dealing here with people. We think we are dealing with an area that the Department has expertise and established reputation in, and Mr. Clague later will tell you some of the details of this.

PRESIDENTIAL ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY

The President has taken other action which creates other additional, important duties for the Department. The President has established a President's Advisory Committee on Labor-Management Policy.

This is a new tripartite Committee composed of the Secretary of Labor, the Secretary of Commerce, and 19 other members designated by the President. Of the 19 designated members 5 are for the public, the last 7 shall be from labor, and 7 shall be from management. The President has made appointments of a very distinguished group of labor representatives, management representatives, and public people to comprise that Committee.

Mr. FOGARTY. Has this Committee been named?

Mr. GOLDBERG. Yes sir, it has been named.

Mr. FOGARTY. Will you supply at this point in the record the name and the office held by each individual?

Mr. GOLDBERG. I shall be glad to do so. The Secretary of Labor and the Secretary of Commerce are of course members of the Committee, as I mentioned.

(The information requested follows:)

GOVERNMENT

Secretary of Labor Arthur J. Goldberg
Secretary of Commerce Luther H. Hodges

LABOR

George Meany, president, AFL–CIO
Walter Reuther, president, United Automobile Workers Union
David Dubinsky, president, International Ladies Garment Workers Union
George Harrison, president, Railway Clerks Union
Thomas Kennedy, president, United Mine Workers
David McDonald, president, United Steel Workers Union
Joseph Keenan, secretary-treasurer, International Brotherhood of Electrical Workers

MANAGEMENT

Thomas Watson, president, International Business Machines
Joseph Block, president, Inland Steel Co.
Henry Ford II, board chairman of Ford Motor Co.
J. Spencer Love, board chairman, Burlington Mills
John Franklin, president, United States Lines
Richard Reynolds, president, Reynolds Aluminum Co.
Elliott V. Bell, editor and publisher, Business Week

PUBLIC

Ralph McGill, editor, the Atlanta Constitution
George Taylor, professor of labor relations, University of Pennsylvania
Clark Kerr, chancellor, University of California
Arthur Burns, chairman, National Bureau of Economic Research and former Chairman of President's Council of Economic Advisors in the Eisenhower administration
David Cole, labor arbitrator

Mr. GOLDBERG. I have been requested by the President and designated, as Secretary of Labor, to be Chairman of this Committee for the first year. The Executive order directs the Committee to deal with these problems that we are talking about, study them, find better ways and policies to promote industrial peace and to promote increased productivity, to develop policies that may be followed by labor and management and the public, to promote free and responsible collective bargaining and then to give attention to the problem we have of keeping our goods competitive in world markets and also to give consideration to the automation problem. We in the Department of Labor will have to do a great deal in servicing this Committee.

FINANCING THE EXPENSES OF THE COMMITTEE

The Department of Labor is required to house the Committee and give it the facilities that are required. We are required to detail employees to this Committee as is the Department of Commerce. We will have a supplemental estimate, not yet sent to the committee, to cover some of this work. The supplemental estimate which will come up to you will request $300,000 for this purpose. This is a minimum sum and which will not really represent in any way what we will have to contribute to the work of this Committee. I want to contrast it with the Railroad Commission which was established by President Eisenhower. This Committee works and deals with problems of railroads and the railroad industry and for this sole function was given an initial allotment from the President's emergency funds of $125,000. I think that the total budget they anticipated on an annual basis will be half a million dollars.

Mr. LAIRD. Why isn't this financed out of the President's emergency fund?

Mr. GOLDBERG. The Budget Bureau raised legal problems as to the availability of the President's emergency fund. With the Railroad Commission they were dealing with a specific threatened dispute which would have created an emergency. Here we have a Committee which will be concerned with broad questions of policy and not with particular disputes.

Mr. LAIRD. Next year they will have to be financed out of the budget of the Department of Commerce?

Mr. GOLDBERG. Instead of trying to divide up the allocation we are trying to work out with the Commerce Department the desirability of continuing to finance it through the Department of Labor budget even when Mr. Hodges takes over the chairmanship to do it in the Commerce Department. Is that right, Mr. Dodson?

Mr. DODSON. That is what we hope to do. We do have hopes to get help from the President's emergency fund to get started this year. The Budget Bureau looks upon this as an item that should be appropriated for by the Congress.

Mr. FOGARTY. Would that be a nonrecurring item?

Mr. DODSON. The amount from the President's emergency fund would be nonrecurring, but not the $300,000 we are estimating. This is a continuing committee. On the other hand, we do have a committee working on the airplane problem, but that is a 90-day committee and a one-time committee and that is being financed from the President's emergency fund.

Mr. LAIRD. The chairman is referring to the fact that the Commerce Department would finance it next year; so wouldn't it be a nonrecurring item as far as the Labor Department is concerned?

Mr. DODSON. If it is to be divided between the two Departments it would be every other year in the Department of Labor budget.

Mr. GOLDBERG. But I want to emphasize this to the committee. When we make a request of this character to the committee, and I think you know Mr. Dodson's attitude and the Department's attitude, we are first going to see to it that we utilize every existing person in the Department before we come to you with a request for additional personnel. I want to do that because I think that in the Department

we have many people who are greatly expert in this field whom we would have a hard time getting from the outside.

It is a basic approach of mine not to present requests to create additional personnel if it can be avoided. We want to utilize the people we have to the maximum part possible and we will present to you a realistic appraisal of what it would cost to finance a committee of this stature and importance. It would amount to considerably more money than what we are proposing to the Congress if I did not take this approach.

PROPOSED BUDGET AMENDMENTS, 1962

I want to talk specifically now to the estimate that we have here and the specific request that we are making of you in connection with the supplemental budget. The previous administration proposed a budget totaling $642 million roughly, of which $377 million is chargeable directly to trust fund accounts. This leaves $264,357,000 that would come from the general revenue of the Treasury. At the time we prepared this testimony we had not yet had final views of the Budget Bureau with respect to our proposals to amend this estimate. We have requested amendments in the 1962 budget totaling $33,390,000, of which $31,830,000 would be a charge to the unemployment trust fund and $1,560,000 from the general revenue.

Mr. Dodson was advised over the weekend, after this testimony was prepared, that the Budget Bureau had approved amendments in the amount chargeable to the unemployment trust fund of $25,120,000 and approximately $1 million from the charge to the general revenue.

The bulk of this request on the unemployment trust fund dealt with the activities that we have been requested by the President to pursue in connection with the employment service. In addition it includes proposals for what we need for automation. We have proposed expansion of the white collar wage program and a new program dealing with the safety of ship cargo gear. We requested $90,000 for the Women's Bureau. The Bureau of the Budget has not approved this request. We requested funds for the President's Advisory Labor-Management Committee of $300,000.

Mr. LAIRD. That $300,000 has not been approved by the Bureau of the Budget, has it?

Mr. GOLDBERG. It will come up to you, but it has not come up to you yet. We will give you a coordinated presentation of all of these items when Mr. Dodson makes his presentation. We asked for an item of $475,000 to study in the Bureau of Labor Statistics the whole concept of economic growth. I found one of the great problems that we are all faced with is this, that everybody would like to step up the rate of economic growth. Obviously this is a highly important matter for the future of our country. And this is a concept which is very difficult to grasp although the implications are very clear in terms of employment. Every $10 billion of economic growth in the gross national product will mean approximately an additional $1,400,000 additional jobs. I like to look at it in this sense because the problem we have is to create jobs and we will have the necessity in the next decade of creating new net jobs of about 13 million or perhaps more. So it is vitally required that we step up our rate of economic growth. It is one thing to say we have to do it and another thing to

provide the prescription of how we do it. The how is the big question to everybody. There is no controversy about stepping up the rate of economic growth regardless of politics or labor and management. You have to step up the rate of economic growth. Nobody argues against that. Now on the hows there are great differences and not too much understanding, and we feel with the skilled people we have in the Department that we can make a contribution to that. We asked the Budget Bureau for $475,000 to provide the means so that we could step up the activities of the Department in this area, and that matter has not been determined, is that correct, Mr. Dodson?

Mr. DODSON. That is correct.

Mr. GOLDBERG. We will give you the breakdown on these new items. In the estimate that is before you there is included additional money in the area of maritime safety; for completion of the staffing of the labor-management reporting program under the Landrum-Griffin Act; and, for greater efforts to improve the skills and training of the working force. These are the primary areas where we asked for additional funds.

EFFECT OF UNEMPLOYMENT ON BUDGET

Finally, I am no budgetary expert but Mr. Dodson and my colleagues have been trying to help me comprehend the problems in this area. We have been making an estimate of the amounts of money required, based upon the estimate of the volume of average weekly insured unemployment in the 1962 budgetary period. This contemplation, the estimates that we have made, looks for an improvement in our economy, substantial improvement. It looks to an average insured unemployment of 1.9 million a week. Presently we are running 3.4 million. We will need a substantial pickup in our economy in order to realize our budgetary hopes in this area. I am told it costs approximately $6 million for every additional 100,000 claims. I want to say to you that I approach this estimate with considerable misgiving, not misgiving as to the basis for it, not misgiving as to the hope that we will realize it, but considerable misgiving about the situation in this area.

We have gone through a number of recessions. We emerge from each recession with a higher level of unemployment than we had when we entered the recession, and this has been the characteristic of the recession. I must say to you that in all candor that the 1.9 projection may be wrong and it may be necessary then to make a supplemental request for additional funds in this area. However, we have enough, to help to enable us to operate in 1962 pending later experience. We will have an opportunity to come before you and tell you what our problems are in this area. There is nothing in this area that we can control. These costs will accumulate if the unemployment situation is more serious than we predicted.

Now Mr. Chairman and gentlemen this concludes the statement I want to make to you and I have asked Mr. Clague to fill in with his comprehensive knowledge of the statistics a more detailed statement about the economic situation which bears upon these budgetary requests that we are making to you. Mr. Clague is available this morning for that purpose.

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Mr. DODSON. Mr. Clague has prepared a very comprehensive presentation. He can tailor it to 10 or 15 or 20 minutes.

Mr. FOGARTY. It is up to you. You are going to have all the time you want, Mr. Secretary.

Mr. GOLDBERG. I will be back any time you want me.

PROBLEM OF AUTOMATION

Mr. DENTON. I won't be back this afternoon and so I would like to ask you a question at this time. I am very interested in your discussion about automation. I think for the last two or three sessions of Congress I have had a bill in to investigate that. I have never gotten very far with it. I realize you are in a much better position to handle it.

I found most of the disputes and grievances in factories was where a device was made to do work faster than the man did it before and then the man thought he should be paid more money for doing more work and the employer thought he should have the money, and most of the grievances were over that.

Mr. GOLDBERG. I agree with you. I think this is a big industrial problem that we have in the period that lies ahead, and I am glad that the President's committee has been directed to study this and I intend to make this one of the major activities of the Department of Labor.

Mr. DENTON. That is all I have.

Mr. FOGARTY. Thank you, Mr. Secretary.

We shall hear now the commissioner of the Bureau of Labor Statistics, Mr. Ewan Clague. You may proceed, Mr. Clague.

GENERAL STATEMENT ON LABOR ECONOMIC DEVELOPMENTS

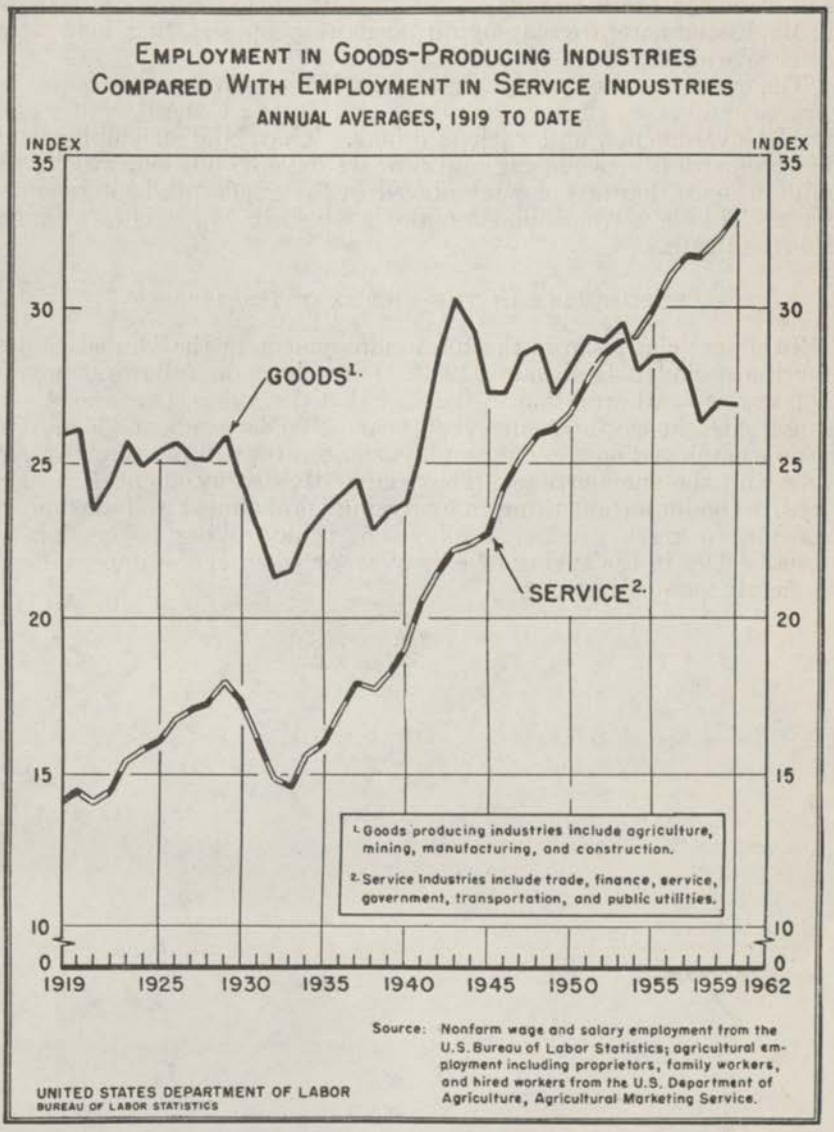
Mr. CLAGUE. Mr. Chairman, every week in the Department we have a session with myself and the members of our economic staff preparing material for the Secretary. We brief him every week on recent economic developments and it is as a result of this that he made the suggestion that I come down here. Every year I appear before the Joint Economic Committee of the Congress presenting the general pattern of employment and unemployment. I did appear before that committee several weeks ago. They have not yet printed that testimony. I will present some of it today, plus new additional information we have.

SHIFT IN EMPLOYMENT

This first chart indicates the great employment shift now going on.

(The chart is as follows:)

CHART 1



Mr. CLAGUE. One line shows employment from 1919 through 1960 in industries producing goods—agriculture, mining, manufacturing, and building construction. We had 26 million workers 40 years ago and we have 27 million today. So, in spite of the 75 million increase in population, we are employing no more people in that field than after World War I.

The other line shows employment in wholesale and retail trade, the service industries, finance, laundries and hotels, Federal, State, and local Governments, and various others. That kind of employment has been steadily increasing and now we have 33 million, which is 6 million more than are now employed in the goods producing industries. This is a tremendous employment shift which is continuing into the 1960's.

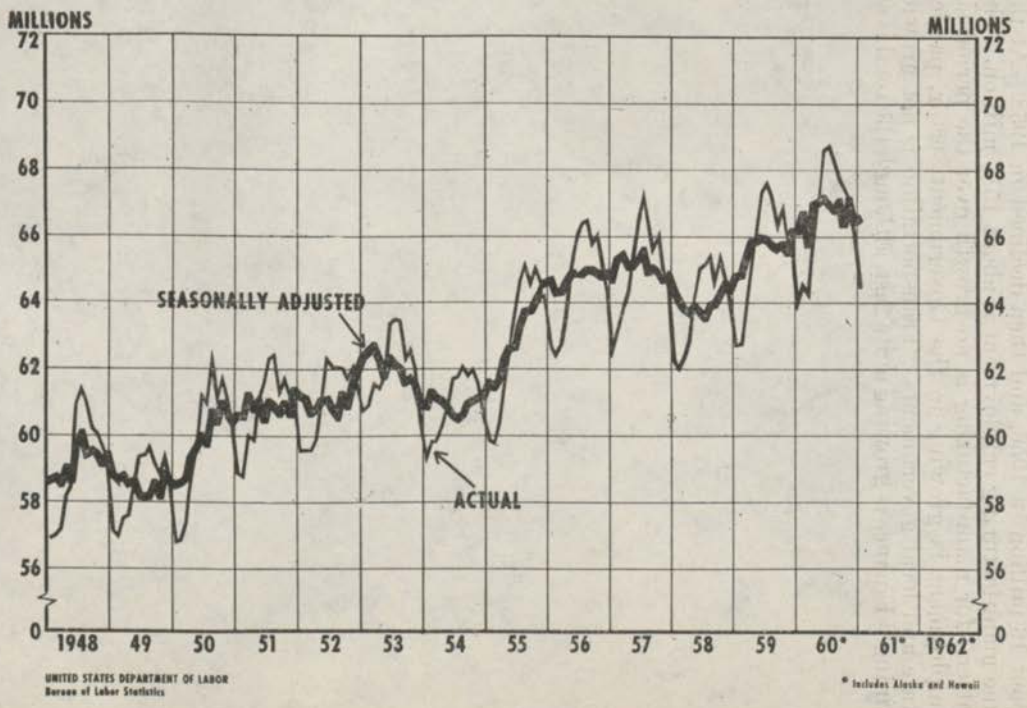
EMPLOYMENT IN THE UNITED STATES, 1948–60

This next chart shows the total employment in the United States for the period 1948 through 1960. (See chart on following page.)

I want to call attention to the fact that there is a tremendous seasonal shift in employment every year. We have about 65 million people employed now. The employment figures will increase between now and the summertime. They ought to rise by about 4 million jobs. The important thing in analyzing employment and unemployment is to know whether employment is improving faster than it usually does in the spring of each year, or whether the improvement is merely seasonal.

CHART 2

TOTAL CIVILIAN EMPLOYMENT IN THE UNITED STATES



UNITED STATES DEPARTMENT OF LABOR
Bureau of Labor Statistics

* Includes Alaska and Hawaii

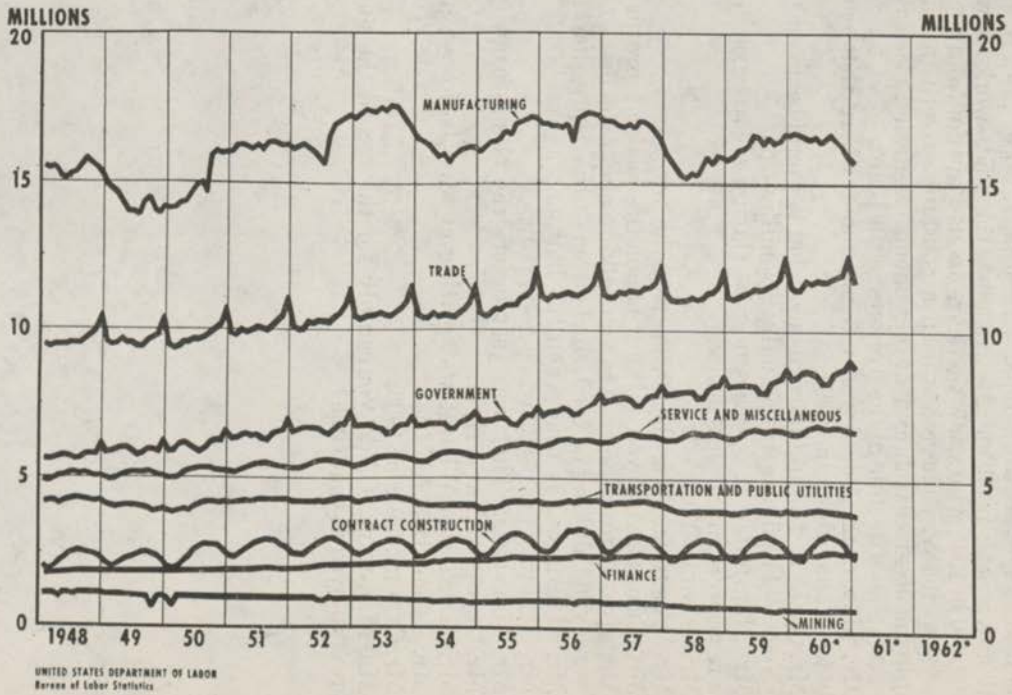
EMPLOYMENT IN VARIOUS NONFARM INDUSTRIES

The next chart shows employment in the various nonfarm industries. (See chart on following page.)

You will see that manufacturing reached about 18 million in 1953, about 16 million in 1956, and then declined in 1958. At the present time manufacturing employment is about 15½ million. The general pattern for manufacturing is no growth over the period since 1953. Employment is growing in the Government sector, particularly in State and local governments. Transportation is not growing, nor is mining. Finance is growing quite fast, although the total is still small.

CHART 3

EMPLOYMENT IN NONFARM INDUSTRIES



UNITED STATES DEPARTMENT OF LABOR
Bureau of Labor Statistics

SHIFTS IN JOBS WITHIN MANUFACTURING

The next chart shows the shift in jobs within manufacturing. (See chart on following page.) Note the relationship to automation. Production workers numbered 13 million in 1948, but today they amount to only about 11½ million. Those are the workers out in the plant. The peak was reached in 1953, with a much lower peak in 1955 and a still lower peak in 1959. By contrast, the office workers were about 2,500,000 in 1948 while now there are about 4 million, and their growth has been steady. There has been a constant growth in this type of employment—research and development, engineers, clerical workers, et cetera, but a decline in the workers in the plant.

Mr. MARSHALL. Could you tell me about where that employment rate would have been in 1929?

Mr. CLAGUE. I would have to guess, but it would be about 10 million.

[NOTE.—The figure was actually 8½ million.]

Mr. MARSHALL. It appears now as though we are getting close to where we were in the 1929 period?

Mr. CLAGUE. Yes.

Mr. MARSHALL. Was the 1929 period the low point?

Mr. CLAGUE. Are you talking about the peak of prosperity prior to the great depression? Are you talking about the best of the 1920's or were you thinking of 1932, the bottom of the depression?

Mr. MARSHALL. Is that when the bottom was reached?

Mr. CLAGUE. Yes; 1929 was a good year.

Mr. MARSHALL. That was just before the slump came.

Mr. CLAGUE. That is right.

Mr. MARSHALL. What I was getting at was the lowest point.

Mr. LAIRD. 1933.

Mr. CLAGUE. 1932 or 1933.

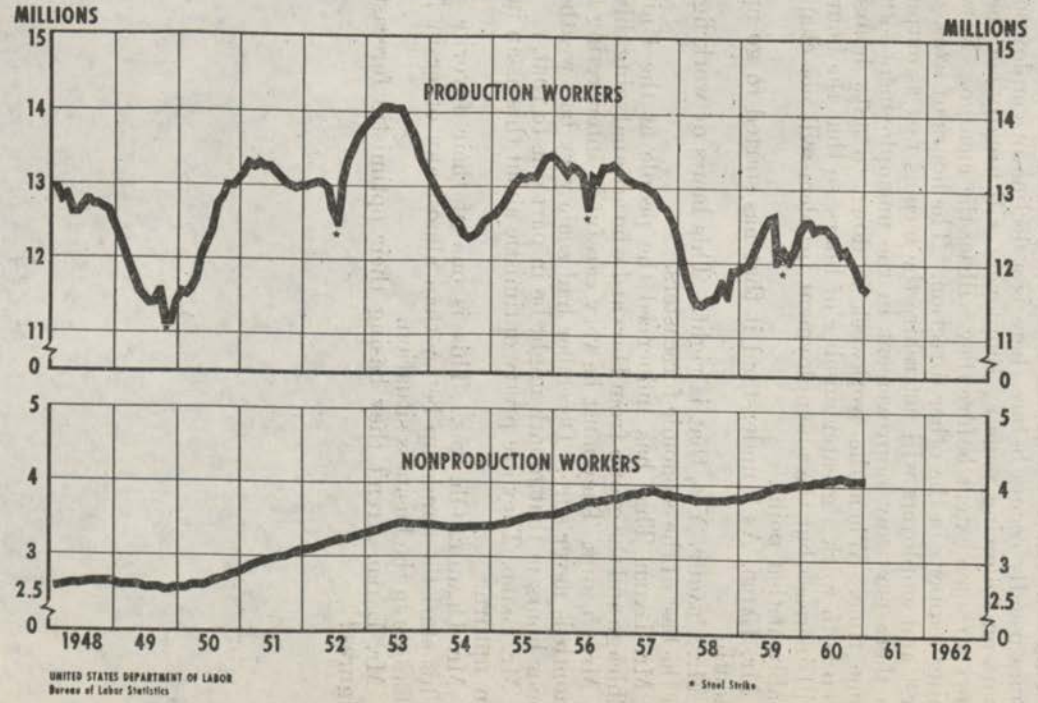
Mr. MARSHALL. Could you supply for the record the number that were employed at that time?



CHART 4

PRODUCTION & NONPRODUCTION WORKERS IN MANUFACTURING

SEASONALLY ADJUSTED



UNITED STATES DEPARTMENT OF LABOR
Bureau of Labor Statistics

Mr. CLAGUE. Yes, I can do that. [Note.—Mr. Clague subsequently indicated that the number employed was 5¼ million.]

EMPLOYMENT AND HOURS OF PRODUCTION WORKERS IN MANUFACTURING

This next chart illustrates one point, that a reduction in working hours usually occurs before there is a decline in employment. (See chart on following page.) Employers will usually cut the hours of work to some extent before they will let the men go. Now the same thing happens in the other direction. The hours of work will go up first and employers will not rehire the men as fast as output goes up so there isn't any improvement in the unemployment situation for some time. When the workweek is down to 38½ hours the first step is to work a greater number of hours, so that the hours of work will increase but the unemployment problem will not change appreciably at that point.

Mr. LAIRD. As I understand it that has started to go up this last month.

Mr. CLAGUE. Yes, that is right. This hours of work figure is one of the best of the economic forecasters.

Mr. LAIRD. That has influenced the people at the University of Chicago and the group from Harvard who are analyzing this situation.

Mr. CLAGUE. They must be very careful in interpreting that. One month is never sure. December had some very bad weather and the poor hours in that month might be in part due to that.

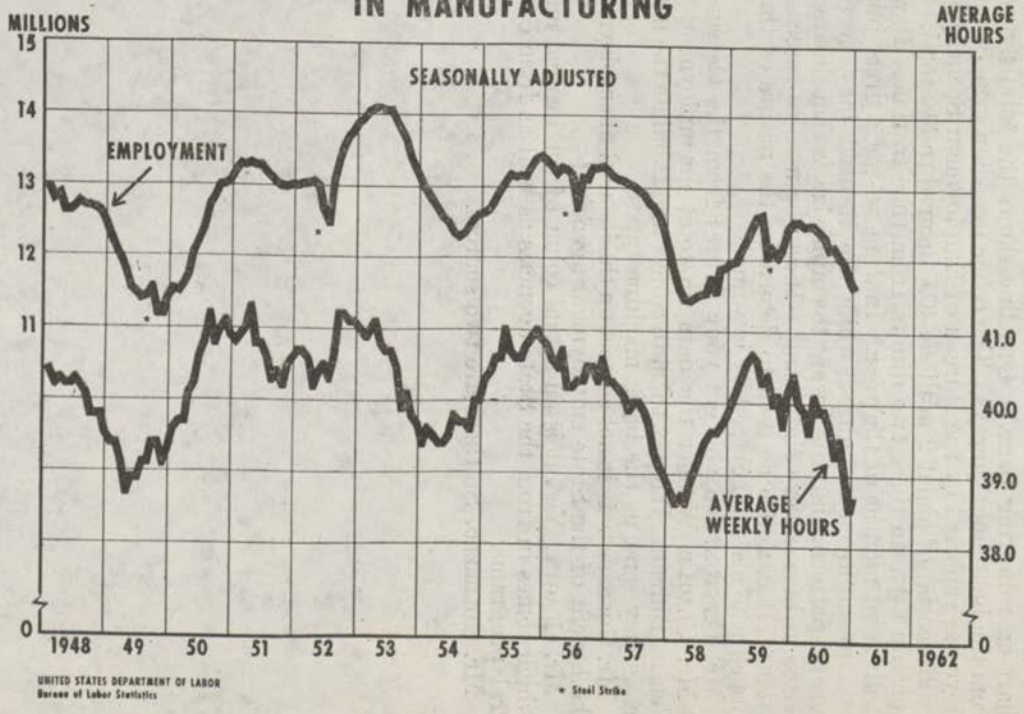
Mr. LAIRD. They are pretty optimistic about this as an indicator of an upturn.

Mr. CLAGUE. Oh, yes. This is one of their favorite indicators. This statistic stands up better than almost any other in forecasting changes in the business situation.

Mr. LAIRD. Aren't they basing their optimistic forecast on those figures?

CHART 5

EMPLOYMENT AND HOURS OF PRODUCTION WORKERS IN MANUFACTURING



UNITED STATES DEPARTMENT OF LABOR
Bureau of Labor Statistics

* Steel Strike

Mr. CLAGUE. That is right, but the reemployment of workers from the unemployed will be lagging by 3 or 4 months. You won't find the effect of it for several months in the employment data.

TOTAL AND INSURED UNEMPLOYMENT

Now this next chart shows total and insured unemployment. (See chart on following page.) One line shows the total figures we get from the household surveys. The other line shows the insured unemployed as reported by the Bureau of Employment Security. There is a differential of about 2 million—3½ insured to 5½ total. The relationship between these two differs from time to time. It will differ at different months of the year. In June we get a great jump in our total unemployment figures, while the insured may decline. The general pattern, and this I want to emphasize, is that this relationship between these is very significant. It can be used to forecast to some extent. It can also be used to determine the nature of those unemployed who are not covered by insurance.

Mr. DENTON. Do you get your figures from the Census Bureau?

Mr. CLAGUE. We get the data on total unemployment from the Census Bureau. We pay them to collect and tabulate the material for us. They send us the basic machine tapes.

Mr. GOLDBERG. Is it not correct on the insured unemployment we get the benefit of the State employment agencies?

Mr. CLAGUE. Yes, it is an actual count of the insured unemployed which comes in from the State agencies as well as from certain Federal programs.

Mr. GOLDBERG. So there are two sources.

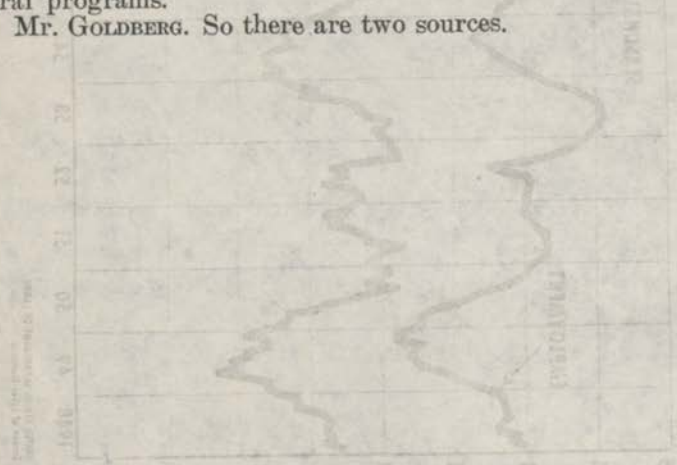
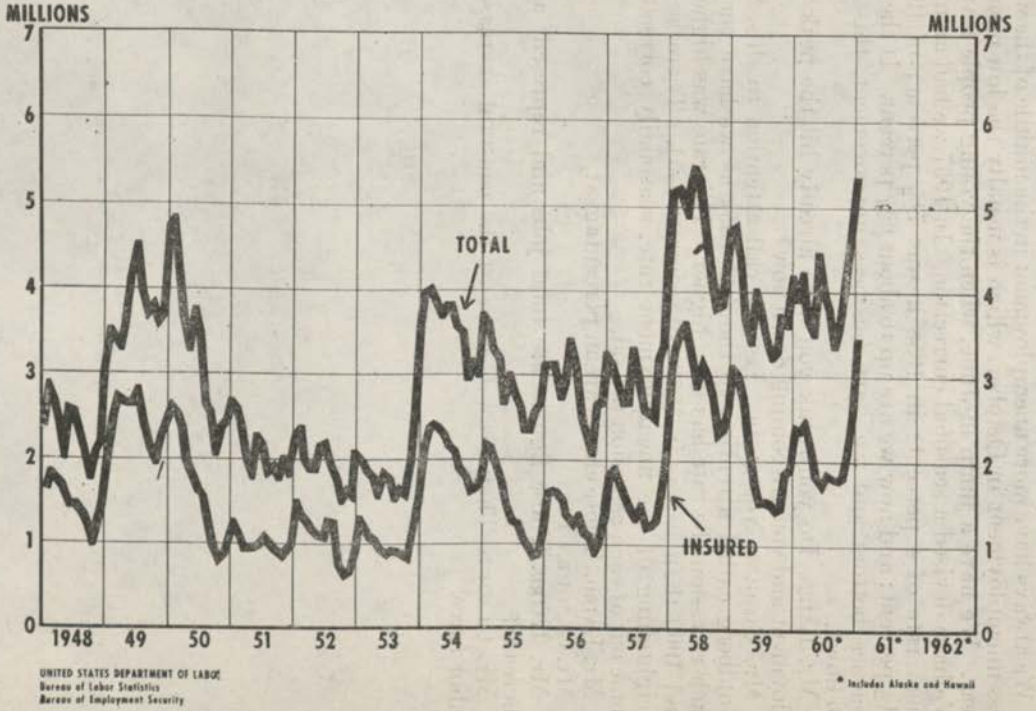


CHART 6

TOTAL AND INSURED UNEMPLOYMENT IN THE UNITED STATES



UNITED STATES DEPARTMENT OF LABOR
Bureau of Labor Statistics
Bureau of Employment Security

* Includes Alaska and Hawaii

SEASONALLY ADJUSTED UNEMPLOYMENT RATE

Mr. CLAGUE. That is right. This next chart shows the unemployment rate. It is the figure that attracts the most attention from business cycle analysts. (See chart on following page.)

We always have more unemployment in the middle of the winter and less unemployment in October, which is usually the low month of the year. We have a jump in June, when the young people leave school. We have devised a seasonal correction. In 1957 we had an unemployment rate of 4 percent; in 1958 it was 7½ percent; in 1959 about 5½ percent; and now we are up to about 6¾ percent. If the recession reaches bottom and we have business improvement, this rate will go down.

Mr. LAIRD. Do you think you have already hit the peak of unemployment and you are coming down now?

Mr. CLAGUE. Not quite. Let me call attention to this, Secretary Goldberg called attention to the fact that as we have come out of each recession the rate has been higher. The rate was higher in 1959 and 1960 than it was in 1956–57 or in 1950–51. There is a general heightening of the unemployment rate, seasonally corrected, as we come out of each recession period.

Mr. LAIRD. Those charts are in percentages?

Mr. CLAGUE. Yes.

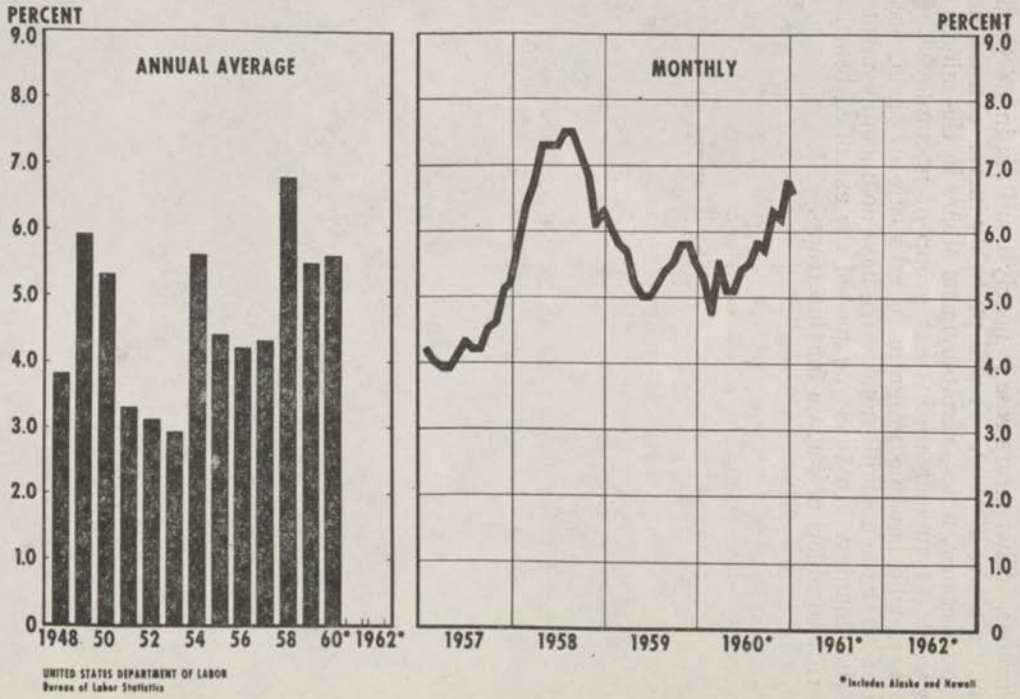
Mr. LAIRD. Those figures are total jobs and represent a constant increase?

Mr. CLAGUE. They grow because of the constant increase of total labor force.

CHART 7

SEASONALLY ADJUSTED UNEMPLOYMENT RATE

PERCENT OF CIVILIAN LABOR FORCE UNEMPLOYED



LONG TERM UNEMPLOYMENT

Here is another chart showing length of time out of work—15 weeks or longer and 27 weeks or longer.

(The chart appears on following page.)

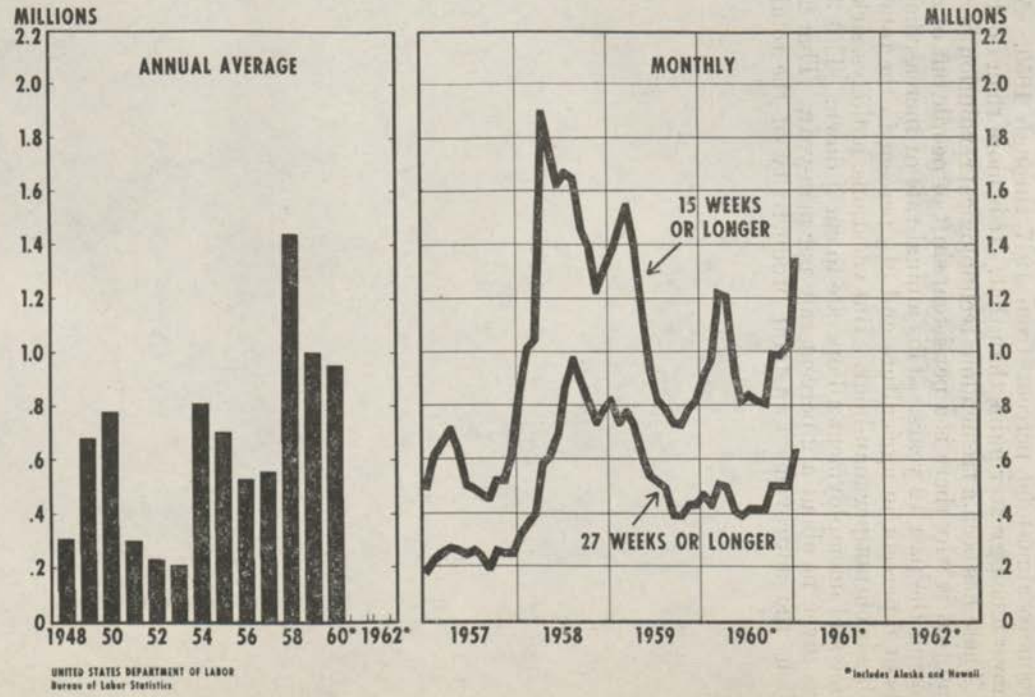
This last group have most likely run out of their unemployment insurance. That figure rose to nearly 1 million in 1958 and it is now running above 600,000. It will probably increase in the next month or two because, unless reemployment occurs in the middle of winter we shall get an increase in that group of unemployed. These are workers who have no program to take care of them, because local relief is for the unemployable. We have no unemployment assistance in this country. In 1958 you passed the extended benefits law and you are considering it again for this group.



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CHART 8

LONG-TERM UNEMPLOYMENT



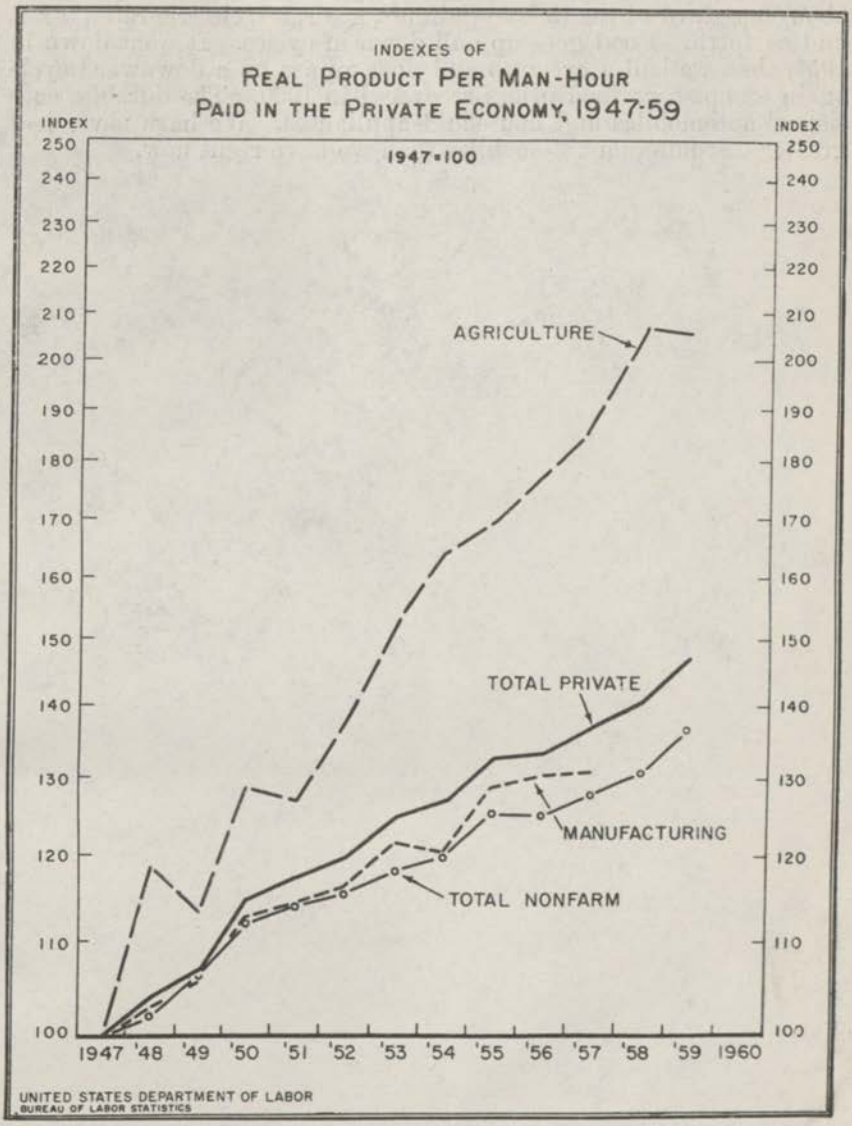
REAL PRODUCT PER MAN-HOUR PAID IN PRIVATE ECONOMY, 1947–59

Next we have the productivity factor.

(The chart referred to appears on following page.)

Mr. CLAGUE. This chart shows the figures from 1947 to date. You will see that we have increased the output per man-hour in the private economy almost 50 percent from 1947 through 1959. Agriculture shows much greater gains than that. It is more than double.

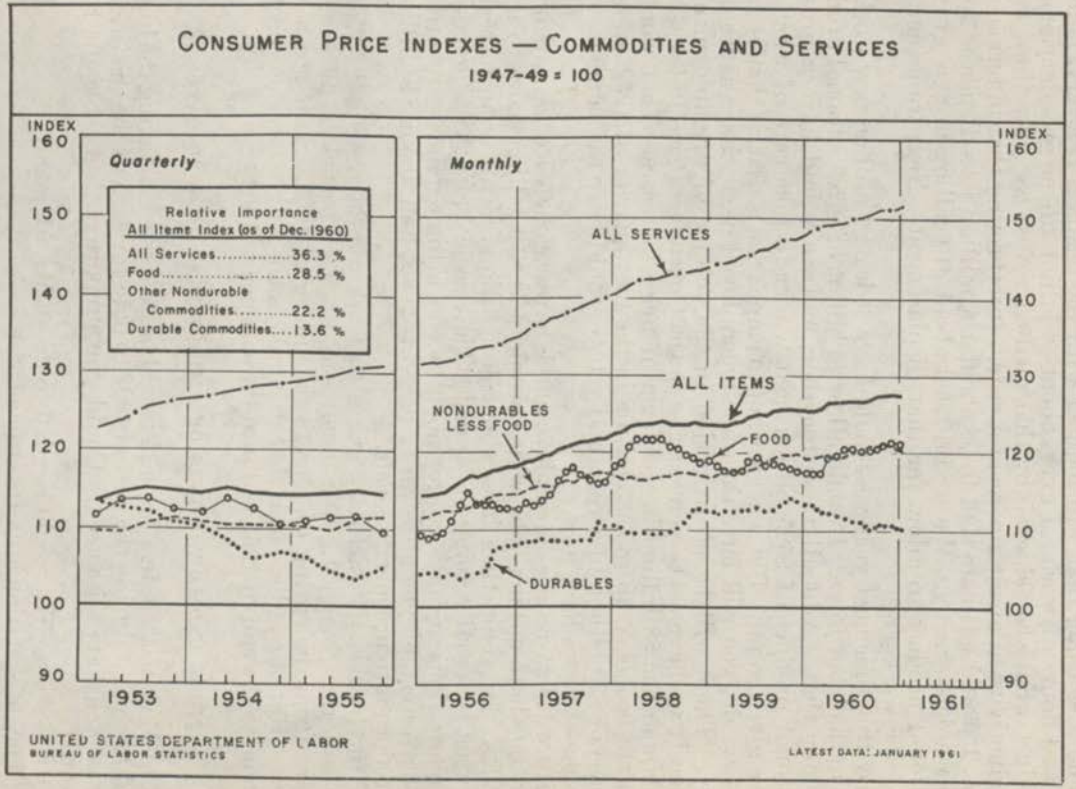
There has been a tremendous technological revolution in agriculture and that is why there is a persistent shift of people out of agriculture during the past 12 years. This annual rate of increase has averaged about 6 percent in agriculture and 3½ percent in the total economy. This is output per man-hour. But vacations, holidays, sickness, part-time and unemployment all operate to cut it down. This 3½ percent has given us about a 2 percent rate per man-year. That 2 percent is about the improvement in total productivity of the total economy.


INDEXES OF
REAL PRODUCT PER MAN-HOUR
PAID IN THE PRIVATE ECONOMY, 1947-59
INDEX
1947=100
AGRICULTURE
TOTAL PRIVATE
MANUFACTURING
TOTAL NONFARM
250
240
230
220
210
200
190
180
170
160
150
140
130
120
110
100
1947 '48 '49 '50 '51 '52 '53 '54 '55 '56 '57 '58 '59 1960
UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS

CONSUMER PRICE INDEX

This next chart shows the consumer price index in recent years.
(The chart appears on p. 35.)

I want to call attention to the index as a whole. It has been rising about 1½ percent per year in the last 3 years. The services make up about one-third of the index—haircuts, gas rates, electric rates, taxes, and so forth. Food goes up and down in cycles. It went down in 1956, then we had a cycle up and now we are on a downward cycle again except that food prices recovered in 1960. The durables consist of automobiles and household appliances. We have never had greater discounts on automobiles than we have right now.


CONSUMER PRICE INDEXES — COMMODITIES AND SERVICES
1947-49 = 100
INDEX
160
150
140
130
120
110
100
90
Quarterly
Relative Importance
All Items Index (as of Dec. 1960)
All Services.....36.3 %
Food.....28.5 %
Other Nondurable Commodities.....22.2 %
Durable Commodities.....13.6 %
1953
1954
1955
Monthly
ALL SERVICES
ALL ITEMS
NONDURABLES LESS FOOD
FOOD
DURABLES
1956
1957
1958
1959
1960
1961
UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS
LATEST DATA: JANUARY 1961

GROSS NATIONAL PRODUCT

This last chart shows the gross national product.

(The chart appears on p. 37.)

I would like to show you the analysis for the coming year. We are now at about $503 billion. That is the gross national product we have at the present time.

The first thing that will happen with the business recovery, is increased hours of work. I guess about $4 billion of the gross national product would be achieved by that method. Next we must allow for productivity at about 2 percent a year. Interpreting that in terms of jobs, I would estimate that to be about 1¼ million jobs displaced for the whole economy. We would need about $10 billion in new gross national product to allow for that displacement. Next we come to the new workers.

By this time next year we should have at least 1 million new workers in the labor force. I would allow $8 billion of gross national product for that. Add all these together, and we would have a gross national product of $525 billion next winter to take care of what I have given so far. But what I want to emphasize is that, if that is the best we do, you will have the same unemployed next winter as we do now. There will be no reduction in the volume of unemployment. Then if we have a 1½ percent rise in the Consumer Price Index that adds another $8 billion in the form of price increases. That would put the economy up to $533 billion in the first quarter of 1962, an increase of $30 billion in a year, and yet we would have the same unemployment as we have now.

In order to reduce unemployment I have estimated a gain of one and one-half million jobs which would add $12 billion more to the GNP. We would then have about $545 billion. This is no forecast of what is actually going to happen. The reason I cite these figures is to show that we have to get about a $30 billion increase in order to keep unemployment down to present levels, and about $40 billion to reduce it to prosperity levels.

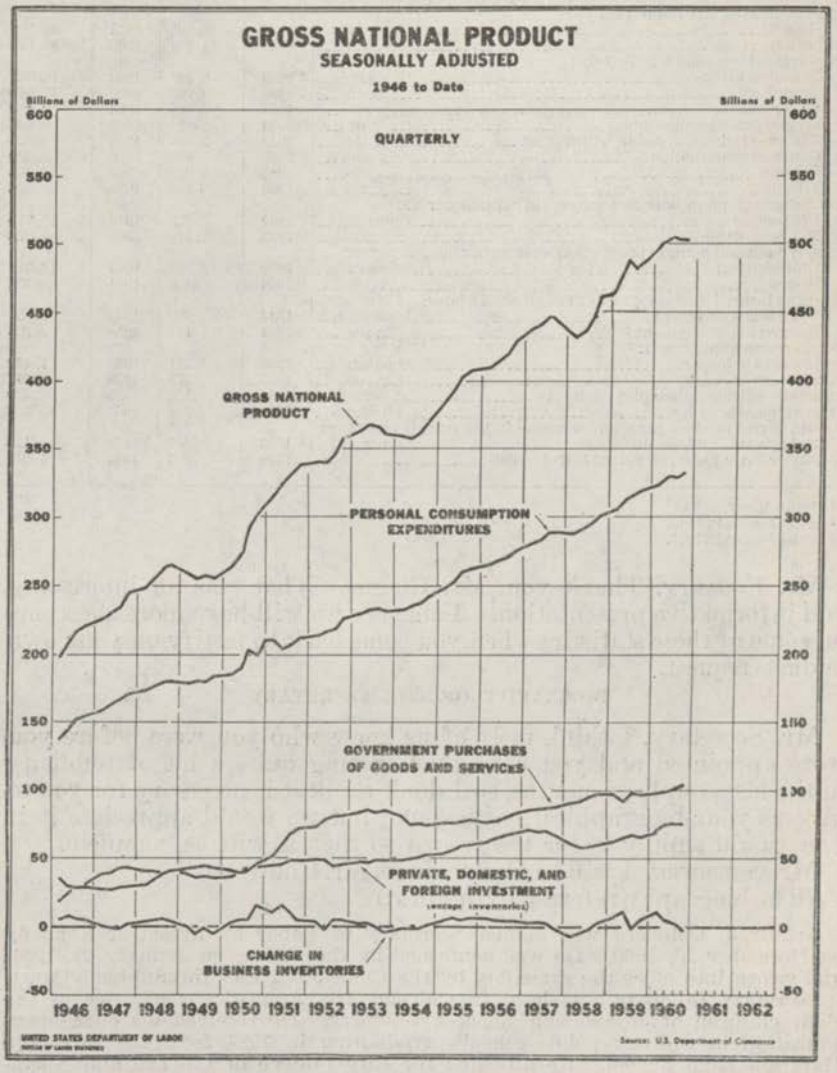
Now how is this actually going to work out in practice? Well, we can rise this fast. We have done it twice before in 1955 and again from the spring of 1958 to the spring of 1959. So it has been done. But our judgment is that unemployment will be a serious problem on to the end of 1961 and into the summer of 1962.

HIGH AND LOW POINTS OF EMPLOYMENT 1929 TO DATE

Mr. MARSHALL. Mr. Clague, I would be interested in having the high and low point during the period 1929 to date for each of the statistical series you have discussed. Could you prepare such a table for the record?

Mr. CLAGUE. We would be glad to do so, Mr. Marshall.

(The information appears at page 38.)


GROSS NATIONAL PRODUCT
SEASONALLY ADJUSTED
1946 to Date
Billions of Dollars
Billions of Dollars
QUARTERLY
600
550
500
450
400
350
300
250
200
150
100
50
0
-50
GROSS NATIONAL PRODUCT
PERSONAL CONSUMPTION EXPENDITURES
GOVERNMENT PURCHASES OF GOODS AND SERVICES
PRIVATE, DOMESTIC, AND FOREIGN INVESTMENT
CHANGE IN BUSINESS INVENTORIES
1946 1947 1948 1949 1950 1951 1952 1953 1954 1955 1956 1957 1958 1959 1960 1961 1962
UNITED STATES DEPARTMENT OF LABOR
Source: U.S. Department of Commerce

(The information referred to follows:)

Title of chart	Low point		High point	
	Year	Value	Year	Value
Total civilian employment in the United States.....thousands..	1933	38,760	1960	66,681
Employment in goods producing industries compared with employment in service industries:				
Goods.....thousands..	1932	21,305	1943	30,311
Service.....do....	1933	14,664	1960	33,125
Employment in nonfarm industries:				
Manufacturing.....thousands..	1932	6,797	1960	16,337
Trade.....do....	1932	4,907	1960	11,642
Government.....do....	1929	3,066	1960	8,458
Service and miscellaneous.....do....	1933	2,614	1960	6,638
Transportation and public utilities.....do....	1933	2,659	1953	4,221
Contract construction.....do....	1933	809	1956	2,929
Finance.....do....	1933	1,225	1960	2,485
Mining.....do....	1960	[1] 664	1929	1,078
Production and nonproduction workers in manufacturing:				
Production.....thousands..	1932	5,275	1943	15,014
Nonproduction.....do....	1933	1,418	1960	4,073
Employment and hours of production workers in manufacturing:				
Employment.....thousands..	1932	5,275	1943	15,014
Hours.....	1934	34.6	1944	45.2
Total and insured unemployment in the United States:				
Total unemployment.....thousands..	1944	670	1933	12,830
Insured unemployment [2].....do....	1944	111	1958	2,766
Long-term unemployment: [3]				
15 weeks or longer.....thousands..	1953	211	1958	1,452
27 weeks or longer.....do....	1953	79	1958	667
Seasonally adjusted unemployment rate.....percent..	1944	1.2	1933	24.9
Gross national product.....billions..	1933	$56	1960	$503.2
Indexes of real product per man-hour paid in the private economy:				
Total private (1947–49=100).....percent..	1933	58.5	1959	141.3
Consumer Price Index, all items (1947–49=100).....do....	1933	55.3	1960	126.5

[1] Preliminary.
[2] Series begins in 1940.
[3] Series begins in 1947.

Mr. FOGARTY. Thank you, Mr. Clague. That was an interesting and informative presentation. I am sure we will have more questions on some of these statistics when you come back to testify on your own budget request.

BIOGRAPHY OF THE SECRETARY

Mr. Secretary, I think most of us knew who you were before you were appointed and you have been getting quite a bit of publicity in the last couple of months, so I don't think it is necessary for you to give us your biographical background but we would appreciate it if you would supply it for the record so that it will be complete.

Mr. GOLDBERG. I will be glad to do so, Mr. Chairman.

(The biography referred to follows:)

Arthur J. Goldberg was named Secretary of Labor by President Kennedy on December 15, 1960. He was confirmed by the Senate on January 21, 1961, and sworn into office the same day by the Chief Justice of the Supreme Court.

Secretary Goldberg was born in Chicago, Ill., August 8, 1908; one of the eight children of Joseph and Rebecca Goldberg. He received his elementary education in Chicago public schools, graduating in 1924 from the Benjamin Harrison High School. He attended the City College of Chicago and Northwestern University where he received the degree of bachelor of science in law in 1929 and doctor of jurisprudence in 1930. He graduated from the postgraduate school summa cum laude winning the Charles B. Elder Award as the top student in his class. During his final year at the university he was editor-in-chief of the "Illinois Law Review."

Admitted to the Illinois bar in 1929, Mr. Goldberg 8 years later qualified for practice before the U.S. Supreme Court.

Between 1929 and 1948, he engaged in private law practice in Chicago, first with several of Chicago's leading law firms but after 1933 under his own name.

In 1948, at the request of the late Philip Murray, Mr. Goldberg moved to Washington, D.C. to become general counsel for the Congress of Industrial Organizations and the United Steelworkers. As general counsel to the CIO, he participated in the negotiations that led to the 1957 merger of the AFL and CIO, and subsequently became special counsel for the merged federation, as well as general counsel for its industrial union department. He is one of the authors of the federation's constitution and the principle author of its code of ethical practices.

Prior to becoming Secretary of Labor, Mr. Goldberg also served as legal adviser to several individual unions, and participated in private practice as the senior member of the Washington law firm of Goldberg, Feller and Bredhoff.

During World War II Mr. Goldberg served as special assistant with the rank of captain, and later major, to the Office of Strategic Services, where he served as chief of its Labor Division charged with organizing European labor behind enemy lines in undercover work.

In 1931 Mr. Goldberg married Miss Dorothy Kurgens, an artist. The couple and their son and daughter, Robert and Barbara, make their home in Washington at 2811 Albermarle Street NW.

Throughout his career Mr. Goldberg has contributed articles from time to time to American legal publications and journals of opinion and is the author of the book "AFL-CIO: Labor United."

TENTATIVE NATURE OF 1962 BUDGET

Mr. FOGARTY. How am I going to compare this budget with the 1961 budget?

Mr. DODSON. You are going to have a very difficult time because the amendments to the 1962 estimate have not come up. It was about 11 o'clock on Saturday that I was told that the amendments would go to the President. We probably have violated a direction to us in disclosing as much as we have this morning.

Mr. FOGARTY. How much of a violation is it?

Mr. DODSON. We don't talk about pending estimates until the President approves them.

Mr. FOGARTY. Is that just the way it is spelled out?

Mr. DODSON. Yes; that is practically the way it is spelled out, not word for word but that is the essence of the direction to us.

Mr. GOLDBERG. I took the liberty, Mr. Chairman, because I figured I was appearing here, whether it represented a complete violation of the rule or not. We did not have a response by the time the testimony was prepared, and I have taken the responsibility that I felt I had to to testify here to state frankly what our situation is.

Mr. FOGARTY. How are you coming along with the Bureau of the Budget?

Mr. GOLDBERG. Fine. I am getting fine cooperation. They have a lot of problems. Thus far, Mr. Bell is most cooperative. We did not get the answers as fast as I hoped.

Mr. FOGARTY. What is holding them up?

Mr. DODSON. The answers are coming back faster than any time in the last 10 years.

Mr. FOGARTY. How many times have you asked for an answer in the last 10 days?

Mr. DODSON. About three times. I got it Saturday morning.

Mr. FOGARTY. But you have had material over there for more than a week and have surely been discussing it with them much longer than that.

Mr. DODSON. Some. Some was over there at the beginning of the week and some did not get over there until toward the end of the week.

BUREAU OF INTERNATIONAL LABOR AFFAIRS

Mr. FOGARTY. Why do we have the Bureau of International Affairs as a separate appropriation item now?

Mr. GOLDBERG. I can make a comment there. Previously this has been carried as part of the Secretary's Office. I would like to upgrade this Bureau because of the important responsibilities the Bureau has to perform. The international situation throughout the world is one where labor people enter more and more into the fabric of what is happening throughout the world. This is recognized by the Department of State and the President who are calling upon us for more and more participation in explaining, interpretation, participating in the activities of our State Department and our foreign relations activities so that we can really explain and we can have an effect upon these people throughout the world who are involved in important questions of foreign policy as far as we are concerned.

For example, I was asked just recently to detach Mr. Weaver who in an assistant to me and whom we will propose as the Assistant Secretary, to send him down to Trinidad on the negotiations of an important treaty, and the reason the specific request was made was that there was more and more labor influence in the Caribbean area and in the governments involved, and he played a good role in the development of that. I am glad to see the Government taking increasing note of this and we want, frankly, to make this an important, an increasingly important, part of our operation.

Mr. FOGARTY. Was this your suggestion or the suggestion of the previous administration?

Mr. GOLDBERG. The previous one. They have recognized this too, and I heartily seconded it.

Mr. FOGARTY. The reason I asked the question was that when we get the bill before the House perhaps the most vulnerable spot in the bill has been this program. When we put it in as a separate line item like that it just calls attention to it, and there are certain people who would like to cut it out entirely. I think this program has had more trouble in the last 10 or 15 years than any other part of your Department.

Mr. DODSON. From the other side, this particular Bureau's needs are growing so rapidly that they have the danger of inflating the cost picture of the Secretary's Office.

Mr. GOLDBERG. I am always mindful of the chairman's practical judgment, and frankly we have this problem; I want to discuss it in all frankness with you. We are told that as you go around the world that the people who can do the job in this area are from the Labor Department because there is more feeling of closeness with them when you get around the world.

Mr. FOGARTY. I was convinced the first year I was on the committee that it was an important phase of the Department. Mr. Morse was the Assistant Secretary in charge, and I thought he gave us some very good reasons for the program, especially in relation to the labor movements in France and Italy and some other specific areas. But there are many Members of Congress that do not believe in anything except directly for the national labor force. I think in their minds, when you speak of international labor, it is like speaking of foreign aid.

You don't have to convince me, but what you have said this morning would not be a very good argument to convince those Members who have opposed it for years, I don't think.

AMENDMENTS TO THE 1962 BUDGET

Now, with these pending budget amendments these tables don't give us the full story, do they?

Mr. DODSON. I have told the bureaus when they come up to be prepared to talk about the budget amendments so that as we go down bureau by bureau we will have to add the supplemental amounts, and of course we will have to revise these tables when we get confirmation from the White House.

OFFICE OF THE SECRETARY

Mr. FOGARTY. What amendments to the 1962 budget do you have pending for the Secretary's Office?

Mr. DODSON. One item is for $300,000 relating to the management-labor policy committee that the Secretary talked about. We have an item of $70,000 which goes for the coordination of an automation program within the Department.

Mr. FOGARTY. That is $370,000 you have pending?

Mr. DODSON. Yes, sir.

Mr. FOGARTY. What has happened to your working capital fund?

Mr. DODSON. We are still using the working capital fund and to good advantage. As the tempo of the Department steps up the services financed from the working capital fund are expanded. It is a service function to all the bureaus and the bureaus are billed on a cost basis for the service they get.

Mr. FOGARTY. This is something you pushed for quite a while before it was finally approved. Do you think it is working out?

Mr. DODSON. We were one of the latest departments to adopt a working capital fund. Most agencies of the Government had a working capital fund before we established it. To answer your question specifically, I think it is working out well.

BUREAU OF LABOR-MANAGEMENT REPORTS

Mr. FOGARTY. The labor-management reporting and disclosure activities isn't shown in your budget the same as in the past. I am speaking of that $5,550,000.

Mr. DODSON. The Bureau of Labor-Management Reports was included in an appropriation made to the Secretary in 1961 for distribution to the activities in the Department for their particular part of the work connected with the Landrum-Griffin Act. That was in order to get this program going. Now that it has been in existence the moneys have been distributed to the respective bureaus and this is in accordance with the direction of this committee.

Mr. FOGARTY. Do you have an overall increase?

Mr. DODSON. The increase for the Bureau of Labor Management Reports?

Mr. FOGARTY. I see it is $1,500,000.

Mr. DODSON. Yes, sir, $1,523,000.

OFFICE OF THE SOLICITOR

Mr. FOGARTY. For the Office of the Solicitor, you are seeking an increase of $290,300. Do you have a budget amendment pending there?

Mr. DODSON. No, sir.

Mr. FOGARTY. You are asking for 23 new positions. That is a sizable increase.

Mr. DODSON. I think when the Solicitor appears before you we have ample justification for the 23 positions. There is the possibility that maybe a supplemental will be in order in the future. If the Government steps up its construction programs that are covered by the Davis-Bacon Act, and we are working at top speed in that unit there now, and if there is this further stepup we will be in for a supplement. This is action that has been taken since the administration changed, but it takes time for construction contracts to be awarded and to see what the effects will be.

Mr. FOGARTY. Do you have any problems in the Solicitor's office—any complaints from employees that the office is being treated as a stepchild?

Mr. DODSON. Are you talking about the Solicitor's department employees?

Mr. FOGARTY. Yes.

Mr. DODSON. No; I haven't had any problem come to my attention.

Mr. FOGARTY. You have not heard of such complaints?

Mr. DODSON. No; I haven't.

Mr. FOGARTY. Well, there are some. I don't even know the persons making the complaints so it is nothing personal with me at all. But I have received a couple of letters in the last week.

Mr. DODSON. There could be very legitimate complaints with regard to space problems because we have had the Solicitor's Office operating in insufficient space. We are trying to correct that situation, but it is a slow process.

BUREAU OF LABOR STANDARDS

Mr. FOGARTY. You are asking for a $390,000 increase and an additional 39 positions in the Bureau of Labor Standards. We will have all these agencies before us but I want to get a thumbnail sketch of what they are now.

Mr. GOLDBERG. I am told that this has to do with the maritime safety and for youth employment activities.

Mr. FOGARTY. Is that a great problem?

Mr. DODSON. Yes; we have two great problems in the employment area that we skimmed over. Our study for instance begins to demonstrate that there are two areas of difficulty in the employment situation, one is that of the younger people who are having difficulty getting absorbed into the labor market and the other is the older people. We will have to devote much more attention to that.

Mr. FOGARTY. Are you working with the Office of Education?

Mr. DODSON. Yes, sir; very closely.

Mr. FOGARTY. Last year you showed us some charts showing the possibility of employment with a grammar school education and high school and college. According to those statistics we saw last year if you are not a college graduate your chances of getting employment are becoming more and more difficult.

Mr. GOLDBERG. That is right. The President has proposed the establishment of a committee which the Secretary of the Department of Health, Education, and Welfare will chair and which we will be a part of. We will jointly devote ourselves to this problem. Of course he has vocational education and we have the problem of on-the-job

training and placement. We are going to coordinate our activities here.

Mr. FOGARTY. What about the problems of the youth who are underage? That is still a problem in some areas.

Mr. GOLDBERG. Yes, it is. You mean employing them under a proper age? We have to keep watching that. It is a problem that we will be talking about a little later on to you.

Mr. FOGARTY. The budget for "Veterans' reemployment rights" is about the same.

BUREAU OF APPRENTICESHIP AND TRAINING

Then the Bureau of Apprenticeship and Training. It seems to me that that is a very modest request if we have all this unemployment and need for better trained people. We have been told all along this is one of the best divisions of the Department.

Mr. GOLDBERG. It is a fine Bureau in our Department. If we are making a modest request it is because we are trying to approach the whole problem with the thought in mind of the total overall budgetary problem. I think we are going to have to step up the training program. I hope we can come back and talk to you more about that.

BUREAU OF LABOR MANAGEMENT REPORTS

Mr. FOGARTY. The increase for Bureau of Labor-Management Reports is $1,500,000. Is that for annualization of last year's increase?

Mr. HUDSON. About $700,000 is for annualization.

Mr. FOGARTY. What is that other $800,000, just a straight increase in operations?

Mr. DODSON. Yes, sir; a program increase.

Mr. GOLDBERG. I have looked into that because I of course have a background in this area. The problem is one of education. We have found that many of the smaller unions are in lack of compliance due to the fact that they do not have the personnel, permanent personnel, to keep up with their obligations under the law. This is not a willful thing. Part of the assumption of the law I think, which was not proved by the facts, are that all unions have full-time officers and these full-time officers can take care of their reports. Mr. Holcombe will point out it was discovered that thousands of unions do not have full-time officers. We want to perform here essentially the problem of education and get voluntary compliance, which most people want to do. In other words, we have to do a big job of getting out to the field, decentralize the operations and getting out so that we can insure compliance and do not put people in positions where they are in violation of civil and criminal provisions of the law because of the nature of the positions they occupy. I think this is an important part of what is being proposed to you.

Mr. FOGARTY. I thought the smaller unions should have been eliminated from the bill at the time it passed. I had a personal experience with the same kind of union and I don't know how you can expect to get all the reports in.

Mr. GOLDBERG. In a great many instances where the Department itself sent letters there has not been any answer to the mail because there has been a shift in the officers. Officers come and go and sometimes they don't have offices. The assumption is that every union

has a completely staffed office where mail can be forwarded. Much of the mail, as you know, has to go to the home of a part-time officer. He works in a shop during the day and this is one of the problems and this explains in large measure this request.

MEXICAN FARM-LABOR PROGRAM

Mr. FOGARTY. Regarding the Mexican farm-labor program, you have been having some real problems lately, haven't you, Mr. Secretary?

Mr. GOLDBERG. I want to talk about that. This is a major headache. I appeared before the California delegation and just to bring us up to date on this we have had a big problem in the lettuce situation with the Mexican labor forces. There is a strike going on in lettuce raising in California. I inherited a set of regulations and from the previous administration. I felt that we had to apply the existing set of regulations until I had an opportunity to hear both sides, to hold proper hearings of all people concerned on all sides, and give them an opportunity to be heard. That is basic with me. I don't propose to make changes until everybody has a chance to give me their side of the story.

Mr. FOGARTY. I think your predecessor was doing a pretty good job in this field. I complimented him on more than one occasion in trying to develop better standards.

Mr. DENTON. Could you give us some figures on how many of them pick cotton?

Mr. GOLDBERG. I would think it is the bulk of the group. Can you supply that figure, Mr. Goodwin?

Mr. GOODWIN. I don't recall the exact figure but it is close to half the total.

Mr. DENTON. Is there any reason why they cannot buy cotton-pickers?

Mr. GOLDBERG. They are modernizing cotton picking more and more all the time. And we are going to make some proposals to improve this program and tighten it up. As a matter of fact, we have started to circulate throughout the Government our proposals in this area. We have been trying to avoid situations where the Secretary of Labor appears with one point of view and the Secretary of Agriculture appears with another point of view, trying to get a concensus of the Government. I think it is a good proposal. That will be an improvement in the standards and an improvement in the safeguards that are being offered when we import labor into the United States with greater consideration for the domestic workers and greater consideration for the possibilities of what you have indicated, Congressman. Those are being circulated in the Government right now for comment and clearance as an administration proposal.

Mr. LAIRD. Does this proposal anticipate reenactment of the program?

Mr. GOLDBERG. It proposes reenactment of the program with greater safeguards than now exist, based upon the experience that Mr. Mitchell had and based upon the experience that I myself had in the short period.

Mr. FOGARTY. I doubt that I can bring myself to vote for an extension after what I have seen out there. As I remember about half of these Mexicans were being used to pick cotton that was in surplus.

And in one of the States that perhaps has the worst conditions of all, Arkansas, the percentage is much higher than that.

Mr. GOLDBERG. The Mexican Government is taking a new look at this. As a matter of fact in the dispute in California they are the ones who are insisting that the braceros be removed and I am honoring the request of the Mexican Government. They do not want to get their people involved.

Mr. LAIRD. In the labor dispute.

Mr. GOLDBERG. Yes, and they have given me a formal letter insisting upon the removal of their people in this area. I have talked to the California delegation in this field.

EXTENSION OF AUTHORIZATION

Mr. FOGARTY. I have talked to some of the California delegation since the first of the year and they tell me that now, although they supported the extension last year, that they wouldn't support it again. When do you think you will have legislation on this?

Mr. GOLDBERG. On the Public Law 78?

Mr. FOGARTY. Yes.

Mr. GOLDBERG. The committee in charge asked us to come in on the hearings which are beginning today and will run through Friday. We are to appear on Friday.

Mr. FOGARTY. Perhaps we would be safe in cutting this appropriation.

Mr. GOLDBERG. In terms of what may happen?

Mr. FOGARTY. It is only authorized to the end of the calendar year, or half of the fiscal year.

Mr. GOLDBERG. The money we are going to use is to make sure the primary emphasis is to protect the standards.

Mr. FOGARTY. Even though I was against it, I am for the enforcement of it. But the law only goes to December 31.

Mr. GOLDBERG. Except that presumably Congress may act on this extension.

Mr. FOGARTY. Do you think they will extend it?

Mr. GOLDBERG. I don't know, Mr. Chairman.

Mr. LAIRD. You are recommending an extension?

Mr. GOLDBERG. Yes, sir, with the safeguards that we are going to suggest.

Mr. FOGARTY. What if you don't get the safeguards?

Mr. GOLDBERG. I would be against the legislation if they don't get the safeguards.

Mr. DENTON. They used to make cottonpickers in my hometown and I never saw why people in my town should be taxed to put people in my town out of business.

Mr. GOLDBERG. I would hope they would increase the facilities, particularly where you have domestic unemployment.

Mr. DENTON. Out West you see combines going around, and you see six or eight of them, big convoys of them. I don't know why they cannot do the same thing with the cottonpickers.

Mr. GOLDBERG. I think more than 50 percent of the crop last year was a mechanized proposition.

Mr. DENTON. I went through the delta of Mississippi and they had cottonpickers.

Mr. FOGARTY. They are working on a tomato-picking machine in California, they told us last year, and with mechanization of planting, cultivating, and harvesting progressing all the time, and with U.S. workers unemployed it is difficult for me to see a continued need for this program.

Mr. GOLDBERG. This is a program that as far as I am concerned we are going to look at. We are going to proceed to the objective of eliminating foreign workers. We have got a lot of people and these figures show we are constantly getting more unemployment. I don't feel that, approaching this job with a program that has been in effect so long and with the information available to me that I could propose complete elimination, so I am coming in with a program designed to protect the situation more at this time.

Mr. FOGARTY. If this was eliminated I expect we would have to do something in the Immigration Service area.

Mr. GOLDBERG. What I am talking about is that if I am too drastic in my immediate approach we will have wetbacks without any of the safeguards. We are trying to work that out, and the wetback situation was very bad. And there were no safeguards.

Mr. FOGARTY. We did put on quite a drive 5 or 6 years ago, and I thought with considerable success. I think we gave the Immigration Service a fairly large increase in their appropriation to put that drive on. As I remember, they did a pretty good job in cutting the wetbacks way down. If this program is eliminated I imagine they will be faced with this problem again.

Mr. GOLDBERG. That is what I am talking about, Mr. Chairman.

STATES USING MEXICAN LABOR

Mr. FOGARTY. There are only six or seven States that use many Mexicans.

Mr. GOLDBERG. Yes, a very limited number of the States use the majority of them.

Mr. FOGARTY. But still all 50 States pay for this enforcement.

Mr. GOLDBERG. That is correct.

Mr. FOGARTY. The people up my way just cannot understand it.

Mr. LAIRD. About half the States use them.

Mr. FOGARTY. But there are only a very few that use any substantial number. The farmers up my way, when they need people to come in, finance everything 100 percent. They think they are being discriminated against, because these six or seven States are allowed to import cheap labor, and they are paying part of the taxes to enforce the program.

Mr. GOLDBERG. What you have described is essentially correct in terms of the facts. There are about 27 States that get some, but there are very substantially fewer States that get the bulk of them. On the other hand, since we face a situation where apparently crops that are required for the country as a whole are needed and have to be harvested, this is I think the justification for the program. I did not go into all the detail because we have not cleared the administration position, but one of the things we have noticed is that while the program was designed to bring in workers for the purpose of picking crops essentially in the fields where domestic workers were not available, we have found that workers have been used to drive tractors, irrigating, nursery work and ranch hand work.

Mr. LAIRD. The Secretary surely does not certify that kind of worker. Under the program such a certification would be out of order.

Mr. GOLDBERG. But the law is not quite clear on that. I am going to propose a specific amendment to prohibit employment of these people on mechanical equipment.

Mr. FOGARTY. I thought the law was quite clear about that matter.

Mr. LAIRD. I think that is a violation now.

Mr. FOGARTY. Some of these employers keep some of these people the year round. It is a pretty rough job for you to keep up with what is going on there. After you get a complaint, and by the time you get a chance to run it down, the word gets out and the fellow has gone somewhere else. He has disappeared.

Mr. GOLDBERG. That is absolutely correct.

Mr. FOGARTY. It has just been brought to my attention that only three of those States employ 50 percent of these Mexican workers.

Mr. GOLDBERG. That is right.

Mr. FOGARTY. Texas, California, and Arizona.

Mr. LAIRD. From your statement, I take it you don't intend to leave the impression, do you Mr. Secretary, that any of these workers now are replacing American workers?

Mr. GOLDBERG. No. We have to certify that they do not, in order to get them in. I have a feeling that by tightening up the program. we can provide incentives for American workers to work in those jobs.

Mr. LAIRD. Wouldn't you have to change the interpretation of the unemployment compensation law?

Mr. GOLDBERG. We would not have to do that. One of the ways they can do that is to pay a little more money to domestic labor, and certainly on tractor jobs. I have been looking at the law myself and we do need tightening up in this area. It is not clear enough that this is prohibited. Now for tractor operators and so on they ought to pay the wage to get those people. Those people are available if there is a proper wage.

Mr. FOGARTY. I thought Mr. Laird was right, that they are prohibited under the present law from being used on tractors.

Mr. LAIRD. The intent of the law is very clear.

Mr. GOLDBERG. I know, but it is not tight enough.

Mr. FOGARTY. One of the things we heard about is that some of these Mexicans, after 4 or 5 years working in this country and saving their money, were starting their own farms across the border and giving our farmers a little competition.

Mr. GOLDBERG. Yes, sir.

Mr. FOGARTY. Is that growing, do you know?

Mr. GOLDBERG. Yes, sir.

BUREAU OF EMPLOYEES' COMPENSATION

Mr. FOGARTY. When Mr. Goodwin comes up we will have some more questions on that. In the Bureau of Employees' Compensation you have a sizable increase of $334,000 and 43 employees. What is that for? Just give me a brief summary.

Mr. GOLDBERG. As I understand it that is to decentralize the activities of that group. Is that right, Mr. Dodson?

Mr. DODSON. Yes, and it is to complete the decentralization, and there are two new pieces of legislation, the chargeback legislation where the Bureau charges to the agency the costs. We have to have additional staff to compute the costs, bill and collect from the agencies. Then we have some additional work in connection with the health program. If the person is on compensation the compensation fund has to stand the Government's portion of the premium.

Mr. FOGARTY. We had the first office established out on the west coast.

Mr. GOLDBERG. The first one was in San Francisco.

Mr. FOGARTY. And then Boston and New York?

Mr. DODSON. Chicago was second and then Boston and New York.

Mr. FOGARTY. That is four, and in how many more cities will you establish offices?

Mr. DODSON. Four more.

Mr. FOGARTY. Where are they?

Mr. HUDSON. Seattle, Cleveland, Jacksonville, and New Orleans.

Mr. FOGARTY. And that will complete the decentralization?

Mr. DODSON. Yes, sir.

Mr. FOGARTY. Is it working out pretty well?

Mr. DODSON. Yes, sir.

Mr. FOGARTY. You said the first one worked out pretty well in cutting down the waiting time.

Mr. DODSON. All of us who have worked with the decentralization are convinced it is a good thing and I think when Mr. McCauley testifies he can give the Committee the details.

Mr. FOGARTY. What about Honolulu? Where do they go?

Mr. DODSON. We have plans developing so that they can settle some of the claims in Hawaii.

Mr. FOGARTY. I understand you are having some problem there.

Mr. DODSON. We have in mind making some changes in the Honolulu situation.

BUREAU OF LABOR STATISTICS

Mr. FOGARTY. It was not your people I was talking to, but the Public Health people. Now we come to the Bureau of Labor Statistics. You are asking for an increase of $711,000 and 67 positions. That is for the study of automation and what else?

Mr. GOLDBERG. The complex of the working force, the characteristics of the unemployed, labor turnover, the impact of foreign trade on employment. We think, by the way, this is very important. This is one of the subjects, the impact of foreign trade, we have got to know more about that situation in order to really understand where we are in the whole foreign trade area.

Mr. FOGARTY. I believe Phil Arnow was in charge of that program 2 or 3 years ago. Is he still with you?

Mr. DODSON. He is now with the Railroad Commission and is acting as the executive secretary to that commission.

Mr. GOLDBERG. I had a group visit me, a statistical group headed by Professor Leontovit who had just come back from an international meeting in which the Russians participated, and he was on behalf of his group urging strongly that we step up the statistical services of the Bureau of Labor Statistics. He said that the BLS has a high reputation throughout the world in statistical circles, and the Russians have copied many of the methods first developed in the BLS. He

asked me to hand a letter from the group in this area—which I did—personally to the President, and received a reply from the President indicating great support and sympathy and so Mr. Clague has talked to the Budget Bureau about stepping up the activities that the BLS has been doing.

CONSUMER PRICE INDEX

Mr. FOGARTY. This committee has always taken the stand that we want these statistics to be right so we can be sure they are not favoring any segment of our society. This is especially significant with regard to the Consumer Price Index. We have provided funds for keeping the Consumer Price Index up to date and to keep it accurate.

Mr. GOLDBERG. I feel very strongly that way. I feel that our statistics have to be called absolutely as they are. They should not be weighted one way or another and should be as accurate as possible, and I am going to support the case for this.

Mr. FOGARTY. The next item is revision of Consumer Price Index. We started this 2 years ago. This is correcting and revising the price index.

Mr. DODSON. Yes, sir. You have to examine what people are buying to arrive at the market basket.

Mr. FOGARTY. What did you tell us last year as to how long it would take?

Mr. DODSON. Five years to revise the index.

Mr. GOLDBERG. And this is the third year of the program.

Mr. FOGARTY. When was the last one done, 7 or 8 years ago?

Mr. CLAGUE. The last one was completed January 1, 1953. We did the work in 1949 and to 1952.

WOMEN'S BUREAU

Mr. FOGARTY. We come now to the Women's Bureau. You are asking for an increase of $24,000 and just three positions. That is some increase, but not much.

Mr. GOLDBERG. A small increase.

Mr. FOGARTY. Are the number of women working in industry going up or going down?

Mr. GOLDBERG. It has been going up. Mrs. Peterson describes it in the testimony she is going to give you, and now particularly in the period of unemployment women are carrying some of the brunt for their unemployed men. Women have to obtain jobs to maintain family income, and that is one of the problems. In addition, of course, women are taking careers more and are more educated. We are more aware of this, especially in conjunction with the BLS. We are taking a look at the statistics in this area. The charge is loosely made—and it is loosely made—that women are in the labor market unnecessarily—you know, doing jobs that men ought to have, and so on. I think we want to develop the facts in this area. The facts that we have at hand do not establish the validity of that charge. The women who are working are working because they have to work.

Just like I have heard that said about younger people, that they are filling jobs that older people should fill. I always suspected that from my own experience because I started to work when I was very young. The normal family inclination is to keep youngsters in school. We are having dropouts from school of youngsters who ought

to complete their education. The same thing has happened with women and we hope to analyze it. One of the biggest requests is to analyze the census data relating to women workers. Let us see what the facts are instead of having conjectures about the facts.

Mr. DODSON. I think we will have to say that we can only start to analyze the facts with this amount.

Mr. GOLDBERG. It is a limited request.

Mr. FOGARTY. There are over 20 million women employed, and this is the only Government agency set up to see that these women can have a place to go to for information.

Mr. GOLDBERG. And they are going more and more, particularly during a period like this.

WAGE AND HOUR DIVISION

Mr. FOGARTY. Now in the Wage and Hour Division you are asking for an increase of $23,000, which is a modest increase. After they get the minimum wage increased they will be back for a supplemental.

Mr. DODSON. Yes, sir we will be.

Mr. FOGARTY. What increase did the Wage and Hour Division ask the Department for?

Mr. DODSON. The Wage and Hour Division asked the Department for $957,000 for enforcement.

Mr. FOGARTY. That was a little reversal from the other requests. You allowed the full request; but on all the rest you just went down the line and cut them all.

Mr. DODSON. Oh, that is not true, Mr. Chairman. The policy of my office is to submit an adequate budget. I don't look upon the budgeting responsibility as that of just using the red pencil.

Mr. FOGARTY. Some of those requests you have cut down pretty substantially. I see you even cut the Secretary's Office a little.

Mr. GOLDBERG. It shows I have a proper respect for Mr. Dodson.

Mr. FOGARTY. You have cut the Bureau of Labor Statistics $500,000 and the Apprenticeship and Training you cut almost $1 million.

Mr. DODSON. Yes, sir.

Mr. FOGARTY. Are you trying to drive that one out of business?

Mr. DODSON. We sent a request to the Bureau of the Budget for the Bureau of Apprenticeship for $798,000. There is a question as to how much a bureau can absorb 1 year and usually these cuts in my office are negotiated. They are not arbitrary cuts. We get the Bureau people around the table.

Mr. FOGARTY. I wouldn't accuse you of being arbitrary.

Mr. DODSON. Thank you.

BUREAU OF LABOR-MANAGEMENT REPORTS

Mr. FOGARTY. But Labor Management Reports, you cut almost $3 million, and the Bureau of the Budget cut it another $1½ million. That is about $4½ million, or over 50 percent of their going budget. That is pretty sizable.

Mr. DODSON. This is a case of how much can you absorb and how fast you can go with a new bureau that still has a lot of the feeling of the way ahead of it.

Mr. FOGARTY. You allowed the Wage and Hour Division what they asked for.

Mr. DODSON. Yes, sir.

Mr. FOGARTY. The Bureau of Employment Security you put under the trust fund this year.

Mr. DODSON. Yes, sir.

Mr. FOGARTY. So it shows up as a reduction in the bill.

Mr. DODSON. Yes, sir. If you look at the total amount we show a very heavy reduction from moneys that must come from the general funds of the Treasury as a result of BES being in the trust fund account.

Mr. FOGARTY. I think we had better adjourn for lunch and we will resume at 1:30.

Mr. GOLDBERG. You would like me to return?

Mr. FOGARTY. Yes, please.

AFTERNOON SESSION

Mr. FOGARTY. The committee will come to order.

Mr. Secretary, what problems have you found to be the most demanding on your time?

STATE ADVISORY COMMITTEES ON LABOR RELATIONS

Mr. GOLDBERG. I have found the following to be the most demanding: the first, the labor relations problems that I have described, the two strike situations which took a great deal of time to compose.

Mr. FOGARTY. You are advocating State advisory committees for all States?

Mr. GOLDBERG. Yes, I am; we hope, I would hope that in the States they would follow what we are doing here nationally and set up local State labor-management advisory committees. I think that would be very helpful in creating a good climate in the States since many of these problems, maybe a majority of these problems, have to be settled locally.

Mr. FOGARTY. Sometimes that would depend upon the Governor, wouldn't it?

Mr. GOLDBERG. Yes, it would. We would have to have the cooperation of the Governor.

UNEMPLOYMENT AND AUTOMATION

Then the second thing has been the unemployment situation. That has taken a great deal of my time as I am very much concerned about this problem. I think the big concern there that is apparent from Mr. Clague's charts, that after we do all that we are proposing to do in this Congress—if the Congress goes along with the President's recommendations—the great problem is how many people will still be unemployed after all this program is enacted. That concerns me very, very much. That is why we want to get into some of these longer-range programs.

Mr. FOGARTY. You include automation as an important factor in unemployment?

Mr. GOLDBERG. Yes, that is one of the major problems. It surely is a problem. As the chart illustrated, we used to think that 3 percent unemployment was bad but tolerable. We have gone up after each of the recessions to 4 and to 5, and Mr. Clague pointed out that unless we

increase our national gross product by $30 billion or $40 billion shortly, we will finish up with a 6 percent rate of unemployment as a permanent unemployment rate. That we cannot tolerate.

Mr. FOGARTY. You have to be an economist to foresee that, don't you?

Mr. GOLDBERG. Yes, you do.

Mr. FOGARTY. I am not an economist.

Mr. GOLDBERG. I am not, either, but I talked to unemployed people on this trip and there is a great deal of concern on their part as to what the outcome will be, particularly as to this time, not only among unskilled people but between semiskilled and skilled people.

Mr. FOGARTY. How do you reach this gross national product?

Mr. GOLDBERG. That is a very difficult question. We hope that the climate and the programs that the Government will provide and the programs will stimulate the whole economy so that this will come about.

Mr. FOGARTY. Some people seem to think that if you just say there isn't any depression, any recession—that the business is there; all we have to do is go out and get it, that will take care of it.

Mr. GOLDBERG. In my judgment it certainly will not. We tried that during the depression and it will not work. Just by issuing exhortations you don't solve problems.

LANDRUM-GRIFFIN ACT

Mr. FOGARTY. Do you have problems in administering the Landrum-Griffin Act?

Mr. GOLDBERG. I frankly have not had the opportunity fully to look into that. I talked to Mr. Holcombe. I have assigned Assistant Secretary Reynolds to look that over. I think Mr. Holcombe is doing a very fine job, I want to speedily say. I have felt that I would like to have a little more experience myself to see what the particular problems are.

Mr. FOGARTY. You don't have any changes in legislation in mind at this time?

Mr. GOLDBERG. I want to review it and then, after I review it, on the basis of the experience that the Bureau has had, I want to then come to the Congress with some proposals.

WELFARE AND PENSION PLANS DISCLOSURE ACT

Mr. FOGARTY. Do you have any special problems in connection with administering the Welfare and Pension Plans Disclosure Act?

Mr. GOLDBERG. Yes, we do have decided problems. Here I join with what my predecessor reported to the Congress. This statute creates, as it is now operated, the false illusion, to a lot of people, that I am really enforcing this law. I don't have powers to do that.

Mr. FOGARTY. I think he told the Congress that a year ago.

Mr. GOLDBERG. He did. All we do is we get a lot of reports filed. We don't have the means to check up on the reports, to see whether they are accurate, to really assure the beneficiaries of these programs that they are being honestly and fairly treated. I think that is a real defect in the law as it now stands. I think it is sometimes better not to have a law than to have a law that creates the illusion that we are giving protection when we do not have the means to protect people.

Mr. FOGARTY. I woulld take it from your answer, then, that you intend to make some suggestions to tighten up this law.

Mr. GOLDBERG. I do. Here we do have the experience over a period of time, and we knew it from the outset, and we will make legislative recommendations to the Congress.

Mr. FOGARTY. I think Mr. Mitchell said last year that this act provides only a shameful illusion and that it provides—

no persuasive deterrent to those who wish to ignore its provisions, or to manipulate or embezzle funds.

Do you agree with Secretary Mitchell that this legislation needs to be strengthened?

Mr. GOLDBERG. I join in that statement 100 percent.

REGULATIONS ON INTERSTATE REFERRAL OF FARM LABOR

Mr. FOGARTY. What is your opinion of the controversial regulations regarding interstate referral of farm labor, issued by Secretary Mitchell?

Mr. GOLDBERG. I am reviewing those and making recommendations in the whole migratory labor area. I think the steps he took were good steps. I think we have to go beyond the steps that he took. I have made proposals to the President and these proposals are now being processed through the administrative channels and I hope to come before the Congress with a program in this area.

I think we have to do better in protecting the workers than we have done up until now.

PROPOSED TEMPORARY EXTENSION OF UNEMPLOYMENT BENEFITS

Mr. FOGARTY. Do you anticipate any problems in getting the program for temporary extension of unemployment payments into effect promptly after enactment of the legislation, or by the first of April?

Mr. GOLDBERG. No, I do not. If the Congress will, as it seems disposed to do, promptly enact this legislation we need 2 weeks after the Congress acts to get the program underway. That is the shortest possible period we can do it. We have to make agreements with the States. We have a very simple form agreement already prepared. We think that it is vitally necessary that we do that as early as possible because people need help. There will be, as of April 1, not less and probably more than 600,000 people who will have exhausted their benefits under State laws. These people very badly need help. They need it desperately. They will be picked up under this program going back to June 30. This will be the number that will be picked up.

Mr. FOGARTY. What about the people that exhausted their benefits back beyond June?

Mr. GOLDBERG. There are some in that category. We started originally with the proposal to go back only until November 1. I made this trip on behalf of the President. I reported to him and the legislative leaders what I saw on the trip, and one of my recommendations after that was, we go back further and we went back to June 30. This will not take care of the total problem, but we picked up 125,000 people by going back between November 1 and June 30.

Mr. FOGARTY. How many do you estimate would have lost their benefits?

Mr. GOLDBERG. Of the 135,000 who had exhausted their benefits in June 1960, about 16,000 are still unemployed.

COST OF ADMINISTRATION

Mr. FOGARTY. How much is this program going to cost to administer?

Mr. GOLDBERG. The total program in terms of benefits and administration will cost about a billion dollars of which, as I recall it—I am going to make a guess now—Jim, you correct me if I am wrong—will be about $150 million. Is that correct? Is that $850 million in benefits and $150 million——

Mr. DODSON. State benefit is $927 million and for the UCFE and UCF and the ex-servicemen, $63 million; for State administration costs, $26 million; for Federal administration costs, $1,100,000, making a total of $1,017,100,000.

Mr. FOGARTY. When will that request be before Congress?

Mr. DODSON. I am in hopes it will be up here this week.

Mr. FOGARTY. As soon as the Senate passes the bill?

Mr. DODSON. The Bureau of the Budget has adopted the policy that when one House of Congress has passed a bill they will submit an estimate.

Mr. FOGARTY. A new policy?

Mr. DODSON. Yes, sir. It is also, I understand, the policy of Congress to act on an estimate, before both Houses have acted.

Mr. GOLDBERG. Does that mean that the Congress could act before the Senate acted?

Mr. DODSON. If they did act, they would put a proviso of——

Mr. LAIRD. It would be subject to a point of order.

Mr. FOGARTY. But on this we would not want to be the cause of holding up these payments. It might be better as a joint resolution rather than——

Mr. DODSON. I am not entirely clear whether this item will be sent up to this committee or to the Deficiency and Supplemental Committee.

Mr. FOGARTY. It would be sent to the Deficiencies Committee, I believe.

Mr. LAIRD. That's right. That will not necessarily hold up your making contracts with the States. You can go forward with that part of the program. You can even go forward on the financing pending a supplemental enactment because you will be entitled to go forward on a deficiency basis.

Mr. DODSON. One of the problems that we have is that we do need some additional staff to put this program into full operation but to the extent that we can, we are making our plans. We are just not waiting until the bill is finally enacted.

Mr. FOGARTY. Of course, coming from a State like Rhode Island, we did not like the way that the Ways and Means Committee came out with the bill last week. We had hoped that it would come out as the administration suggested, with the taxable base raised. To increase the tax rate puts States like Rhode Island which is already paying on a taxable base of $3,600, and for 11 or 12 years we have been paying at the full rate of 2.7, it puts us at a competitive disadvantage with other States. But that is the way it came out and with no amendments permitted in the House. There wasn't much we could

do about it except to make some remarks. Your original testimony was to raise the base, wasn't it?

Mr. GOLDBERG. Mr. Chairman, as you know, and as you have indicated, I argued vigorously before the Ways and Means Committee in support of the proposal we made for raising the wage base rather than the tax rate. I thought then and I think now that that was the correct approach in it, towards this problem. I tried to advance the considerations which you have summarized. Also, I felt it was better for all States because all State programs need better financing. Almost, with very few exceptions.

Mr. LAIRD. Almost.

Mr. GOLDBERG. With very few exceptions. But the committee felt otherwise and the committee reported out a bill. We do not feel, very frankly, because the need is so great, that we could delay the bill by trying to make that a paramount issue. We will have some views in this same area to offer very shortly when we offer the permanent program.

Mr. FOGARTY. That was my next question: When do you expect to come to Congress with a permanent program? I think the President said at one time that he will have something up to Congress by the end of March.

Mr. GOLDBERG. Mr. Chairman, I have felt it advisable to submit these proposals—we are still discussing them in the administration—as soon as we get the temporary program out of the way so that we don't get confused in arguments about the two programs. And shortly after the temporary program is enacted we will make our proposals then on the permanent program.

Mr. FOGARTY. I think a permanent program would help States like Rhode Island; don't you?

Mr. GOLDBERG. It certainly would.

Mr. FOGARTY. I hope you and the administration will push that as hard as you pushed the temporary program.

Mr. GOLDBERG. I can assure you as far as the administration and I are concerned, we will.

Mr. DODSON. In connection with the appropriation for temporary extended unemployment compensation, the estimate at the Bureau of the Budget is for the duration of the project. It is a project with a limited duration, and the moneys would remain available through September 30, 1962, so that when we do appear we will be asking for the total cost of this program for its duration. I don't know where that puts us committeewise.

COST OF PREVIOUS EXTENSION OF UNEMPLOYMENT COMPENSATION

Mr. FOGARTY. How much did the previous program of this type cost; do you remember?

Mr. GOLDBERG. I thought it was in the neighborhood of $500 million.

Mr. DODSON. That is about right.

Mr. FOGARTY. How much of this was in loans to States?

Mr. GOLDBERG. It was virtually all in loans to States except that part of which was Federal benefits and administrative costs. None of the States have as yet paid this back.

Mr. FOGARTY. That was going to be my next question. How much have the States paid back? I know Rhode Island owes $6 million and

with this type of a bill it is going to make it that much harder for Rhode Island to pay back that $6 million.

Mr. GOLDBERG. I am going to appear before the committee with some ideas about that very shortly.

Mr. FOGARTY. I was hoping you could suggest that that repayment be put off for a while.

Mr. GOLDBERG. I believe that that is an idea that certainly deserves sympathetic consideration and expect to give it every consideration.

DEPRESSED AREAS LEGISLATION

Mr. FOGARTY. Do you have any specific plans for doing something for the areas of persistent high unemployment? Rhode Island is one, West Virginia is another one, and Pennsylvania, especially the coal districts in Pennsylvania—all areas like that. They are in real bad shape.

Mr. GOLDBERG. There are 70 major areas in the country that are in this situation that you have described, Mr. Chairman, and there are some 60 more minor areas in this same shape, persistent and continuous. They call it labor surplus. I don't call it labor surplus. I think it is an asset, the labor we have there. I call it unemployment. We are not utilizing the manpower we ought to utilize. The administration has offered a bill largely based on the recommendations that the task force headed by Senator Douglas recommended to the administration and this bill would help, in my opinion, very substantially, if enacted by the Congress. Congress enacted bills twice before and the previous administration, vetoed the measures that Congress enacted.

These bills would roughly provide, the administration's bill and Senator Douglas' bill, which I say are parallel, would provide $100 million in loans to private groups to build factories, acquire the land and in certain situations acquire equipment at low interest rates, good interest rates that are attractive to new investment, and also commercial enterprises, extend that to some commercial enterprises. It would provide another $100 million on the same basis to rural areas which also are in this category of chronic unemployment for private development in those rural areas. Then it would provide a sum of $100 million for loans for public facilities that are necessary very often to invite businesses to come in, water facilities, sanitation and so on, where they are not available. Then it would provide $75 million in grants for public facilities.

RETRAINING WORKERS

In addition to that, the fund would provide, the proposals made, $10 million for retraining of workers by giving them subsistence allowances while they retrain. In other words, any worker who is being trained would receive the equivalent of unemployment compensation while he is being retrained without affecting his eligibility for unemployment compensation when he finishes training.

Mr. FOGARTY. What would be the machinery used to retrain these workers?

Mr. GOLDBERG. We would work it out between ourselves and the Health, Education, and Welfare Department and the State agencies. We would have on-the-job training and step up apprenticeship training.

Mr. FOGARTY. We have talked a lot about retraining workers during the last 4 or 5 years, but I don't think anything very worthwhile has materialized I have been complaining about this because in our section of the country, particularly the textile industry, has lost a lot of business to the South because of low wages and tax concessions. Also we are being hurt by foreign imports. For three or four generations that's all the workers in some communities have done. We had been given encouragement at various hearings, but I don't think anything was really accomplished in retraining this kind of worker.

Mr. LAIRD. The strange part of this is that we don't need to wait for new legislation for this. There is plenty of authorization on the statute books now, in both the Department of Health, Education, and Welfare and in the Department of Labor. We don't need any depressed-areas bill or any new legislation for a training program. The authorization is very broad in this particular area. But no one in the executive branch has made any recommendations to implement it for this purpose. In your new request here, in your supplemental request, you have not asked for anything in the training area.

Mr. GOLDBERG. I have not been around long enough to appraise the whole implication of this but let me tell you something very straightforwardly. I think it is a highly important area that I intend to do something more about. If it involves coming back here and asking for more money, I am prepared to do that.

Mr. LAIRD. It is not necessary to wait for new legislation. Perhaps it would be well to put the citations in the record at this point for both HEW and the Department of Labor because it is broad, very broad, and it could be adapted to areas in the country where there is this special need.

(The citations referred to follow:)

Citations to training and promotion of training authorizations:
Department of Health, Education, and Welfare:
1. Smith-Hughes Act of 1917, as amended.
2. Vocational Education Act of 1946, as amended.
Department of Labor:
1. Act of March 4, 1913, creating the Department of Labor.
2. Act of August 16, 1937, Fitzgerald Act.

Mr. GOLDBERG. I am 100 percent in support of the necessity of retraining people because more and more we are getting people who, as you and the Chairman have pointed out, are being displaced, some not in distressed areas. The problem is particularly acute there because other employment opportunities have not been available.

Mr. LAIRD. Unless people move out of those areas after they have been trained or new industries move in, you are never going to get many of those areas to be anything but depressed areas.

Mr. GOLDBERG. It is linked up with the whole employment problem because one of the things happening now, why we have been focusing on depressed or distressed areas is that whereas there was some thought that we could get people to move out of distressed areas and go elsewhere, today, as a result of the general unemployment situation, people are returning to the distressed areas. Ten or fifteen years ago, if a Scranton coal miner or railroad man was displaced, he might go to mills in Pittsburgh and get a job. They were employing people. Today, if the fellow did go to Pittsburgh and get a job, he is down on the totem pole, senioritywise; he gets laid off, where does he go? He goes home again.

Mr. FOGARTY. In these areas, high unemployment tends to drive wages down. In my State, Rhode Island—it is more industrialized than any other State in the Union, but wages are real low.

Mr. GOLDBERG. Because of these pockets of persistent unemployment.

Mr. FOGARTY. The industries that have come there are mostly electronics and plastics; they are not high-wage industries and as a result it has a low wage scale which isn't doing the economy any good.

Mr. GOLDBERG. You don't get the purchasing power you need.

Mr. FOGARTY. People are still out of work.

EXTENT OF TRAINING PROGRAMS

Mr. GOLDBERG. If you are interested, we have the training programs this year——

Mr. FOGARTY. We will put that page in the record.

(The page referred to follows:)

Based upon a sample study conducted in the State of New Jersey, it is estimated that 2,356,285 workers were participating in training programs in the United States in the spring of 1960.

The sample study revealed that 82,470 workers were being trained in New Jersey in the spring of 1960, as is indicated in the table below. A breakdown by type of training program revealed that management training programs were the most popular.

The estimates shown below for the entire country are based upon the assumption that the number of workers receiving training in New Jersey was about 3.5 percent of the total throughout the United States. In 1960, the State of New Jersey had approximately 3.4 percent of the Nation's population, and approximately 3.7 percent of the Nation's nonagricultural employment.

Type of training program	Estimated number of workers participating	
	New Jersey	United States
All training programs	82,470	2,356,285
Apprenticeship	7,807	223,057
Clerical	828	23,657
Management	16,956	484,457
Orientation	5,403	154,371
Safety	15,598	445,657
Sales	10,963	313,229
Short-term job skill	9,057	258,771
Technical	7,577	216,486
Other programs	8,281	236,600

Mr. GOLDBERG. But we need much more, I agree.

Mr. FOGARTY. That shows two hundred some thousands in apprenticeship training.

Mr. DODSON. Based on extensive study in the State of New Jersey.

Mr. FOGARTY. Management, 484,000.

Mr. DODSON. Projection of the New Jersey study to a national basis.

Mr. FOGARTY. At first glance—223,000 apprentices and 484,000 in management—the ratio doesn't seem right.

Mr. DODSON. Supervisory training is included. There has been a growth in that area.

Mr. FOGARTY. 445,000 in safety.

Mr. DODSON. We are not maintaining that these are all under any training program that we are promoting or sponsoring. We are showing here just the scope of the training program that is going on

and what is really involved is that we do want to get a standard or a good level of training programs going.

On the New Jersey survey, it shows that we should be involved in training of 2,356,000 employees.

Mr. FOGARTY. Should be?

Mr. DODSON. Yes; we are not. That is the point I wanted to make. We are not saying that we have this many employees in our training program. All we are saying is that we made a study in New Jersey to determine to what extent training was being performed so as to be a yardstick to guide us in what we should be participating in.

Mr. GOLDBERG. These are participating in some type of program.

Mr. DODSON. This is one of the reasons we went to the Bureau of the Budget with $778,000 estimate for the Bureau of Apprenticeship.

Mr. FOGARTY. New Jersey is where the former Secretary lives.

Mr. DODSON. Yes, sir.

Mr. GOLDBERG. We understand he is engaged in some activity there now.

EMPLOYMENT OF OLDER WORKERS

Mr. FOGARTY. Mr. Secretary, what are you going to do about the problem of employment of workers over the age of 45? You mentioned 50, I think, this morning. But whatever age it is, do you have any specific recommendations other than what the Employment Service is now doing? I think the Employment Service has been doing something in this area. I think for the last couple of years they have been doing better than they had before in trying to place these older workers. But it is a real bad thing for a person 45 or 50 years of age, with a family, applying for a job and everything is fine until they say: How old are you? And that is the end of the interview.

Mr. GOLDBERG. I certainly agree with you on that. Part of the additional money we have been asking for is to step up Employment Service work in the field of the older worker and the younger worker both. Part of the distressed areas program will be to try and deal with these. These are most of the people who are involved in those areas in terms of retraining, et cetera. I think we are going to have to do more. Quite what it is we have to do I don't know yet. I want to be back to you to talk about that.

EMPLOYMENT SERVICES

Mr. FOGARTY. Was it you or Mr. Clague who said this morning that many employers do not take advantage of the Employment Service?

Mr. GOLDBERG. I said that.

Mr. FOGARTY. I would think that they would. What is the reason, do you know?

Mr. GOLDBERG. Very often lack of knowledge of the good work the Employment Service has been doing and can do, and sometimes I think a prejudice against the Employment Service, unwarranted prejudice which we are going to have to try and overcome.

Mr. FOGARTY. I have not seen any of that.

Mr. GOLDBERG. It exists in various areas. We are going to have to try to do a better job to expand employer use of the Employment Service. We have employers paying out fees for private agencies

and having workers paying fees to private agencies that are strictly unnecessary.

Mr. FOGARTY. Many of them unethical services, too.

Mr. GOLDBERG. There is good and better service without paying any fees. So we have to step up our informational and our educational activities in this area.

Mr. FOGARTY. I know they are doing a good job. I don't think they do enough. They can only do so much with the employees that they have. And then in times of high unemployment, the placement services goes down, doesn't it?

Mr. GOLDBERG. That's correct.

Mr. FOGARTY. If you do not have enough unemployment compensation employees, you take them away from Placement and put them on the other program.

Mr. GOLDBERG. Service unemployment compensation.

Mr. FOGARTY. That does not seem right, does it?

Mr. GOLDBERG. No; we need to step up the placement service.

PROPOSED MINIMUM WAGE LAW

Mr. FOGARTY. Do you think we are going to get a minimum wage bill passed this year?

Mr. GOLDBERG. I am hopeful that we will.

Mr. FOGARTY. Are you in favor of two steps or three to $1.25 an hour?

Mr. GOLDBERG. The administration proposal is for three steps, and today I sent a letter to—I think I ought to tell you this—I sent a letter to the House committee saying that we have reviewed the situation and we realistically feel that the committee's action in putting it into steps in 1 year is not one that will enhance the passage of the bill in the Congress. We are saying either have three steps or a two-step arrangement in 2 years. That is based upon our judgment as to the realistic situation in the Congress. Maybe it is a bad judgment. But we want a bill; we think a bill is vitally required out of equity, and also part of this antirecession problem. We can increase purchasing power I estimated in my testimony before the House and Senate committees, over this 2-year period by over $1,600 million if we enact this bill. The best way of increasing purchasing power, giving it to people who will spend it because they have to as soon as they receive it.

So our view about the $1.25 was not based on any lack of justification. My testimony showed justification in terms of the rise in the cost of living, in terms of productivity, for the immediate $1.25 was based on appraisal, as I said, a realistic appraisal of our legislative situation.

Mr. FOGARTY. I guess you know more about that than I do. I do not know that that is any guarantee you are going to get your minimum wage bill passed.

Mr. GOLDBERG. I hope we get some action on it.

PROPOSED EQUAL PAY LEGISLATION

Mr. FOGARTY. There have been quite a few bills introduced this year to guarantee equal job rights and equal pay for women, for older workers, and other so-called minority groups. What do you think of legislation in this area?

Mr. GOLDBERG. I think Mrs. Peterson is going to talk about equal pay bills when she testifies. I am a great believer that people ought to be paid the same for doing the same work. I believe that not only in respect to their sex, I believe that now with respect to their race; I believe it in respect to geography.

Mr. FOGARTY. Or ancestry.

Mr. GOLDBERG. I never understood why somebody working for Macy's in a southern town got less than someone working for them in New York. I never quite understood why people in Birmingham did not support, or some of the people there, the position that the administration and other Congressmen and Senators have taken. I went through this experience in the steel industry when I started representing the Steel Workers Union in 1948 nationally—I represented them before. A steelworker in Birmingham was paid 20 cents an hour less than a steelworker in Gary or Pittsburgh. Price was the same; production was the same; the workload was the same. And that has been eliminated as a result of collective bargaining experience. This has been to the benefit of Birmingham. It took a strike of steelworkers up North to support the elimination of a differential against the South.

Now, I think everybody is happy that that has been done.

Mr. FOGARTY. How long did that last steel strike last?

Mr. GOLDBERG. 116 days.

Mr. FOGARTY. What happened there that we couldn't get a settlement?

Mr. GOLDBERG. We could have got a settlement on the same basis we got finally, I think, if proper steps had been taken to encourage a settlement climate. It is one of the reasons why I do not propose to wait in my position 116 days to use the good offices of the Government to help out. I learned from bitter experience there. It is a pretty bitter experience to go through a strike of that type.

Mr. FOGARTY. That is a long time.

OTHER PROPOSED LEGISLATION

What legislation other than what you have outlined do you intend to sponsor?

Mr. GOLDBERG. We will have, for example, legislation in the Congress dealing with picketing. We will support proposals which have been long made in this area.

Mr. FOGARTY. What about improving the Bacon-Davis Act?

Mr. GOLDBERG. We will have legislation doing that or dealing with that which we are now processing through the Government departments to include some fringe, so-called fringe items in that area.

Mr. FOGARTY. Are you satisfied with the enforcement of the Bacon-Davis Act as of now?

Mr. GOLDBERG. There, too, I have not had enough experience to be able to tell you. Mr. Donohue, I think, will make some observations about that, and I would prefer that he make the comments if I may have him do so. Maybe Mr. Dodson would like to comment about it.

Mr. DODSON. I do not have anything specific I can add except that I do on occasions get complaints at times, but I haven't had anything of any major consequence for some time.

Mr. GOLDBERG. I might say in this connection one of the requests in the minimum wage field is a request for better enforcement ma-

chinery so that through the injunction we can collect a lot of the unpaid wages that today are not being collected. Our figures show that of $30 million of liability, unearthed by the Division, some, I think $14 or $15 million, was not collected by the employees under present procedures. We think this is very bad. We propose to the Congress that in the injunction proceedings the Government be given the authority to collect the money for the employees. We think that is long overdue.

Mr. FOGARTY. Even with that record you were able to collect more than the cost to administer the wage and hour law.

Mr. GOLDBERG. Yes, but this will improve it substantially.

LEGISLATIVE PROGRAM

Mr. FOGARTY. Do you have a statement for the record, or will you have one prepared, setting forth each legislative proposal and what it would cost the first year and the annual cost thereafter?

Mr. GOLDBERG. I will be glad to do so.

(The following was subsequently submitted to the committee:)

Attached is a list of legislative items sent to the Bureau of the Budget last December. The areas described have been the subject of evaluation for the past several years.

It should be noted, however, that the new administration has not had time to evaluate these items or their costs.

I think, however, that it is safe to assume that there will be little if any material change and if printed in the record the nature of the above qualification should be noted.

(The attached material referred to follows:)

PRELIMINARY REPORT ON THE LEGISLATIVE PROGRAM OF THE DEPARTMENT OF LABOR FOR 1961

FOREWORD

The following legislative program of the Department of Labor, prepared pursuant to Bureau of the Budget Circular No. A–19, Revised, is preliminary in character. It does not necessarily include all measures which the Department may desire to support, and the specified measures are subject to possible change in the light of further consideration.

PART 1. PRESIDENT'S PROGRAM PROPOSALS

1. Fair labor standards amendments (omnibus bill): Would extend minimum wage protection to approximately 3.1 million additional workers by (a) extending the act's coverage to all employees of businesses which are engaged in interstate commerce to a substantial extent and by (b) excluding from certain minimum wage exemptions in the present act employees of employers of 100 or more workers. The bill would not change the exemptions presently provided from the act's overtime and child-labor provisions, but it would extend protection under those provisions to persons brought within the act's coverage who do not come under any present child-labor or overtime exemption.

2. Would prescribe a $1.15 an hour minimum wage for workers now subject to the act and for newly covered workers who are not now exempt. Would prescribe $1 an hour minimum wage for presently exempt workers made subject to the act.

3. Would provide for review by the Secretary of Labor of the minimum wage recommendations of the industry committees.

4. Would authorize Federal courts to order payment of the actual amount of unpaid minimum wages or overtime compensation found due by the courts in injunction actions brought under the act.

Purpose of the proposal

The expanded minimum wage coverage the bill provides would carry out recommendations the President has made repeatedly since 1954. The higher mini-

mum wage it would prescribe for workers presently subject to the act and for newly covered workers in nonexempt employments would benefit many persons who have not shared in the upward movement of wages which has occurred since the last increase in the minimum in 1955.

The provision for review by the Secretary of Labor of industry committee recommendations is designed to carry out a recommendation made by the President when he signed the enrolled enactment of the American Samoa Labor Standards Amendments of 1956. The act formerly provided for review by the Secretary, but these safeguards were removed in the 1955 amendments to the act.

The provisions authorizing the Federal courts to order the payment of the actual amount of unpaid minimum wages and overtime to employees in injunctive actions under the act would establish a more effective method of enforcement.

Proposals introduced and action taken in 86th Congress

During the past Congress this Department prepared separate draft bills which were approved by the Bureau of the Budget and introduced in the House and Senate as follows: H.R. 7490 and S. 1967 (extension of minimum wage protection); H.R. 3865 and S. 1116 (review of industry committee recommendations); H.R. 8059 and S. 2385 (recovery of unpaid minimum wages and overtime compensation). The identical provisions contained in the above separate proposals are incorporated in the proposed omnibus bill. The administration recommended a moderate increase in the minimum wage for workers presently subject to the act but offered no formal legislation in this regard.

The House passed a bill (H.R. 12677) extending the present $1 minimum wage to some 1.4 million employees (i.e., employees of employers having 5 or more retail establishments operating in 2 or more States). The House bill broadened the number of exemptions and included a new section 13(a)(10) "area of production" exemption which inadvertently would have removed 14 million workers from the minimum wage and overtime protection of the act.

The Senate amended and passed H.R. 12677, extending coverage to all employees of 5 categories of enterprises engaged in an activity affecting interstate commerce. Several exemptions were removed or narrowed and several new ones added. The Senate-passed bill extended minimum wage protection to some 4,077,000 additional workers. A conference committee was appointed but it was not able to resolve the differences between the Senate- and House-passed bills.

Drafting is substantially completed and will be submitted shortly.

2. Common situs picketing: Would amend the secondary boycott provisions of the Taft-Hartley Act to permit otherwise lawful concerted labor activities against certain employers engaged together in construction at a common site where the labor dispute relates to wages, hours, or working conditions of employees employed at that site.

The President recommended legislation of this nature as a part of his labor reform proposals (labor message of January 28, 1959) and it was included in S. 748, the administration's omnibus labor reform bill of 1959. When the proposal was not included in the labor bill as finally enacted, it was incorporated in language identical to that in S. 748, in a separate bill and introduced in both the Senate and House (S. 2643, H.R. 9070).

Hearings were held by subcommittees of both House and Senate Labor Committees. Representatives of the Department of Labor appeared in support of the measure. H.R. 9070 was reported by the House Labor Committee April 27, 1960 (H. Rept. 1556). The Senate Labor Committee took no final action.

The Department's proposal this year is identical with H.R. 9070.

3. Federal employment security and unemployment compensation (omnibus bill): Would—

(1) (Coverage, 1 or more) extend coverage of the unemployment insurance system to employees of employers of 1 or more workers, thus protecting 1.7 million workers who are presently not protected against the risk of unemployment because they are employed by firms with fewer than 4 employees;

(2) (Coverage, nonprofits) extend the system to approximately 1¼ million workers employed by certain nonprofit institutions, principally hospitals and educational organizations;

(3) (Coverage, agricultural processing) extend the system to certain agricultural processing employees;

(4) (Tax base) increase the taxable wage base under the Federal Unemployment Tax Act from $3,000 to $4,800;

(5) (Federal employees) assign Federal service and wages to the State of first claim under the unemployment compensation program for Federal employees; and

(6) (Extended benefits) establish a permanent extended benefit system.

Enactment of this legislation is necessary to extend the coverage and improve the operation of the unemployment compensation system. As stated by the President in his 1954 Economic Report, employees of small business enterprises "need protection no less than those of larger, and often more stable, enterprises." Moreover, there is no sound reason for denying unemployment insurance protection to employees of nonprofit organizations such as hospitals and educational institutions. These employees are subject to the risks of unemployment and are engaged in a wide variety of operations not distinguishable from those performed in covered employment. In addition, the unemployment insurance program should be extended to certain types of services, essentially industrial in nature, performed in connection with the processing of agricultural products.

The increase in the tax base is justified on the basis of current benefit levels. If the financing of benefits is to remain on a sound basis, the tax base should be permitted to reflect the rise in wages as has been done under OASI.

The change in Federal employee wage assignment provision will bring it into conformity with the provisions for ex-servicemen.

A permanent extended benefit program is necessary to encourage the States to provide longer than usual unemployment compensation protection to jobless workers during recession periods. A permanent program would be far better than temporary systems, such as the TUC program in 1958 adopted to take care of critical situations after they arise.

Drafting is substantially completed and the Department's proposal will be submitted to the Budget Bureau shortly.

The Department has already submitted to Budget legislation to remove the $350 million limitation established by Public Law 86–778 on the amount which may be made available to the States in any fiscal year for administration of their unemployment compensation laws and the system of public employment offices.

The Department of Health, Education, and Welfare and the Treasury Department would be interested in this proposal.

4. Migratory farm labor, registration of crew leaders: Would require all persons engaging in migrant agricultural labor contractor activities with respect to eight or more workers for a fee (1) to register with the Secretary of Labor and supply such sworn information on their method of operation, working conditions, and financial responsibility as the Secretary may require; (2) show his certificate of registration upon request of the Secretary or his duly authorized representative; (3) ascertain during preseason and disclose employment terms to workers; (4) post employment terms and, where appropriate, housing terms; (5) maintain payroll records when he pays workers. The Secretary can deny, suspend, revoke, or refuse to renew certificates of registration (good for 1 year) if he finds after a hearing that the contractor has failed to comply with the act, been convicted of a felony, or engaged in certain other actvities. Willful violations of the act or its regulations is made a misdemeanor subject to a fine of $500 for each offense.

The purpose of the proposal is to assure migrant farmworkers, one of the Nation's most disadvantaged groups of workers who are excluded from nearly all social welfare legislation, some protection against irresponsible labor contractors upon whom the migrants are almost completely dependent for work and the conditions under which they work.

The Department of Labor's bill to register such contractors was cleared by the Budget Bureau as "in accord with the program of the President" and introduced in the 86th Congress as S. 1778 and H.R. 5930. However, on August 20, 1960, the Department received clearance to and did report favorably on, with certain reservations, a committee print of the Senate Subcommittee on Migratory Labor which represented a compromise between S. 1778 and a more stringent measure, S. 2498 (Senator Williams). This year's proposal goes beyond registration and incorporates some of the affirmative requirements from the committee print which the Department believes desirable and a reasonable compromise.

Drafting is substantially completed and will be submitted shortly.

The Department of Agriculture would be interested in this proposal.

5. Migratory farm labor, in-transit rest stops: Would authorize the Secretary of Labor to set up such reasonable accommodations including sleeping, eating, and sanitation facilities where and for as long as he deems necessary to meet the need of migrant farmworkers for overnight and comparable temporary ac-

commodations in the course of their interstate movement for seasonal agricultural employment. In the exercise of this authority, the Secretary would be able to contract for the rental, operation, and maintenance of the facilities with private agencies, make suitable arrangements with Federal, State, or other public agencies for the reimbursable use of their services and facilities, as well as accept donated property and services. The Secretary would retain the authority to regulate health and other safety standards for the installations, as well as the manner of, and charges for, their use. The fees charged would be applicable to the maintenance and operation of the facilities. In the case where an employer is required by contract or law to assume transportation and subsistence expenses for the workers, such fees would be fixed at cost.

Federal transportation safety standards require 8-hour rest stops for every 600 miles of travel by these workers, but the unavailability of rest facilities while they are en route to their work often makes this protection a nullity.

An identical proposal and draft bill was submitted to the Bureau of the Budget last year.

The Departments of Health, Education, and Welfare and Interior, and the Housing and Home Finance Agency expressed support of the draft bill last year. The Department of Agriculture filed objections.

Additional copies of last year's draft bill are attached. The explanatory statement has been revised as noted on the attached copies.

6. Extension and improvement of the Mexican farm labor program: The Mexican labor program (title V of the Agricultural Act of 1949, as amended, 7. U.S.C. 1461 et seq.) is scheduled to expire December 31, 1961. The Department recommends a proposal that would extend the Mexican labor program for 2½ years from December 31, 1961, to June 30, 1964, and amend the program to strengthen the act's employment protection provisions.

Increasing indications that the wide-scale reliance upon foreign farmworkers is having an adverse effect upon the employment opportunities and conditions of domestic farmworkers resulted in the appointment of a consultant group to study the program in 1959.

The proposed legislation, taking into consideration the recommendations of the consultants with regard to employment protections, would extend the program for 2½ years with the following amendments: (1) Delete the provisions for certification that domestic workers are being offered wages and standard hours of work comparable to those offered foreign workers before foreign workers will be made available in an area and add the following conditions before such foreign workers will be made available to any employer—(*a*) domestic workers must be offered overall terms and conditions of employment reasonably comparable to those offered foreign workers; (*b*) domestic workers already employed must receive such terms and conditions of employment; (*c*) the employer's actions, other than substitution of crops, must not result in displacement of domestic workers; and (*d*) no foreign workers, except in emergency cases, will be available for year-round employment or employment involving the operation of or work on machines; (2) add to the Secretary of Labor's authority when making the remaining certifications preliminary to making Mexican farmworkers available in an area, the power to limit the number of foreign workers who may be employed by any employer (this is designed to stimulate active competition for and full utilization of domestic farmworkers); (3) authorize the Secretary of Labor when he finds it necessary in carrying out his responsibilities under sections 503 and 504, to appoint impartial wage boards to recommend wage rates which must be offered domestic workers and which when offered Mexican workers will not adversely affect the wages of domestic workers similarly employed.

The Department of Labor last year submitted to the Bureau of the Budget a draft bill on this subject. This bill was not cleared but an understanding was reached to the effect that any action with regard to this program should be held over for the next Congress. Reports of the Department to the House and Senate Agriculture Committees expressing need for amendemnts at the next session were cleared by the Budget Bureau and sent to the committees March 31, 1960 and August 16, 1960, respectively. Congress thus extended the program for 6 months only at this past session. The termination date of December 31, 1961, requires action with regard to the program this next year.

The Department's draft bill of this year, although largely similar to that of last year in substance, differs in form. Last year's draft would have enacted the Mexican labor program as separate legislation expanding the area certification provisions to require offer and payment to domestic workers of terms and

conditions of work reasonably comparable to those offered Mexicans before the foreign workers would be made available in an area. Last year's draft also contained provisions for specific limitation upon the employment of Mexican nationals in agricultural employment in the United States to seasonal, unskilled employment. It conferred authority upon the Secretary of Labor, when necessary to insure active competition in the recruitment of available domestic farm workers, to limit the number of Mexican nationals who may be employed by any employer, as well as specific authority to issue necessary rules and regulations. This year's proposal continues the program as part of the Agricultural Act of 1949 and amends it to include the new employment protection provisions.

Drafting is substantially completed and the proposal will be submitted shortly.

7. Strengthening the Welfare and Pension Plans Disclosure Act: Would (1) give the Secretary of Labor power to provide authoritative interpretations of the act and uniform reporting forms upon which plan administrators could place full reliance; (2) confer appropriate enforcement power, including that of subpena upon the Secretary and authorize him to seek injunctions compelling compliance with and restraining violations of the act; (3) add new criminal provisions dealing with embezzlement or unlawful conversion of funds of these plans and the giving to or receiving of bribes by administrators and other representatives of plans; and (4) correct certain technical defects in the statute.

When the President signed the Welfare and Pension Plans Disclosure Act (Public Law 85-836), he listed its deficiencies and stated that if it "is to be at all effective it will require extensive amendment at the next session of Congress." The President's last three budget messages and 1960 Economic Report supported amendments of the act to correct these deficiencies.

The Department of Labor's bill to carry out the recommendations of the President was cleared by the Budget Bureau as being "in accord with the program of the President" and was introduced in the 86th Congress as S. 2550 and H.R. 7489. No hearings were held in either the House or the Senate.

The Secretary of Labor, on August 9, 1960, in a report to Congress on the effectiveness of the Welfare and Pension Plans Disclosure Act urged the adoption of the Department's proposal to effectively carry out the reporting and disclosure purposes of the act.

The Department's bill and explanatory statement for 1961 are identical with last year's. Copies are submitted herewith.

8. Assistance to areas of substantial and persistent unemployment: Would establish flexible criteria to identify areas of substantial and persistent unemployment and underemployment and authorize various types of assistance to such areas including (*a*) loans, participation in loans, or guarantees of loans to establish or rehabilitate industrial or commercial plants, (*b*) loans and planning grants to assist in the construction of basic public facilities, (*c*) technical assistance grants to provide studies to evaluate the potentialities of these areas for economic growth and financial assistance to the State vocational education agencies in providing training for the unemployed who must be taught new skills.

In view of the history of congressional reaction to the prior area assistance bills submitted by the administration, the Department of Labor believes some revision of the administration's prior proposals should be undertaken. Among other things, it may be desirable to make some provision for financial assistance to low-income agricultural communities with an approved economic development plan, and to provide for broader aid including technical assistance to agricultural areas by the Department of Agriculture under the rural development program. Maximum Federal participation in industrial loans should be increased. Loans for public facilities should be made by the Communities Facilities Administration in areas of substantial and persistent unemployment on terms more liberal then presently provided by that organization.

For 5 consecutive years, the President has urged the Congress to enact sound area assistance legislation. He has outlined standards for the kind of program that is needed and which he would approve. In 1958 and again in 1960, he vetoed area assistance legislation enacted by the Congress because it departed

greatly from those standards. At the time he vetoed S. 722, which had been enacted by the 86th Congress, the President urged the Congress to enact new legislation.

The Department is not undertaking the drafting of a bill on this subject although it is ready to be of assistance.

9. General hours of work laws: Would revise the ambiguous and outmoded provisions of the 8-hour laws and improve them in three major respects: (1) by replacing the uncoordinated and confusing series of laws enacted at different times with a single statute simplifying and clarifying the present provisions; (2) by modernizing its hours standards through addition of a provision for a standard workweek of 40 hours with not less than time and one-half for work in excess of 40 hours per week; and (3) by making the laws' standards applicable not only to direct Government contracts, but also to those federally financed and assisted contracts with respect to which existing Federal legislation provides for the payment of prevailing or minimum wages.

The President's 1960 budget message recommended legislation for "strengthening and improving laws governing hours of work and overtime pay on direct Federal and certain federally-aided construction projects." In his 1960 Economic Report, the President stated that "Favorable consideration is again requested for legislation to revise outmoded provisions of the 8-hour laws applying to Federal and certain federally-assisted construction projects * * *."

The Department's draft bill to carry out this recommendation received the approval of the Bureau of the Budget as being in accord with the program of the President and was introduced in the 86th Congress as S. 1344 and H.R. 5504. No action was taken on either measure. This year's proposal is identical.

10. Furthering equal job opportunities under Government contracts: Would establish by statute a commission on equal job opportunities under Government contracts.

One of the recommendations contained in President Eisenhower's 7-point civil rights program which he submitted to the Congress on February 5, 1959, in the message on civil rights legislation was that Congress "give consideration to the establishing of a statutory commission on equal job opportunities under Government contracts." The President again in his 1960 Economic Report recommended the establishment of such a commission.

In accordance with the President's recommendation, this Department drafted a proposal which would establish by statute a commission on equal job opportunities under Government contracts. The legislation was cleared by the Bureau of the Budget as being in accord with the program of the President and introduced in the 86th Congress as S. 942 and H.R. 4169, and H.R. 4348. Hearings were held by the House Judiciary Subcommittee on Civil Rights Legislation and the Secretary of Labor testified in favor of the Department's proposal on March 12, 1959. However, neither the bill as reported by the full committee nor as passed by the Congress in 1960 contained this proposal.

This year's proposal is identical. Additional copies of last year's draft bill and an explanatory statement are attached.

11. Equal pay for equal work: Would prohibit discrimination on the basis of sex in the payment of wages for work of comparable character on jobs the performance of which requires comparable skills.

The President in his budget message, submitted in 1960, and in his 1960 Economic Report repeated his recommendation that Congress enact legislation to provide "equal pay for equal work" without discrimination because of sex.

Legislation drafted by the Department of Labor to apply this principle received the approval of the Bureau of the Budget as being in accord with the program of the President. The draft bill was introduced in the 86th Congress as S. 1345 and H.R. 3866. No hearings were held in either the House or the Senate. This year's proposal is identical.

12. Protection of the Department of Labor employees engaged in the enforcement of Federal labor laws: Would extend the provisions of title 18 of the United States Code relating to assaults and homicides against officers and employees of the United States, so as to cover particular classes of law enforcement and investigative personnel of the Department of Labor.

Congress has vested responsibility in this Department for administration and enforcement of a number of programs designed to protect the welfare of the workingmen and workingwomen of America. These include, for example, the Fair Labor Standards Act, the Walsh-Healey Public Contracts Act, the Mexican farm labor program, and Congress recently has added many other important responsibilities under the Labor-Management Reporting and Disclosure Act.

Most Federal employees who are engaged in law enforcement activities are at present protected by sections 111 and 1114 of title 18 of the United States Code. These include U.S. attorneys, U.S. marshals, agents of the Federal Bureau of Investigation, employees of certain branches of the Department of Agriculture, the Department of the Interior and others. This protection has not yet been extended, however, to employees of the U.S. Department of Labor engaged in investigatory and enforcement duties under Federal labor laws.

In carrying out their duties, these employees are also entitled to protection under Federal law. Their work places them in situations where assaults and intimidations are likely to occur. The Federal Government has an obligation to see to it that they have adequate protection in carrying out their duties.

This Department's proposal to provide adequate protection for its employees engaged in the enforcement of Federal labor laws was introduced as S. 2961, H.R. 10135, and H.R. 10188 in the 86th Congress. No action was taken in the Senate on S. 2961. The House Judiciary Subcommittee No. 4 reported adversely on H.R. 10135 and H.R. 10188 and the full committee tabled the measures.

This year's bill is identical. Additional copies of last year's bill and explanation are attached.

13. Amendments to the Longshoremen's and Harbor Workers' Compensation Act: Would (1) (benefits) increase maximum disability benefits from $54 to $70 per week, the wage basis for computing death benefits from $81 to $105 per week, and the aggregate benefits for disability from $17,280 to $24,000, in order to make compensation more realistic in terms of present wage rate; (2) (latent disabilities) extend the notice and claim period in cases of latent disability so that an employee's right to compensation may not expire before he has a compensable disability and is aware of the relationship of the disability to his employment; (3) (burial expenses) increase the maximum burial allowance from $400 to $800 so that the benefits will reflect current costs; and (4) (administrative costs) as recommended by the President in his budget message for 1958 and again in his budget message for fiscal 1961, charge to employers the costs of Bureau of Employees' Compensation in administering the insurance provisions of the Longshoremen's Act, bringing the program which is now financed out of general taxation in line with the accepted system of financing for similar programs.

Benefits.—H.R. 12777 (Congressman Zelenko) and several other proposals to increase benefits under the Longshoremen's Act were introduced in the 86th Congress. H.R. 12777 contained the same increases as proposed above. A representative of the Department testified generally on this bill in favor of increased benefits. It was reported by the House Committee on Education and Labor, and passed by the House, but did not get out of the Senate committee.

Latent disabilities and burial expenses.—A bill to extend the time for filing in cases of latent disability and increase the maximum burial allowance, containing language identical to amendments to the Federal Employees' Compensation Act which were enacted with administration approval in 1960, was submitted to the Bureau of the Budget in April of 1960 but did not receive clearance.

Administrative costs.—Bills to shift the administrative costs under the Longshoremen's Act were drafted by this Department, cleared by the Bureau of the Budget, and introduced in both the 85th and 86th Congresses. Although the Subcommittee on Safety and Compensation of the House Committee on Education and Labor accepted some testimony on the Department's bill (H.R. 7496) in June of 1960, no action was taken.

The District of Columbia has an interest in these proposals.

Drafting has been substantially completed and will be submitted shortly to the Bureau of the Budget.

14. Federal Employees' Compensation Act amendments: Would (1) (make appropriation act authority permanent) include as permanent legislation in section 42 of the Federal Employees' Compensation Act language presently contained in the annual appropriation for the employees' compensation fund, which confers authority upon the Secretary of Labor to make rules and regulations specifying the nature and extent of the proofs and evidence required to establish the right of certain noncitizens and nonresidents of the United States employed outside the United States to compensation benefits without regard to the date of the injury or death for which claim is made; (2) (appeal rights to Panama Canal employees) grant employees of the Canal Zone Government and the Panama Canal Company appeal rights, and would authorize the President to remove or modify the minimum limitations on monthly compensation with respect to employees of the Panama Canal Company and the Canal Zone Government upon the basis of a criterion other than U.S. citizenship in order to conform to U.S. treaty obligations to Panama.

In the 85th Congress, S. 1653, which had Bureau of the Budget clearance, would have given the Employees' Compensation Appeals Board jurisdiction of appeals by Canal Zone Government and Panama Canal Company employees; it would also have established as the criterion for removal or modification of minimum monthly compensation the payment of salaries in accordance with locality wage rates. No hearings were held, and no action was taken on the bill. The appeal rights could be granted by Executive order but legislation appears to be necessary for the other item. Drafting is substantially completed and will be submitted shortly.

15. Amendments to the Bankruptcy Act: Would increase from $600 to $1,200 the amount of wages entitled to priority in bankruptcy proceedings and give a new but lesser priority to claims for payments due welfare funds.

The present amount of wages entitled to priority ($600) has been in effect since 1926. If realistic when initially enacted the amount is clearly inadequate now in view of the rise in price levels.

Some priority should be accorded claims for payments due welfare funds. It is not thought desirable to afford such claims the same priority accorded wages since that might result in some dilution of the priority for money due on payday. However, such payments should be accorded a higher priority than is given general creditors.

Draft legislation was submitted to the Bureau of the Budget on April 27, 1960, to increase the maximum amount of wages entitled to priority and provide a new priority for claims in payment due welfare funds but did not receive clearance because of Treasury Department objection on the ground the proposal would have cut tax revenues.

The Department of Labor again proposes the same increased wage priority on the theory that it is fully justified and essential, but proposes to give welfare fund claims a priority only after taxes.

A draft bill and explanation has been prepared and will be submitted to the Budget Bureau shortly.

16. Legislation to implement ILO Conventions 68, 69, and 73: Would implement the following conventions adopted at the 28th (Maritime) session of the International Labor Conference: Convention No. 68, Food and Catering (Ship's Crews) Convention; No. 69, Certification of Ship's Cooks Convention; and No. 73, Medical Examination of Seafarers Convention.

Legislation to implement these three conventions was submitted to budget in 1958. Favorable comment on the draft bills was received from Commerce, which had opposed similar legislation proposed by the Department in 1956. The Treasury Department recommended a few minor technical changes in the drafts submitted by the Department but was not opposed to the enactment of the proposals. The bills were, however, never submitted to Congress.

This year's draft bills will incorporate the technical changes recommended by Treasury. Drafting is substantially completed and the proposals will be submitted shortly.

COST OF LEGISLATIVE PROGRAM

	Estimated cost (in thousands)					
	Fiscal year 1961	Fiscal year 1962	Fiscal year 1963	Fiscal year 1964	Fiscal year 1965	Fiscal year 1966
Fair Labor Standards Act amendments:						
Increased minimum and increased coverage		$4,220	$3,920	$3,920	$3,920	$3,920
Improvement in industry committee procedures		32	32	32	32	32
Recovery of back wages		320	320	320	320	320
Common situs picketing. (No cost.)						
Extending coverage and improving provisions of the Unemployment Insurance System:						
Employees of firms employing one or more [1]				17,200	30,870	32,370
Employees of nonprofit organizations [2]				1,310	8,010	8,410
Employees in agricultural processing plants [3]				280	1,260	1,360
Increase tax base from $3,000 to $4,800.[4] (No cost.)						
Assign Federal service and wages to State of first claim. (No cost.)						
Extend duration benefits	$52,549	84,270	40	40	20	20
Federal registration of crew leaders		187	229	230	233	234
Rest stops for migratory farmworkers [5]		636	779	1,037	1,245	1,503
Extension and improvement of Mexican farm labor program		3,276	3,485	3,585	3,635	3,685
Strengthening the Welfare and Pension Plans Disclosure Act		1,585	1,586	1,586	1,586	1,586
Assistance to areas of substantial and persistent unemployment. (No basis for cost.)						
General hours of work. (No cost.)						
Furthering equal job opportunities under Government contracts. (No cost for Department of Labor.)						
Equal pay for equal work		530	530	530	530	530
Protection of Department of Labor employees engaged in the enforcement of Federal laws. (No cost.)						
Amendments to the Longshoremen's and Harbor Workers' Compensation Act:						
Increase maximum disability benefits. (No cost.)						
Extend time for filing claims. (No cost.)						
Increase maximum burial allowance. (No cost.)						
Charging administrative costs to employers		−867	−867	−867	−867	−867
Federal Employees' Compensation Act amendments. (No cost.)						
Amendments to Bankruptcy Act. (No cost.)						
Legislation to implement ILO Convention 68, 67, and 73. (No cost.)						
[1] Federal tax collections					$55,800	$58,400
[2] Federal tax collections					22,300	23,600
[3] Federal tax collections					3,300	3,500
[4] Federal tax collections				$184,000	192,000	200,000
[5] Fees collected			$16	32	40	48

PRESIDENT'S ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY

Mr. FOGARTY. With regard to the President's Advisory Committee on Labor-Management Policy, how will this operate and what do you expect it to accomplish?

Mr. GOLDBERG. I have great hopes for that Committee. The Committee will operate as an advisory committee to the President of the United States. We have upgraded this Committee. Unlike prior

labor-management conferences, some of which have resulted in failure as we all know, this Committee will operate with a staff, a permanent staff. This staff will be, as the Executive order indicates, recruited by the Department of Labor and by the Department of Commerce and by other Government departments.

Mr. FOGARTY. Taken out of what fund?

Mr. GOLDBERG. One of the things we will have to do is get the $300,000 which we requested. Then we expect to use staff within existing funds, detail people who are in the Departments themselves for this purpose.

Mr. FOGARTY. Will you supply for the record how much that will cost in positions, too?

Mr. GOLDBERG. If we can estimate it, we will.

Mr. DODSON. It is going to be an uneducated guess at the time.

(The material requested follows:)

Estimate for the President's Advisory Committee on Labor-Management Policy

Personnel compensation:		
1 Executive Director, GS–18		$18,500
7 Staff specialists, GS–14		85,470
1 Administrative officer, GS–13		10,635
1 Administrative assistant, GS–9		6,435
3 Stenographers, GS–5		13,035
4 Clerk-typists, GS–4		16,160
Total		150,235
Committee members compensation:		
($100 per day for 5 meetings lasting 3 days each)		28,000
Personnel benefits		16,000
Travel:		
Committee	$14,000	
Staff	6,000	
		20,000
Rental of space (3,000 square feet at $6)		18,000
Communications		10,000
Printing and reproduction		50,000
Supplies and materials		4,765
Equipment		3,000
Total		300,000

ANTIQUATED PLANT AND EQUIPMENT AND FOREIGN COMPETITION

Mr. GOLDBERG. What we hope to do here is this: I think the time is long overdue in American life where responsible people on the national level and State level together look at their problems. The problems are not only problems of one side; they are problems of all sides. Automation is the typical example. We have about $75 million worth of plant equipment that is antiquated in the country. That is a conservative estimate. A lot of our failure to compete in some areas is not due to high labor cost. It is not due to so-called featherbedding as is too popularly asserted. A lot of it is plainly and simply due to the fact that we have antiquated equipment. Take, for example——

Mr. FOGARTY. We know that all too well, in the textile industry, in the North.

Mr. GOLDBERG. Not only textile industry. I will give you an example, again drawn from my own experience in steel. There has

been a bit of talk, a big lot of talk, about nail and wire products in the United States not being competitive with nail and wire products brought in from Europe. The nail and wire industry applied for tariff relief to the U.S. Government. The Tariff Commission denied the relief on two bases. One is, there was no evidence that the American industry, parts of it, had modernized their plant and equipment, and the parts of it that had modernized were competitive. I went through a mill about a year ago, and I saw a nail and wire equipment that dated, in a big, modern steel plant, dated back to 1894, still in operation.

The other day I was asked if I thought that instead of raising unemployment compensation and increasing taxes we ought to do something to protect the products we manufacture. And I said, "Where are you from?" He said he was from Colorado. And I said, "What are you talking about?" He said, "I am talking about nail and wire products, Colorado Fuel & Iron." I know something about that company and my recollection of that company is that the plant equipment in that particular mill was probably 50 years old. Another gentleman was there who had been a work supervisor in that mill—he got up and he said to me, "Well, you are a little wrong in your estimate; it is about 54 years old."

An outfit like Northwest Steel & Wire which has a modern plant, it has competed. We can compete in this area. So that we have to automate plants like that if we are going to compete just as we have automated other plants.

Mr. FOGARTY. We find that in New England, where manufacturing profits were not plowed back into plant modernization, it is now making it almost impossible to compete with the newer plants. We also find today that some of the plants that are modernizing are importing looms from France, Italy, or England, that are much better than we can make in this country. I would not have believed that possible a few years ago, but because of not modernizing and keeping up, the machine tool manufacturing business has not spent enough money in research and now they are not able to compete with some of these machine manufacturers in France, England, Germany, and elsewhere.

Mr. GOLDBERG. You may have noticed in the paper this morning about a development in the same area, in looms, saying that now we are importing into this country machinery, looms made in Japan, machine tools made in Japan for our factories, which seems a terrible indictment of us.

Mr. FOGARTY. It does, but it seems to me they are doing about the same thing as the textile industry. We have one of the largest tool manufacturers in the country in Rhode Island, Brown & Sharpe Manufacturing. They are in an antiquated old building, I don't know how many years old it is, but it is pretty old.

Mr. GOLDBERG. One of the things in the distressed area bill—I was asked the question: Don't we have enough action? What do we need more action for? There is a big difference in buildings. A modern factory to compete, must sometimes be a one-floor operation. In an old operation, three or four or five stories were used but they don't work any more. Sure, we have a lot of factory buildings in the country, but that does not mean we have the type of factory buildings we

need. But this committee we would hope would deal with this problem and deal with the human factor involved and try to establish policies in a broad way that would help our thinking and action in this area.

There are things that unions can and should do in this area. There are things that employers can and should do in this area. I think that time is gone when we can afford to discard our older workers. I don't think we can tolerate that. Then there are things that Government can do in this area. We hope through the medium of this committee to get a wider concensus of attitudes.

RETIREMENT OF PRODUCTIVE WORKERS

Mr. FOGARTY. What union activities I know about from personal experience are in the bricklaying trade. At 80 years old you can still work if you can produce.

Mr. GOLDBERG. That should be the test.

I know of factories where you cannot retire people except for inability to do their work which should be the test. Many of the older people could do it better than the younger people because of their experience and their knowledge and their know-how. We ought to explore this.

Then we hope in this committee to talk about price and wage policies not in the sense of price fixing or wage fixing, but in the overall sense of trying to have an understanding about where we are going in this area. We hope this committee will talk about our competitive position in the world markets and about advancing living standards. You just can't think in terms of standing still because our country was always built on the basis of advancing living standards. Anybody who thinks that every worker in America is a high-paid worker, you know from your district, as you pointed out, is wrong. There are a great many who are not.

The general thought behind this committee is that we have not had since the wartime days a good sense of common purpose in the country. We have it in some industry. Some industries have set up machinery for this. But we have not had it overall. We hope this will create a better sense of, a common purpose.

ANNUAL EARNINGS BY INCOME CATEGORIES

Mr. FOGARTY. Will you supply for the record the number of people earning less than $1,000, less than $2,000, less than $5,000, and less than $10,000?

Mr. GOLDBERG. We will be glad to do it.

(The information requested follows:)

Wage and salary income of 66,784,000 with wage or salary income in 1959

	Percent	Number (millions)
Earned under:		
$1,000	25.1	16.8
$2,000	36.8	24.6
$5,000	74.3	49.6
$10,000	97.4	65.0

Mr. FOGARTY. There might be some problem as to where this advisory committee should be financed. Some people have talked about it already and have said that this ought to come under the Executive Office—perhaps out of his emergency fund—rather than out of the Department of Labor or the Department of Commerce.

Mr. GOLDBERG. I again do not pretend to be an expert in this area. As I understood, the conversation was that this was going to be a permanent committee and that raises the problem of whether or not it could properly be appropriated out of the emergency funds of the President. Am I correct about that, Mr. Dodson?

Mr. DODSON. That is correct.

Mr. LAIRD. Mr. Chairman, there is no reason that a supplemental request cannot be sent up to fund this out of the White House appropriation. It would take a supplemental request, but you are sending up a supplemental request to fund it yourself.

Mr. DODSON. For the remainder of the year, this year, I have had indications that we will get a grant from the President's emergency fund. That is, for the remainder of this fiscal year.

Mr. LAIRD. Even for next fiscal year. There is no reason the funds cannot come from the White House budget instead of the Labor Department.

Mr. DODSON. Except that function being performed here is one that the Labor Department——

Mr. LAIRD. I thought this Committee had been upgraded and placed at a higher level and made responsible to the President.

Mr. GOLDBERG. Except I am the chairman 1 year.

Mr. LAIRD. There is going to be another chairman next year; the money should not be charged to Commerce next year, should it? It is a much cleaner transaction if it is funded out of the White House budget, year in and year out, rather than shifting around between Departments or dividing it between two Departments. I am going to oppose funding it from the Department of Labor budget.

Mr. GOLDBERG. I am not an expert in this area. I don't profess to be. I think the philosophy, Congressman Laird, is this: The Department of Labor and the Department of Commerce have legitimate interest and concern in this whole problem and the whole area of labor-management cooperation, study of the problems involved, that we have been discussing, productivity, prices, wages, automation—these are all——

Mr. LAIRD. I think the problem area that the study covers is fine. This is a technical thing that we are talking about here, but it just seems to me that year-in and year-out the Congress will have a much better review over the operation of the Committee if it is funded from one appropriation account and one subcommittee is charged with the responsibility rather than shifting it between Commerce and Labor.

Mr. GOLDBERG. I would say this readily. I would certainly welcome this Committee retaining supervision of it altogether. I don't think the alternating chairmanship is such an important consideration. I would be willing to take responsibility even though Mr. Hodges may be the Chairman. I will be a member of the Committee

continuously. We will be performing many of these functions. We will have to perform many of these functions. But I would be ready to take that resposibility and share it with you.

Mr. DODSON. I recognize the point Mr. Laird makes. I think they are good points. The decision on how this is to be financed and whether the estimate comes up to you is beyond our control.

Mr. LAIRD. I am not talking about taking it out of the President's emergency fund. I am talking about having a clean appropriation for it as a part of the administrative expenses of the Executive Office.

Mr. GOLDBERG. I would unhesitatingly say on that that I would be willing to recommend to you that we take responsibility along with you of this appropriation. I think that is, by the way, not wrong. I don't know whether I am talking out of turn, Mr. Dodson, but I do not regard the alternating chairmanship to change the character of the Committee or the funding of the Committee.

Mr. DODSON. I look at the end product of what this Committee is going to try and do as being a responsibility very definitely tied in with the Labor Department.

Mr. GOLDBERG. No question about that.

Mr. DODSON. On that basis, I think it should be funded right straight through as a Labor Department item.

Mr. LAIRD. I understand Commerce has a little different proposition. In order to resolve any differences it is much better to have it funded through the Executive Office's appropriation.

Mr. DODSON. If you do adopt what you are indicating, Mr. Laird, I think maybe there are a number of committees that might have to be looked into as far as their funding is concerned and the President's office may take a position that they do not want to have to amplify their appropriation to cover all of these committees. Just like the President's Committee on Migratory Labor that we have in the Department.

Mr. LAIRD. It is set up entirely different than this committee. This committee has been elevated, really, over and above the Department of Labor. It is not down in the Department of Labor like the President's Committee on Migratory Workers.

Mr. GOLDBERG. We house it. We are going to have to continue to house it. The reason I am not getting into any quarrel with my colleague, Mr. Hodges, on this is that I am sure we will not see to differently about this. The close relationship with the Labor Department is recognized in the Executive order in the place where the Committee is to be housed. We are permanently elected or directed to house them.

Mr. DODSON. I interpret "facilities" used in the Executive order in a broad sense. It means to me everything they need to work with.

SUPPLEMENTAL REQUESTS FOR 1961 AND BUDGET AMENDMENTS FOR 1962

Mr. FOGARTY. Will you place in the record, Mr. Dodson, all of the supplementals that you have requested for 1961?

Mr. DODSON. Yes, sir.

Mr. FOGARTY. Also any proposed amendments you have in mind for 1962

Mr. DODSON. Well, as new legislation is passed we will have some supplementals but we will cover the amount of moneys necessary for that new legislation in the request you made to put in a listing of legislative items and their annual cost.

Mr. FOGARTY. Where supplementals or budget amendments are actually in process show what you requested and, if they have reached that stage, what the Budget Bureau approved. If any reductions were made by the Bureau of the Budget indicate the effect such cuts would have.

(The information requested follows:)

	Requested of the Bureau of the Budget	Approved by the Bureau of the Budget
1961 SUPPLEMENTALS		
Bureau of Employees' Compensation:		
Salaries and expenses:		
Increased workload resulting from the Federal Employees' Compensation Act Amendments of 1960, amendments to the Longshoremen's and Harbor Workers' Compensation Act, and the Federal Employees' Health Benefit Act, 1959	$155,000	[1] $155,000
Pay increase (Public Law 86-568)	202,000	[1] 202,000
Employees' compensation claims and expenses: Increased benefits authorized by the Federal Employees' Compensation Act Amendments of 1960	2,000,000	[1] 2,000,000
Bureau of Employment Security:		
Unemployment compensation for Federal employees and ex-servicemen	70,000,000	[1] 70,000,000
Grants to States:		
Increase in insured unemployment	47,681,000	[1] 40,650,000
Expansion of Employment Service	5,000,000	[2] 1,700,000
Salaries and expenses:		
Expansion of Employment Service	305,000	[2] 120,000
Pay increase (Public Law 86-568)	479,000	[1] 479,000
Pay Act (Public Law 568) for all other appropriations	2,626,000	[1] 2,626,000
1962 AMENDMENTS		
Office of the Secretary:		
President's Advisory Committee on Labor-Management Policy	300,000	300,000
Coordination and planning of automation activities	70,000	70,000
Bureau of Labor Standards: Cargo gear certification	300,000	300,000
Bureau of Employment Security:		
Grants to States: Expansion of Employment Service	30,000,000	[2] 23,700,000
Salaries and expense: Expansion of Employment Service	1,830,000	[2] 1,420,000
Bureau of Labor Statistics:		
Survey of professional, administrative, technical, and clerical pay	225,000	225,000
Automation studies	100,000	100,000
Employment opportunities and economic growth	475,000	Pending
Women's Bureau: Automation and equal pay surveys	90,000	90,000

[1] These items have been submitted to Congress.
[2] Reductions by Bureau of the Budget below the request delays completion of the expanded placement program until 1963—material improvement in 1961 and 1962 can be achieved with Bureau of the Budget allowance.

COMMITTEE NOTE.—At the time of the hearings the committee was advised of the above, in answer to a request for such information, except that it was told that the request for the Women's Bureau had not been approved by the Bureau of the Budget.

With respect to new legislative items there is pending in Congress action in the following areas:

Temporary extended unemployment compensation.

Area redevelopment (distressed areas).

Expansion of coverage and increased minimum under FLSA.

Hearings are being conducted on all of these items. Pending changes by Congress it is not possible to develop meaningful estimates at this time.

APPROPRIATION LANGUAGE

Mr. FOGARTY. Mr. Secretary, I wrote to Secretary Mitchell last year about our concern on language in the bill that is technically

legislation. I received a letter from you last week, I believe it was, saying that you were going to submit proposals to the proper legislative committee to have this enacted into subsantive law in those instances where there is need to retain it.

This is another practical matter that we are faced with. It is something that this committee has never done much of. We have not, since I have been on it, resorted to writing legislative language into an appropriation bill. What legislative language is in the bill has gradually grown up over the years as a result of little problems that came up that people didn't want to take the time to get enacted in the regular way. We are going to have trouble if this isn't cleared up. I assume some people will be looking for points of order on every appropriation bill that comes before the House, and it is certainly nothing against them, because it is a violation of our own rules to have legislation on an appropriation bill. So I think we have got to make some real effort and eliminate all language that a point of order may be made against us or somebody will do it for us. If a point of order is made, there is nothing we can do about it on the House floor.

Mr. GOLDBERG. We intend to be cooperative and work with you in this area. We will be glad to report to you.

Mr. DODSON. I would make one request, Mr. Chairman. I hope this committee does not take any action until we have time enough to get these items before the proper legislative committees.

Mr. FOGARTY. We did not take any actions last year. The action came on the floor of the House last year.

GOVERNMENT LABOR OFFICIALS ASSOCIATION—RESOLUTION ON MINIMUM WAGES AND CHILD LABOR

Mr. Secretary, I have just one more question. I received a letter from Mr. William Batt, whom I am sure you know. He is vice president of the Governmental Labor Officials Association. He encloses resolutions they adopted at their annual meeting in September, one on minimum wages. They, of course, are for an increase in minimum wages. Another is on child labor. And one on extension of the Fair Labor Standards Act to agricultural workers.

MINIMUM WAGE FOR AGRICULTURAL WORKERS

How do you feel about a minimum wage for agricultural workers?

Mr. GOLDBERG. We are studying that problem. I think in principle agricultural workers like all workers need that protection. I don't know exactly what we are going to propose in this area now. This is one of the matters which we are reviewing within the Government. It is perfectly obvious that we have to improve the standards, not only in the wage area, housing, education, health, et cetera, for migratory workers. These are a long-neglected group in our population. We will come to the Congress with some proposals in the area of migratory labor.

Mr. FOGARTY. Generally, the fellow who works on the farm full time has fairly good living conditions.

Mr. GOLDBERG. That's correct.

Mr. FOGARTY. But the family that keeps moving with the crops——

Mr. GOLDBERG. It is getting worse now because of the unemployment situation.

Mr. FOGARTY. Resolution No. 7 says:

Whereas a large number of agricultural labors are paid wages less than sufficient to maintain themselves at an adequate standard of living; Now, therefore, be it

Resolved, That the Federal Government take steps to extend minimum wage coverage to agricultural workers, including both local and migratory workers, to provide an increase in wage rates paid them, allowing progressive adjustments to desirable standards.

Do you have that understudy?

Mr. GOLDBERG. We certainly do.

Mr. FOGARTY. I think I will put this letter from Mr. Batt and the three resolutions in the record.

(The letter and resolutions referred to follow:)

INTERNATIONAL ASSOCIATION OF GOVERNMENTAL LABOR OFFICIALS,
November 10, 1960.

Hon. JOHN E. FOGARTY,
House of Representatives,
Washington, D.C.

DEAR JOHN: Because of your active interest and support of extension and improvement of the Fair Labor Standards Act in the last session of Congress, I believe you will be interested in the resolutions approved by the International Association of Governmental Labor Officials in its 1960 annual convention, held in Detroit August 28–September 1, urging action in this field.

The International Association of Governmental Labor Officials is made up of the commissioners of labor of the United States and Canada. These administrators at the State level are deeply concerned that the coverage of the Fair Labor Standards Act be extended and that the minimum wage be increased to keep pace with the rising cost of living. I am sure you will appreciate this expression of opinion from the State labor law administrators in planning legislative action in the 87th Congress.

Sincerely,

WILLIAM L. BATT, Jr., *Vice President.*

RESOLUTION NO. 1. MINIMUM WAGE

Whereas many employees are now being employed in many occupations at low wage rates insufficient to provide a reasonable minimum standard of living: Now, therefore, be it

Resolved, That the Federal minimum wage be increased to keep pace with the cost of living and be extended to workers in large retail or other operations engaged in interstate commerce; and be it further

Resolved, That State and Provincial minimum wage laws be enacted or improved to provide adequate minimum wage standards and to extend coverage to those employees not receiving wages sufficient to provide them with adequate maintenance to protect their health; and be it further

Resolved, That this association appoint a committee to explore and formulate standards and procedures for obtaining more progressive and effective minimum wage legislation on the State level.

RESOLUTION NO. 2. CHILD LABOR

Whereas many children in the United States now lack adequate protection from unsuitable employment: Now, therefore, be it

Resolved, That each State and Province study the advisability of requiring a physical examination, where this system is not now followed, prior to issuing a work permit to a minor under 18 years of age for the specific job; and be it further

Resolved, That Federal regulations and State and Provincial laws on child labor be continuously reappraised in the light of current conditions to see if they afford adequate protection without restricting opportunity and that steps be taken to increase public understanding of the necessity for restraining and enforcing exising child labor laws and of the fact that these are not a significant factor in youth employment problems, and that measures be taken to inform youth, prospective employers, and the general public of child labor laws and regulations and that these laws and regulations be effectively administered and enforced.

RESOLUTION NO. 7. EXTENSION OF FAIR LABOR STANDARDS ACT TO AGRICULTURAL WORKERS

Whereas a large number of agricultural laborers are paid wages less than sufficient to maintain themselves at an adequate standard of living: Now, therefore, be it

Resolved, That the Federal Government take steps to extend minimum wage coverage to agricultural workers, including both local and migratory workers, to provide an increase in wage rates paid them, allowing progressive adjustments to desirable standards.

PRESIDENT'S ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY—REPRESENTATION OF AGRICULTURAL INTERESTS

Mr. MARSHALL. Mr. Secretary, I listened with a great deal of interest to your fine presentation before this committee. I compliment you for the grasp of the situation.

I note that in Executive Order 10918 that they are setting up a committee of 19 members, 7 from management, 7 from labor, and 5 from the public at large. Where will agriculture fit into the picture?

Mr. GOLDBERG. Mr. Marshall, it was the view here that we were dealing only with labor-management problems in the industrial area. We talked to the Secretary of Agriculture about it and we do not feel it is appropriate since we are dealing with the industrial area here to try to deal with the whole farm area. The Secretary of Agriculture has a great many advisory committees and there are farm programs that he has in mind which he did not feel was appropriate to intermingle with what this Committee would deal with.

AMERICAN PRODUCTS IN WORLD MARKETS

Mr. MARSHALL. I note policies designed to insure that American products are competitive in the world markets—that is one of the objectives?

Mr. GOLDBERG. Yes.

Mr. MARSHALL. Are American industrial products being priced out of the world markets at the present time?

Mr. GOLDBERG. This is a problem that has to be looked at. It is not only a question of wages and related matters. We have talked a little bit about some of them. Some of them are being priced out for lack of proper production techniques. Some of them may be priced out for overpricing. This is what the Tariff Commission has said on a number of occasions, and we have had some recent illustrations of some problems in the pricing area—it is obvious we have to look to our condition in the world markets. Also, some of them are being priced out because of some tax incentives we gave to encourage production abroad after the war which were desirable at

that time but which may no longer be desirable. In other words, when Europe was prostrated after the war, we gave inducement to our own concerns to produce abroad and now we face the problem that some of our own concerns producing abroad are shipping into America and they are doing this by reason of tax advantages which we have given them to produce abroad. Surely, this is no longer justifiable. These are some of the things we are talking about. We also frankly want to look at the whole problem of wages and prices. We are not going to be a dispute-settling agency, but we do want to see what the equities are in this situation.

EFFECT OF HIGH WAGES

Mr. MARSHALL. It seems I have been getting a number of letters lately, Mr. Secretary, some of them from outside of my district. In fact, some of them from a considerable distance from my district, pointing out the fact that the reason that American industrial products are priced out of the world market is because of the high cost of American labor. Is that a correct statement? Is that a contributing factor?

Mr. GOLDBERG. That is one of the things we want to look at and study: to what extent is this so and to what extent this is not so. And here there are arguments both ways. On the one hand, while there is no doubt that American labor is paid wages that exceed in substantial measure the wages paid by many foreign countries, it is also true that productivity of American labor has been very much greater. Let's take the classic case in point which has resulted in distress areas. Let's take the bituminous coal industry. In the bituminous coal industry today we have about the same production we had 10 years ago, 470 million tons, with one-half of the working force that we had in the bituminous coal industry 10 years ago. Our productivity in coal, it is due not only to labor; it is also due to natural resources. Our seams are bigger. I have heard it runs 10 times as much as what it does abroad. Therefore, it can scarcely be stated that the high-price wages paid to the coal miners have disadvantaged our production. Nobody can say that.

Steelworkers are highly paid but their output per man-hour in America is far in excess of what it is in any country in the world. Over a relatively short period of time, one-third fewer production workers are used in steel to get out much more production than we did before.

Now, we have to look at that. We also have to look at situations where this may not be so. We have situations where the labor costs have reached the point where both parties realistically have to take a look at this situation. I hope this committee will look at all aspects of this, face up to the facts as they are and the benefit of the whole country.

FARM PRODUCTS

Mr. MARSHALL. Mr. Secretary, it so happened that I have served on the Committee for Appropriations for the Department of Agriculture. It seems to me for about 8 years we have been propagandized with the fact that American farm products have priced themselves out of the market in spite of the fact that no place in the world is there any group that approaches the efficiency of American agriculture.

Mr. GOLDBERG. We saw that in the chart here today.

Mr. MARSHALL. Very definitely, remarkable progress has been made. It seems to me that these well-meaning people that have grasped at that have not looked at the productivity you are talking about in labor. It seems to me there is a parallel there.

Mr. GOLDBERG. I think there is——

Mr. MARSHALL. It seems to me, Mr. Secretary, that your objective of a study is well worthwhile, but when you are making the study it might very well be enlarged to include the production of certain raw materials, agricultural products, because your problem seems to be so nearly parallel with some of the things we have been hearing about as far as agriculture is concerned.

Mr. GOLDBERG. Mr. Marshall, while we do not intend to make this an agricultural committee, I have invited our colleague, Governor Freeman, at an early meeting of this committee to come and tell the group about the agricultural situation.

Mr. MARSHALL. Perhaps my fears are entirely unfounded but I would be a little fearful that there might be a feeling on the part of some people that in order to bring about a so-called competitive position in the world markets that the price of American raw materials be forced downward. I hope that the committee that does this study takes that into recognition, that they study it, but don't just grab at some of these proposals.

Mr. GOLDBERG. You can be assured of that as long as I am Chairman—I am going to be Chairman the first year—I am sure Governor Hodges will accept that view and we will proceed with this factor you are describing.

Mr. MARSHALL. I expect to follow that pretty closely.

Mr. GOLDBERG. I welcome your doing so.

COST OF ADMINISTERING THE LANDRUM-GRIFFIN ACT

Mr. MARSHALL. During the last year's hearings, we had quite a lot of comment about the money that was being used for the Landrum-Griffin proposals and frankly, I had a little difficulty following it because it affected so many parts of the Department of Labor. If my recollection is correct, 1961 fiscal year was the first year that we have had full operation of the labor-management law, the so-called Landrum-Griffin Act; is that correct?

Mr. GOLDBERG. That's correct.

Mr. MARSHALL. I wonder if it would be possible for your Department to show what the expenditures have been in that program. I am not particular as to having it broken down between offices, but the overall cost of the Department of Labor, from the beginning of the 1961 fiscal year, the latest figures that you have, and an estimate as to what it will cost for the rest of the year. Will you supply that?

Mr. GOLDBERG. Yes, we can.

Mr. MARSHALL. I would also be interested in knowing the number of cases you have sent over to the Justice Department for prosecution.

Mr. GOLDBERG. Mr. Holcombe is going to report on that specifically. He has a specific report. He describes the cases in his report. He will talk about that when he comes.

By the way, I might say that in this connection that I have talked to the Attorney General on this subject and we are planning very shortly to get together to provide better coordination of our two departments, Justice Department and our own in this area.

Mr. MARSHALL. I might say, too, since this is not the end of the fiscal year, I would like an estimate as to the number that you expect to send over between now and July 1. Also, I would like the estimate for each of these items: The money you will use next year, 1962 fiscal year, and the number of cases you reasonably expect to send to Justice.

Mr. GOLDBERG. We will be glad to provide whatever information we have on the subject.

(The information referred to follows:)

Allocations of appropriations for Labor-Management Reporting and Disclosure Act

	1960	1961	1962
Bureau of Labor-Management Reports	$2,698,000	$5,011,200	$6,275,000
Office of the Solicitor	285,000	447,400	[1] (447,400)
Office of the Secretary	42,000	91,400	[2] (91,400)
Total	3,025,000	[3] 5,550,000	6,275,000

[1] Included in Office of the Solicitor by transfer in the estimates.
[2] Included in Office of the Secretary by transfer in the estimates.
[3] Included $300,000 pending supplemental for pay act costs in 1961.

Cases referred to Department of Justice

	As of Mar. 28, 1961	Estimate, 1961	Estimate, 1962
Criminal	42	97	112
Civil	22	33	38
Administrative	3	4	5
Total	67	134	155

MEXICANS WORKING IN COTTON AND COTTON SUBSIDIES

Mr. FOGARTY. Earlier I asked about how many Mexican farm workers there were working on cotton. I would also like to get figures on how much we are paying out for all subsidies on cotton.

Mr. GOLDBERG. I will get that.

Mr. LAIRD. Also the export subsidy if there is one.

Mr. FOGARTY. Put it all in.

(The information requested follows:)

The 1960 peak employment of Mexican nationals in cotton of 133,500 occured in mid-October.

Fiscal year 1960	$261,569,000.00
July 1, 1960 to Jan. 31, 1961	119,786,000.00

It is our understanding that the above data represents the only subsidy on cotton.

PROPOSED CHANGES IN ORGANIZATION OF THE DEPARTMENT OF LABOR

Mr. LAIRD. Mr. Secretary, I certainly have enjoyed being with you today as you have discussed the activities of the Department of Labor.

I realize you have not had much time that you could spend at the Department because you have had so many activities up here on the Hill, and advising the President. And the trips that you have made around the country in behalf of the President have taken time. I would like to talk just a little bit about the organization of the Department of Labor and what you have in mind as far as the organization of the Department is concerned during your term as Secretary of Labor.

Do you contemplate giving your Under Secretary and Assistant Secretaries direct line supervision over various bureaus in the Department of Labor?

Mr. GOLDBERG. Mr. Laird, I believe that the Under Secretary and Secretaries should be utilized in several directions in a different way, perhaps, than they have been utilized in the past. I would like to describe the concept I have. I haven't completely worked it out because it is too early. I have a little task force working on this. It has been the practice, for example, to have a special assistant to the secretary deal in legislative matters with the Congress. I have felt that this is a matter which requires upgrading in the Department. I am strongly of the belief that we ought to keep in closer touch with the Congress and the Congress ought to keep in closer touch with us. So, I have asked initially that the Under Secretary, Mr. Wirtz, the Assistant Secretary, Mr. Holleman and Mrs. Peterson, in addition to their normal activities in the Department assume the responsibility for maintaining a flow of information to the Congress and being available to the Congress in addition to myself—I am going to be available any time I am asked—with respect to our new problems.

This is one area where I have felt that we ought to make a change. I have, temporarily, continued the same administrative setup in the Department followed by Mr. Mitchell. I have given the Under Secretary some very broad delegated powers to act for me in connection with the supervision of the Department affairs. I have assigned the Assistant Secretaries to temporarily exercise supervision over the activities of the various bureaus. Mr. Reynolds to the Bureau of Labor Management Reports and some others, Mr. Holleman to some others and Mr. Dodson's activities are, of course, well known to you. I do not know whether we are going to continue that, frankly. I want to get the benefit of much thinking to survey the Department's operations before I make a final decision on what should be done in this area. I always have felt the need very much for a little greater emphasis on certain activities which you have already heard me talk about.

I thought automation had not been developed in the Department, I mean our concern with it. I thought training needs more attention, I thought labor management needs more attention. How precisely to do that administratively, I do not know. I think, also, we have to look ahead a little more in programing than we may have.

The thing that bothers me is the thing that I mentioned earlier: that is in Mr. Clague's charts—where are we going manpowerwise and employmentwise in the next decade? What are we going to do with young people, the old people? These are all problems I think the Department of Labor has to be concerned with, not from year to year but from a long-range point of view. What with the skills of people in the changing labor force—these are all matters we have to

give attention to. How we are going to apportion these in the Office of the Secretary and with the Assistant Secretaries and Under Secretaries, I do not know precisely at the present time.

FEDERAL MINIMUM WAGE LEGISLATION

Mr. LAIRD. I notice when you testified before the Senate Subcommittee on Labor, and also in the letter which you have discussed today which had been written to the House Labor and Education Committee, you stated that the administration's minimum wage bill was a practical measure, and I quote, "A practical measure geared to the realities of the legislative process," and that the administration's proposals were a moderate step-by-step approach.

Now, I assume by that that the administration has tailored its convictions in the area of minimum wage legislation to the realities of the legislative process, is that correct?

Mr. GOLDBERG. Not only the realities of the legislative process but the realities of the economic situation as well.

Mr. LAIRD. What are these additional steps which you have referred to on several occasions but have never spelled out?

Mr. GOLDBERG. Additional steps in what area, Congressman Laird?

Mr. LAIRD. You talk about a "step-by-step approach" but I have never been able to find out what these additional steps are.

Mr. GOLDBERG. I think what I have meant by that merely is that in all areas, you don't try to legislate for what I might regard to be the ideal or even the President may regard to be the ideal. There are 20 million—in the minimum wage area—there are 20 million people who could be covered who are not covered and a strong argument could be made to cover all of these people and yet no President would propose that this be done now or within the immediate or foreseeable future. This would require considerable readjustment in the economy to encompass all these people who might be covered, so what had to be done is make what we call a realistic appraisal of the situation and recommend orderly progress.

Mr. LAIRD. Do you see a time coming when the Federal Government will have the full responsibility for setting the minimum wage for every worker?

Mr. GOLDBERG. No, I do not.

Mr. LAIRD. Do you believe that the States have a responsibility in the area of minimum wages?

COVERAGE OF WORKERS IN RETAIL TRADE

Mr. GOLDBERG. I do. I wish the States would discharge them more effectively than they are now doing.

Mr. LAIRD. It seems to me, as a former State legislator, that we are treading on rather shaky ground by some of the definitions which we use as far as Federal legislation is concerned in this whole area of the minimum wage. I think there is no question on the interstate aspects. The Federal Government has responsibility to see that one section of our country does not have competitive advantage over another section of our country, but when I look at the definition which you have advocated, based on gross sales with nothing to do with interstate commerce in the retail area, I wonder if we aren't getting

into an area that the States should have the responsibility for. This does not involve giving one section of the country a competitive advantage over another section of the country. What is your opinion on that?

Mr. GOLDBERG. I believe with due respect, Congressman Laird, that we have proceeded very cautiously and we are giving due consideration to the interstate commerce aspects. We could have followed the path that Congress followed in the National Labor Relations Act which has stood the test of constitutionality and of time and have covered any business in America engaged in an enterprise affecting commerce. That is the test in the National Labor Relations Act. Under that test, the act covers any business, including stores, retail stores, that does $500,000 or more, by action of the Labor Board.

Congress, in effect, validated that test when they recently adopted the Landrum-Griffin Act when they said jurisdictional standards of the Board were really written into the law.

Mr. LAIRD. That has a little different application in some States where we have our own labor boards.

Mr. GOLDBERG. Even where you have your own labor board, it does not overcome the operation of that statute. The Board has exclusive jurisdiction in the area of its own jurisdictional test.

Mr. LAIRD. It has established its own jurisdiction.

Mr. GOLDBERG. Yes, but Congress gave it even broader authority in the first instance.

Mr. LAIRD. Broader authority than it took.

Mr. GOLDBERG. But on top of that the Congress in Landrum-Griffin put its stamp of approval on that.

Mr. LAIRD. From the standpoint——

Mr. GOLDBERG. From the standpoint of saying that Board could not relinquish it, could take more jurisdiction but could not take less jurisdiction than it has by its jurisdictional standards. So here we have Congress, in effect saying its valid test of interstate commerce or the commerce clause to cover retail stores with $500,000 sales, we are taking a much more moderate approach in minimum wage legislation. We are saying a million or more, so, I think our approach is exactly what is described. Instead of invading States rights, we are being very moderate about it. Moderate because this is a new area of coverage and we feel that it is right for us to proceed carefully and considerately in moving into this area.

Mr. LAIRD. You feel that interstate commerce aspects are not important in the retail business?

Mr. GOLDBERG. The retail business of the United States is a very important part of the commerce of our country. If we didn't have retail businesses in commerce, the country would be a different country from what it is now.

Mr. LAIRD. We had a definition which was somewhat different in the House-passed version last year which tied in to the interstate commerce area rather than on the basis of gross sales.

Mr. GOLDBERG. I think, with due respect to what the House passed last year, we have a better definition. We have not taken the artificial corporate entity, we have taken an enterprise concept. We say that any enterprise which has establishments which are a total business of $1 million or more is covered. We think that is a very realistic test. It won't cover any small retailers.

I speak from a little experience here because I come from a family which has been engaged in this business for over 50 years. A sister of mine has an independent retail store and what we are covering are the chains which operate very much in interstate commerce, buy and sell, and operate in commerce.

Mr. LAIRD. You can keep lowering this figure of yours, and it will have nothing finally to do with interstate commerce. I read over Secretary Hodge's testimony before the House Labor and Education Committee. He was asked four questions on this particular point. Finally he said that figure would be down to nothing sooner or later.

Mr. GOLDBERG. The Congress of the United States still exists. I can't see the Congress of the United States reducing this figure to nothing. Let me prove to you what we are doing here by a simple figure. With all the hullabaloo about what we are doing and how many stores we are going into. You know that the retail field covers 15,000 enterprises in the United States? Those 15,000 enterprises have 100,000 stores. That is what we cover. That is all we cover in the million-dollar test, which means——

Mr. LAIRD. I realize that in the million-dollar test you are not covering many more people than were in the definition used by the House as it passed the bill last year.

Mr. GOLDBERG. Only 2,600,000 people in this area, but the important thing is not that. The important thing is the concept. It involves hundreds of thousands of retail stores in America. We have hundreds of thousands, maybe millions, because we have stores and enterprises and establishments all over but the coverage of our bill is only to the 15,000. I think we are being very moderate. I think that is the proof of the pudding. The great propaganda which has been advanced against it is pure propaganda.

Mr. LAIRD. I do not have any quarrel with the extent of coverage you are acquiring in this bill. My only point is, is that the proper way to define it? I do not think, by the type of definition you are using, you are giving a good reason for the coverage.

Mr. GOLDBERG. I think we have a very realistic definition which has been tested out.

Mr. LAIRD. On dollars and cents, not on the basis of where the business is done.

Mr. GOLDBERG. We know business on dollars-and-cents basis is interstate business—the studies all show that.

Mr. LAIRD. Only because you are using a million dollars.

Mr. GOLDBERG. That is a good test, exactly the test that the Labor Board is using except it doubled it.

Mr. LAIRD. You would not mean to tell me that you wouldn't be in here within the next year or two asking that that million dollars be lowered?

Mr. GOLDBERG. Congress has acted in this area at intervals of from 5 to 8 years, not every 1 or 2 years. First of all, we propose a 4-year period for the hourly provision to operate in retail stores. I can imagine how much consideration we would get out of Congress if before the full impact of the law took effect we were in here to try and change it. If we were foolish enough to do that, Congress would give us very short shrift.

EFFECT OF A MINIMUM WAGE ON EMPLOYMENT

Mr. LAIRD. In "The Nation's Future," Saturday, you are on record as saying, "What we need more than anything else is to step up the rate of jobs." With this I agree—but I cannot agree with your statement that increasing the minimum wage and extending its coverage will necessarily do this. What is your comment on that?

Mr. GOLDBERG. In connection with the minimum wage, first of all, I did make the statement that we need more jobs. I said we needed them in private industry. This is the solution, the most desirable solution, because this is the type of activity that produces employment, at good wages, which we all want to have.

In connection with the minimum wage, it is my belief after carefully studying all the studies that have been made on the subject, that there are two beneficial aspects that we will get from minimum wage laws. One is, humane aspect. The minimum wage law is entitled to consideration on its own merits regardless of whether we are in a recession or not. Is this a necessary protection for people who, by and large, are not protected by strong unions who need consideration. We are not dealing here with people who are represented by auto workers or steel workers or coal miners or construction workers basically. We are dealing with people who don't have the benefit of union organization by and large. Do they need help? Our studies, by the way, show that most of them are the primary support of their families. These are not, as has been represented, casual people who come in and work for a few hours after school and so on, but there is a solid economic justification. The experience with the 1956 minimum wage law showed that while there was a decline in some employment, in the low-cost industries affected, there was an overall increase in the employment in the areas in which these industries operated, which more than offset that, which indicates to us that the total effect of a minimum wage law, by reason of increasing purchasing power, is to enlarge employment opportunities rather than to diminish them.

That is what I meant by that.

INCENTIVE FOR STATES TO EXTEND COVERAGE OF UNEMPLOYMENT COMPENSATION

Mr. LAIRD. In your unemployment compensation legislation which you sent to the Congress this year, you took a little different approach than has been used before as far as the extension of benefits for exhaustees. In this particular type of legislation you, for the first time, put certain incentives in it for the States to raise the number of covered weeks. Is this an indication of what is to come, as far as Federal standards for unemployment compensation are concerned?

Mr. GOLDBERG. No, this is to be considered on its merits. I assume you refer to the fact that we reimburse the States that have already, or will, extend benefits. Is that what you had reference to?

Mr. LAIRD. I had reference to that. I also have reference to the method of computing the additional weeks. In my State of Wisconsin, it doesn't make any difference because we are already above the 26-week period, but there are some States that have a 20-week

period—I wish they all had a 26-week period, but those particular States, of course, do not get the 13-weeks benefit.

Mr. GOLDBERG. That is correct. I will not say that they are entirely unrelated to the question of consideration of future plans but since we have not determined those future plans, I cannot say that they are. We thought it was equitable to do two things in the temporary program—three things, actually. One, we thought it was equitable to reimburse States who already have extended their programs or do so and I think that has met with general approval.

We didn't want those States to be penalized for doing it. We thought they ought to be compensated.

Mr. LAIRD. I agree with that.

Mr. GOLDBERG. Under the terms of the thing you have specifically mentioned, we thought it was equitable to pay half of what the States paid.

Mr. LAIRD. You get away from the humane consideration by what you did.

Mr. GOLDBERG. Not necessarily, because we felt this was equitable on a national scale. We took into consideration all of the elements involved, particularly since we were also proposing an employer tax in connection with it. This is where we differed from the 1958, which was on a loan basis to be reimbursed. We have offered an increase in employer tax.

WISCONSIN

Now, your State——

Mr. LAIRD. Our State could have financed this.

Mr. GOLDBERG. Your State was in good shape but nationally this was not so.

Mr. LAIRD. We are very proud of our program in Wisconsin. We were the first to have an unemployment compensation program, and we have labor and management very much in agreement with our program.

Mr. GOLDBERG. I remember that very well.

Mr. LAIRD. Both labor and management are very much opposed to the Federal Government getting into setting standards for our program in Wisconsin.

Mr. GOLDBERG. We are not in this bill setting standards, but I made a remark to your unemployment commission that I want to make to you in this area. I am asking the Wisconsin people to look at it again, not in relation to the Federal standards. We haven't decided how we are going to do the permanent program but there are developments in this area which may affect trade union and employer developments. That is as a result of the inadequacies and I say Wisconsin is one of

the good States, by the way, in this area. I think they are entitled to a lot of credit, but as a result of the inadequacies of the unemployment program generally, unions in collective bargaining have moved into this area and supplementary unemployment benefit plans have been operating and are operating. I know a little bit about this since I participated very actively in it. There is a different standard being developed that applies in Wisconsin, too, whether Wisconsin likes it or dislikes it. In the steel and auto plants of Wisconsin a worker covered by the employer's plan gets 65 percent of his take-home pay, in steel, for 52 weeks, less what the State provision is, depending upon the fund itself.

There is a standard which has all of a sudden developed as a result of collective bargaining. I do not think it is a bad standard. I happen to think it is a good standard. It has helped tremendously in this period we are going through. It has helped in your own State. It has helped in many other States. In autos it is 26 weeks. In steel it is 52 weeks.

Mr. LAIRD. You did a pretty good job.

Mr. GOLDBERG. We did a pretty good job, except, of course, I don't want to claim we did much better than in auto because the steel funds have been cut down so that the amounts involved are less, particularly with this big drain. I raised with Mr. Rauschenbush, whom I have known for many years, this question and said maybe we all have to take another look at it. If we are going to have a collective bargaining study which protects the fellows who are represented by strong, powerful unions with collective bargaining strength, and they are being given extended coverage, higher amounts, what is the equity involved for a lot of other people who are not able to get this? That is a real consideration.

UNEMPLOYMENT, 1929–59

Mr. LAIRD. This morning Mr. Clague presented certain statistics on the number of unemployed people in the United States. Mr. Chairman, I would like to insert in the record at this point a table, from 1929 to 1959, showing the total number of people employed in the United States in each of those years and the total number of people unemployed during each of those years and the percentage of unemployment.

(The table referred to is as follows:)

Employment status of the noninstitutional population, 1929 to 1959

[Thousands of persons 14 years of age and over]

Year	Total noninstitutional population [1]	Total labor force including Armed Forces [1]		Civilian labor force						Not in labor force
					Employed [2]			Unemployed [2]		
		Number	Percent of noninstitutional population	Total	Total	Agriculture	Nonagricultural industries	Number	Percent of labor force	
1929	(3)	49,440	(3)	49,180	47,630	10,450	37,180	1,550	3.2	(3)
1930	(3)	50,080	(3)	49,820	45,480	10,340	35,140	4,340	8.7	(3)
1931	(3)	50,680	(3)	50,420	42,400	10,290	32,110	8,020	15.9	(3)
1932	(3)	51,250	(3)	51,000	38,940	10,170	28,770	12,060	23.6	(3)
1933	(3)	51,840	(3)	51,590	38,760	10,090	28,670	12,830	24.9	(3)
1934	(3)	52,490	(3)	52,230	40,890	9,900	30,990	11,340	21.7	(3)
1935	(3)	53,140	(3)	52,870	42,260	10,110	32,150	10,610	20.1	(3)
1936	(3)	53,740	(3)	53,440	44,410	10,000	34,410	9,030	16.9	(3)
1937	(3)	54,320	(3)	54,000	46,300	9,820	36,480	7,700	14.3	(3)
1938	(3)	54,950	(3)	54,610	44,220	9,690	34,530	10,390	19.0	(3)
1939	(3)	55,600	(3)	55,230	45,750	9,610	36,140	9,480	17.2	(3)
1940	100,380	56,180	56.0	55,640	47,520	9,540	37,980	8,120	14.6	44,200
1941	101,520	57,530	56.7	55,910	50,350	9,100	41,250	5,560	9.9	43,990
1942	102,610	60,380	58.8	56,410	53,750	9,250	44,500	2,660	4.7	42,230
1943	103,660	64,560	62.3	55,540	54,470	9,080	45,390	1,070	1.9	39,100
1944	104,630	66,040	63.1	54,630	53,960	8,950	45,010	670	1.2	38,590
1945	105,520	65,290	61.9	53,860	52,820	8,580	44,240	1,040	1.9	40,230
1946	106,520	60,970	57.2	57,520	55,250	8,320	46,930	2,270	3.9	45,550
1947	107,608	61,758	57.4	60,168	57,812	8,256	49,557	2,356	3.9	45,850
1948	108,632	62,898	57.9	61,442	59,117	7,960	51,156	2,325	3.8	45,733
1949	109,773	63,721	58.0	62,105	58,423	8,017	50,406	3,682	5.9	46,051
1950	110,929	64,749	58.4	63,099	59,748	7,497	52,251	3,351	5.3	46,181
1951	112,075	65,983	58.9	62,884	60,784	7,048	53,736	2,099	3.3	46,092
1952	113,270	66,560	58.8	62,966	61,035	6,792	54,243	1,932	3.1	46,710
1953 [4]	115,094	67,362	58.5	63,815	61,945	6,555	55,390	1,870	2.9	47,732
1954	116,219	67,818	58.4	64,468	60,890	6,495	54,395	3,578	5.6	48,401
1955	117,388	68,896	58.7	65,848	62,944	6,718	56,225	2,904	4.4	48,492
1956	118,734	70,387	59.3	67,530	64,708	6,572	58,135	2,822	4.2	48,348
1957	120,445	70,744	58.7	67,946	65,011	6,222	58,789	2,936	4.3	49,699
1958	121,950	71,284	58.5	68,647	63,966	5,844	58,122	4,681	6.8	50,666
1959	123,366	71,946	58.3	69,394	65,581	5,836	59,745	3,813	5.5	51,420

[1] Data for 1940–52 revised to include about 150,000 members of the Armed Forces who were outside the continental United States in 1940 and who were, therefore, not enumerated in the 1940 census and were excluded from the 1940–52 estimates.

[2] Data for 1947–56 adjusted to reflect changes in the definition of employment and unemployment adopted in January 1957. Two groups averaging about ¼ million workers which were formerly classified as employed (with a job but not at work)—those on temporary layoff and those waiting to start new wage and salary jobs within 30 days—were assigned to different classifications, mostly to the unemployed. Data by sex, shown in table A–2, were adjusted for the years 1948–56.

[3] Not available.

[4] Beginning with 1953, labor force and employment figures are not strictly comparable with previous years as a result of the introduction of material from the 1950 census into the estimating procedure. Population levels were raised by about 600,000; labor force, total employment, and agricultural employment by about 350,000, primarily affecting the figures for total and males. Other categories were relatively unaffected.

NOTE.—Data for 1929–39 based on sources other than direct enumeration.

Mr. GOLDBERG. You understand that my estimate of the November unemployed was only an estimate?

Mr. LAIRD. I understood that.

Mr. GOLDBERG. The figures are going to be officially released and I don't even know what they are.

Mr. LAIRD. I assume you are fairly close?

Mr. GOLDBERG. I think my estimate is conservative, but I may be proved to be wrong.

Mr. LAIRD. I noticed that in this whole unemployment compensation area there seems to be real need for the Department of Labor to give it some review?

Mr. GOLDBERG. Yes.

Mr. LAIRD. The Federal program, I am speaking of.

Mr. GOLDBERG. Yes.

UNEMPLOYMENT COMPENSATION COVERAGE FOR PART-TIME EMPLOYEES

Mr. LAIRD. I notice that the people who collected census information this past year, who worked a total period of about 10 weeks, are entitled to Federal unemployment compensation benefits, and most of them were sent a letter explaining how they should file. These people had no idea that they were taking this as a permanent job and I wonder if it is proper that those people should draw unemployment compensation benefits?

Mr. GOLDBERG. Is this unemployment compensation benefits as Federal employees under the Federal program?

Mr. LAIRD. Under the Federal program. They are subject, of course, to the laws in effect in the States where they reside.

Mr. GOLDBERG. That is what I thought was the key to the problem. We have always tried to follow the principle, as I understand the operation of the Federal program that we apply State standards.

Mr. LAIRD. The State standards were never established for Federal workers. They have never given any consideration to the Federal workers when they passed the State laws. It seems to me that the administration's encouraging these people to draw these benefits by even sending them a letter, is a little questionable. I have doubts in my mind that these are really proper payments.

Mr. GOLDBERG. I am not familiar with the letter but I am familiar with the fact the the State administrators of the employment security services are very strong that we follow their standards. They think it would be very bad if we adopted an independent standard in the various States as to what made a man eligible for unemployment compensation as a Federal employee.

Mr. LAIRD. We have to pay that 100 percent in Federal appropriations and just the other day we had to make a supplemental appropriation for 1961. As I understand it, quite a few of the census workers are making application, and that sort of coverage wasn't my understanding of what we were trying to accomplish when we passed the Federal Unemployment Compensation Act.

Mr. GOLDBERG. I, frankly, don't know the circumstances with the census.

Mr. LAIRD. These are questions that I think need to be looked into because they affect the Federal budget. I felt that it was proper for me to call them to your attention.

Mr. GOLDBERG. I appreciate your doing so.

PAYMENTS TO RETIRED EMPLOYEES

Mr. LAIRD. Another area that is questionable is unemployment compensation for employees who retire. Take for instance a rural carrier who retires from the postal service. He draws not only his retire-

ment benefits, but under certain circumstances he also draws unemployment compensation for the maximum period.

Mr. GOLDBERG. Again I think I see the problem here. The problem here, as in all areas, is that this is determined by State law and I presume there is no desire to discriminate against the Federal worker as against State worker, for example.

Mr. LAIRD. But for most workers in the State, their labor contracts and their retirement benefits take into consideration the unemployment compensation payments which are going to be made to that individual on separation from his industrial job.

Mr. GOLDBERG. But the State has complete control of this area. This is the answer, I think, Congressman, to you—the State has complete control.

Mr. LAIRD. We may have to modify some of our retirement programs in order to give consideration to the same things that you, in the steel industry have given consideration to in your labor contracts.

Mr. GOLDBERG. Except that this would be, first of all a problem which is beyond my knowledge as to how the retirement programs mesh in, but this would be very difficult, it seems to me, to work it out in light of the complete differences in the States' treatment of the subject.

AFL–CIO PAMPHLET ON LANDRUM-GRIFFIN LAW

Mr. LAIRD. A few minutes ago we had a little discussion about the Landrum-Griffin Act. I was very much impressed with your statement, Mr. Secretary, about the position you found yourself in as the new Secretary of Labor, and the objective way that you wished to meet problems that are presented to you as a representative of all the American people. I am somewhat concerned over the distribution of a pamphlet which has been published by the AFL–CIO entitled "Landrum-Griffin."

I might preface my remarks by stating I understand the Attorney General appeared before a subcommittee of the Appropriations Committee this past week and praised this particular piece of legislation. He said that he felt that through his appearances on television and other means that he had contributed a great deal toward the passage of the legislation. But this particular booklet was prepared by and printed by the AFL–CIO and contains such references:

> The reactionary opportunists succeeded in cutting down the effectiveness of labor unions—

that is on page 11; on page 13, it states:

> The Secretary of Labor came up with a rather illogical ruling on the problem.

On page 19, it states:

> International and local unions must engage in a continual struggle to adjust their day-to-day operations to the Landrum-Griffin Act's many detailed, and often unclear, controls over internal union affairs.

And finally it states:

> On the issues where the battlelines were formed, the fake lure of "labor reform" proved too strong, and for the most part the unions lost. Hope for the future lies partly in a reasonable interpretation of the law by the courts and by a labor board more sympathetic than at present to the interests of the work-

ing man. Even more, hope for the future lies in the hands of another Congress which will refuse to be misled by false slogans, and which will restore a proper balance of economic power between unions and management.

That statement is taken from page 32.

It certainly seems that this isn't a very objective view of the Landrum-Griffin Labor Reform Act or a very objective view of what the Congress was trying to do in passing this legislation in both the House and the Senate. Wouldn't you agree to that?

Mr. GOLDBERG. First of all, this is a pamphlet of the AFL–CIO. They are perfectly capable of making a statement.

Mr. LAIRD. I agree with you. I see nothing at all wrong in them having their opinions and expressing them in such pamphlets as this. The reason I am asking you this question is that this is one of the pamphlets that, within the last few weeks, was being distributed by the Department of Labor. When a Member of Congress writes for information regarding the Landrum-Griffin Labor Reform Act, this booklet is forwarded under the Department of Labor's frank.

This is in direct violation of title 18 of the United States Code, section 1913, entitled, "Lobbying With Appropriated Moneys" and I wanted to call it to your attention.

Mr. GOLDBERG. Let me make these observations. I am not familiar with the fact—I will look into it—that you have just mentioned but there are several aspects to this. First of all, you will find from Mr. Holcombe that he, with my permission, is developing a presentation which answers some of the objections that organized labor has made to the Landrum-Griffin Act and points out what, in the opinion of the Department, are inaccuracies in the presentation. He will give you an illustration of that when he testifies. He took that up with me. I told him that we had to keep the record straight and he should go ahead with it. In fact I have given him carte blanche to run his bureau subject to necessary supervision.

Mr. LAIRD. I didn't want to read the whole pamphlet to you and didn't want to take anything out of context but I took a few sentences to give you a feeling of the attitude expressed in this particular pamphlet which is being circulated by the Department of Labor.

Mr. GOLDBERG. With reference to the circulation of materials, I will have to check. I suppose that the Department traditionally, like all departments in the Government, from time to time disseminates material from groups in the country. The Department of Commerce must disseminate material from business groups just as Labor disseminates material from both business and labor groups as part of its work, informational work of keeping the community and people advised of the activities of independent groups in our population with which the Department may disagree. I presume this is one of the activities which all Departments of the Government carry on.

Mr. LAIRD. I do not believe the Department of Commerce should disseminate information for the chamber of commerce or for the National Association of Manufacturers. I believe that would not be a proper function for the Government and would be in violation of the Federal statute.

Mr. GOLDBERG. I haven't looked into this particular one. I will. I am just saying that I can understand Government agencies, as part of an educational program, indicating what different groups in our

population say, even though they disagree with them. I do not think that would constitute lobbying activity. I have to read the statute. I think this would constitute part of the normal activity of he Govment in just telling people what different elements in our society are doing.

Mr. LAIRD. I believe it is proper and necessary for the Department of Labor to use its funds to disseminate objective information on this particular law and I am glad to learn that you are preparing such an objective presentation.

Mr. GOLDBERG. You will see from what Mr. Holcombe has to say that the piece of information which we have prepared was in process before I took office. He showed it to me before I was sworn in. Maybe it is this very pamphlet, I do not know, but a pamphlet had been prepared which, in effect, said that, look at this terrible law, you have to produce 42 forms and so on. He has prepared material which shows that under the law as we are administering it, you have to prepare less forms than you did under the Taft-Hartley Act. He will explain that and give you a review of that literature. I told him if he checked his facts out and the objective presentation was as he said it was, go ahead print and distribute that information.

Mr. DODSON. We endeavor to follow the rules and regulations. I had not heard about that AFL–CIO pamphlet.

Mr. LAIRD. You realize that this is also a violation of the rules of the Joint Committee on Printing.

Mr. DODSON. I had not known about this until you brought it up here. We will certainly look into it. For example, we went to the Joint Committee on Printing when this bill first passed because we wanted to use some organizations as multipliers to get this information out. So we went to the joint committee and got permission to send a block of pamphlets to an organization that, in turn, sent them to everybody on their mailing list.

Mr. LAIRD. Off the record.

(Discussion off the record.)

ADEQUACY OF THE 1962 BUDGET FOR THE WOMEN'S BUREAU

Mr. LAIRD. Mr. Secretary, I notice in your request that you made to the administration for certain amendments to the 1962 budget, that you asked for an increase in the amount of funds being made available to the Women's Bureau. I notice that the administration turned down that request, and that that request will not be forthcoming to this committee. It concerns me that the Women's Bureau is treated in this fashion by the new administration. Under the first request that you make the new administration, through its Bureau of the Budget rejects the request. I am sure you only include priority items in your request—I notice you didn't even include any request for training, so you were really giving consideration only to priority items in your request.

Mr. GOLDBERG. Yes, I feel the request we made for the Women's Bureau were legitimate requests and I have asked for reconsideration of this particular denial. I hope that they will listen to this request. It is a justified one.

Mr. LAIRD. I hope the White House and the Bureau of the Budget will not show any discrimination toward women workers. I know of your long background in the labor movement. You must have thought that this was an absolutely necessary request.

Mr. GOLDBERG. I thought every request we made was absolutely necessary.

EMPLOYEE TRAINING

Mr. LAIRD. Mr. Secretary, I notice you did not make any request for increases in the funds for training in the Department of Labor, special job training, apprentice training, and so forth.

Mr. GOLDBERG. We hope we will get additional funds in this area from the bill which is being considered and to help in area development.

Mr. LAIRD. That would not give you any additional funds because you have to have an appropriation. You have plenty of authority to get all the money you want for on-the-job training. There is no limitation set on appropriations for apprenticeship training or for your other training authorizations.

Mr. GOLDBERG. What I meant by that, again I might not be aware of the exact procedures, but we hope from the enactment of that program to stimulate interest in this training area and I hope that when we develop more plans in this area to come back and talk to you further on this subject.

STUDIES OF THE IMPORT-EXPORT SITUATION

Mr. LAIRD. Mr. Secretary, back in the 1958 hearings, and each year since that time, I have brought up with the Secretary of Labor the importance of analyzing our export-import situation on the basis of man-hours imported and man-hours exported and the effect of the importation of cheap labor on the American labor market. There hasn't been very much done in that area in the Department of Labor.

Mr. GOLDBERG. We hope to do that. Now, as you know, we have a request in, in this area.

Mr. LAIRD. How much are you asking for in this area?

Mr. GOLDBERG. $100,000. We made a request for $320,000—$138,000 in this area and we have approval of $100,000.

Mr. LAIRD. Can you make a very good study of this whole matter for $100,000?

Mr. GOLDBERG. We will start to make a study in this area and, of course, we will do some more work in the President's Advisory Committee, in this area, too.

Mr. LAIRD. The President's Advisory Committee has a $300,000 budget and you are covering about everything in the whole area of your Department's and the Commerce Department's interest. That is a study that will be quite difficult, to really make an adequate comparison of the importation of cheap labor. I do not know just the best way to express myself. I think you understand what I am talking about. We always keep talking about dollar volumes. It doesn't have much to do with the importation as far as work hours are concerned.

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KANSAS STATE UNIVERSITY REFERENCE LIBRARY DEPARTMENT MANHATTAN, KANSAS

Mr. GOLDBERG. All I can say on that subject, Congressman, is that we will at least make a start in this area and again we will be coming back to you to report to you the results of the studies we are making.

Mr. DODSON. I have a figure that I would like to give you; the Bureau of Labor Statistics now has $174,000 for their foreign labor conditions operations. This will be $100,000 in addition to that $174,000.

Mr. GOLDBERG. In other words, a total of $274,000.

Mr. DODSON. Yes.

MEXICAN FARM-LABOR DISPUTE IN CALIFORNIA

Mr. LAIRD. Members of the California delegation and others have been in touch with me about the situation which exists in their State and have asked me, in their behalf, to ask you some questions about the use of the Department of Labor in the dispute that exists in the State of California.

Mr. GOLDBERG. Have Congressmen been in touch with you since I appeared before them?

Mr. LAIRD. I think you appeared before them on Thursday at 4:30?

Mr. GOLDBERG. That is correct. Is this since then?

Mr. LAIRD. I have talked to them since then. There is concern that the Government of Mexico is being influenced a great deal by the fact that the term "labor dispute" has been used in some of these areas where, in fact, the Governor of the State does not believe a labor dispute actually exists and does not feel that the health and safety of any individual is in jeopardy. Gov. Pat Brown stated, and I will quote directly from him:

> There is no breakdown of law enforcement anywhere within the State of California, and the health and safety of all persons within our borders are secure.

Mr. GOLDBERG. I want to talk very specifically about that because there is no basis whatsoever for any criticism on anybody's part, except possibly by the labor movements, for my handling of this matter. They may have a basis for criticism and I want to say why. I told this to the California delegation and I want to be very emphatic about it because I have no apologies for our actions in this matter.

Mr. LAIRD. Off the record.

(Discussion off the record.)

Mr. GOLDBERG. The labor movement in California has started to organize these fields. They did this and a dispute developed before I took office. I came into office and many things were happening. It was called to my attention that there was a dispute there. About that time, I directed Under Secretary Wirtz to look into the matter. He did. He met with the growers and with the labor unions involved and I was asked in effect by the labor movement to extend my views and regulations as to what a labor dispute consisted of. I refused to do this for the reason I stated earlier to you. I said whatever the rules are they were going to be applied. I inherited these rules. If the rules were going to be changed I was going to give a hearing to the growers and to the unions and State officials and everybody concerned. I have set up hearings which are going to take place later,

on that subject. In the meantime, the Department personnel was instructed to follow the rules as I inherited them from Mr. Mitchell. About February 2, I had a visit from two ministers of the Mexican Government. They handed me a formal letter from their Government in which they insisted that I remove, direct removal of all braceros from properties on strike regardless of the regulations of the Department. The regulations of the Department required a certain freezing procedure with respect to particular fields of struck employers.

The Mexican Government's request to me was that I remove all braceros employed by the struck employer regardless where the particular field involved by picketing or otherwise. I felt that the labor movement may have some complaint. They have sent me letters bitterly complaining about it. I felt this way: We had a crop in process of being harvested, a large crop, a lettuce crop. We had other employment considerations involved, not only the question of these workers, but truckers, railroad employment. We have a bad situation that you saw on the charts. I did not feel it was in the overall public interest to create further unemployment problems. Particularly since I didn't have an adequate opportunity to study this whole problem. So, despite the fact I was requested by the Mexican Government to remove them all, which I have to honor under the agreement which has been negotiated between the Mexican Government and the United States. They are their nationals. They have a right to say we want our nationals back just as we would have a right to say if we sent our nationals across somebody's border, I said to these gentlemen, that I trusted that they would bear with me; I would send out a special representative of the Department to look into the situation and this would take a little while. I hoped that they would be understanding.

I sent a representative of the Department out there. As a result of my delaying in honoring the request of the Mexican Government the growers have been able to harvest more than 80 percent of their crop. Had I moved at that point, they would not have been able to do so. In addition to that, they will be able to harvest another 10 percent regardless of the move which I have taken on Saturday, which I have had to take.

About 10 days ago, the Mexican Government sent over the Minister to talk to Mr. Wirtz and Mr. Holleman and Mr. Goodwin and said they were not entirely satisfied with what I had done and I had not honored their request. They formally renewed their request. I was occupied with other matters and this did not come directly to my attention for a few days. However, the Department held hearings out there and made an on-the-spot investigation. A few days ago, the agent of the Department issued a finding that the health and safety of the workers involved was affected and he ordered the removal of braceros from about 15 of these struck farms.

I got telegrams of the character that you have received from the growers and I accorded them an immediate appeal from this ruling. I set up a hearing before Mr. Wirtz. He gave the growers a complete hearing. The action was deferred pending the hearing to determine whether or not this ruling was justified. I also received communications from the Governor such as you read in which he said he could protect the health and safety of the braceros.

Friday morning I was visited by the Minister of the Mexican Government and this time I was handed a most formal demand that that day I order the removal of all the braceros and I was told in very polite but in very firm diplomatic language that unless I responded to this request immediately, a formal protest would be made by the Mexican Government to the American Government which has not happened in 40 or 50 or 60 years of our relations with this friendly republic to the south. They said they did this regretfully but this was the instructions they had received from Mexico City. I said to these gentlemen that I had a hearing going on that day or the next day and that I felt in fairness to all parties involved that the hearing ought to proceed. That I would want them to be present as an observer at the hearing.

I invited the Minister and said that I would appreciate it if they would consider what our findings were in the hearing, and I would respect the request of the Mexican Government, I would have to respect their request under the law and under the treaty, but I would hope that they would defer whatever their final action was until they had the benefit of the conclusions arrived at, at the hearing. They were nice enough to accommodate me despite the fact that their Government was insisting upon immediate action. We held a hearing in which all parties were given an opportunity to be heard. Mr. Wirtz handed down a ruling in which he found that our official involved was erroneous in finding that the health and safety was involved and reversed that one, but Mr. Wirtz also found, as he had to find, that the consideration for us was not only that but was the view of the Mexican Government as to what it wanted to do with its nationals. His decision in effect says to the Mexican Government, we would appreciate it if you look at our findings in this area. However, after looking at our finding you still feel as you did, we, of course, will have to honor your request. I approved this order, this recommendation of Under Secretary Wirtz and have issued an order to that effect.

The Mexican Government has been fully informed of all of the facts, including this order and, as I understand it, the Mexican Government is still adhering to its position. I have no alternative but to fully respect the views of the Mexican Government in this area which I expect to do. We must recognize their priority in dealing with their own nationals as we would expect them to recognize in dealing with our nationals. We must have great respect for their views. They have a right to take their own view of the situation. They have done so. They have been apprised of all of the facts including a fact by the Secretary of Labor that at the present moment I do not find any health and safety factors involved. Notwithstanding, that, they have a right to differ with me and I respect that right. This being their view in the interest of good relations between our countries and in the interest of these growers who believe they want to continue this program, despite the views of many people that it ought not to be continued, we will have to respect the views of the other contracting and treaty parties. So I say this has been our action. I explained it to the California delegation at length. I invited that meeting of the whole delegation. I felt they were entitled to know. They were receiving wires which did not reflect the facts. We had been receiving these requests from the Mexican Government just as we advised the union.

It is my policy to let everybody know. I say that I think I have no apologies for our conduct of this. I think we have acted with all propriety in this matter and with due regard for the interests of everybody involved.

Mr. LAIRD. I am glad we have that in the record.

(Discussion off the record.)

FIRMNESS OF 1962 BUDGET

Mr. LAIRD. Mr. Secretary, how firm are the estimates that we have before us at the present time for the 1961–62 budget?

Mr. GOLDBERG. I cannot be too firm, particularly in the area which deals with the Unemployment Compensation Act because this is based upon an estimate of what employment conditions will be in the fiscal 1962 period.

Mr. LAIRD. Let us go down to other areas that the chairman discussed with you. We won't consider unemployment compensation in this discussion. But are these other estimates firm, now with this supplemental that will be transmitted to us in the next few days?

Mr. GOLDBERG. I would believe so, Mr. Laird.

TRAINING PROGRAM

Mr. DODSON. You have to take into consideration, Mr. Laird, new legislation that may go through. Right or wrong we have been thinking that with the passage of the distressed area bill we would strengthen our justification for a beefing up of the training program——

Mr. LAIRD. I think it weakens your justification, myself, because you have all the authority you need to go into this training area. It seems to me that it should be given some sort of priority in your Department.

Mr. DODSON. It has been given some priority but we haven't been able to sell it up to now.

Mr. LAIRD. The idea of waiting for this distressed areas bill, doesn't seem to me to make your justification any better.

Mr. DODSON. In the distressed area bill there is a section where it authorized training and subsistence payments.

Mr. LAIRD. That is almost a duplication of present law except for the subsistence payments. That is the only new thing in that legislation and the subsistence payments amount to very small portion of any training program that has been talked about in the Department of Labor.

Mr. DODSON. It was our thinking that rather than to try an amendment with the Bureau of the Budget now to await action on the new legislation. We did propose an increase of $778,000 for the Bureau last fall.

Mr. LAIRD. I am surprised you didn't take that back again.

Mr. DODSON. Maybe this is a judgment factor that I have used and swayed others in the Department. In view of the reception we had with regard to our original request for money for apprenticeship, I felt that the better thing was to wait until the distressed area bill passed and then use that as an additional justification to get an increase for the Bureau of Apprenticeship.

Mr. LAIRD. So now we have that exception, that that might be a weak point in the budget?

Mr. DODSON. Yes, sir.

Mr. LAIRD. So we have unemployment compensation and the area of training?

Mr. DODSON. That is right.

Mr. FOGARTY. Don't forget the Women's Bureau.

Mr. LAIRD. I think I have made the point on the Women's Bureau.

Mr. FOGARTY. I am in complete agreement with Mr. Laird that we should do something for the Womens' Bureau, and also in the field of training. I do not think you have asked half enough for training.

ADVISABILITY OF BUDGET REDUCTIONS

One question I have always asked, Mr. Secretary, is: Are there any places in this budget you think can be cut or should be cut?

Mr. GOLDBERG. I have reviewed that very carefully and with all of the staff and with my adviser, Mr. Dodson, who has been one of my principal advisers. We do not think so. As a matter of fact we are going to put additional duties on everybody as a result of our expanding activities.

Mr. FOGARTY. You don't think we can cut anywhere? There is no fat in this budget?

Mr. DODSON. We have gone into this question with each of the bureau chiefs. There isn't any place as far as salaries and expenses that can stand a cut. In employees compensation fund, we may again be able to reduce that slightly. It is a total here of $65,700,000 and we might be able to take a million and a half off of that.

Mr. FOGARTY. Mr. Secretary, you have referred to Mr. Dodson several times in your prepared statement. At the end you said, "I have relied heavily on Mr. Dodson, whom you all know, in my review of the budget program and the preparation of amendments." If things don't go right, I hope you don't put the whole blame on Mr. Dodson.

Mr. GOLDBERG. It is my responsibility.

Mr. FOGARTY. There are several tables and other information we asked you to have for insertion in the record. We will place those at the end of this section of the hearing if they are ready.

Mr. DODSON. We have them here, Mr. Chairman.

SECRETARY MITCHELL'S TELEGRAM OF CONGRATULATION

Mr. FOGARTY. I think a fitting way to close would be to insert in the record this telegram that was sent to you on Thursday, December 15.

(The telegram referred to follows:)

ARTHUR GOLDBERG, Esquire,
GOLDBERG, FELLER & BREDHOFF,
Attorneys at Law,
Washington, D.C.:

Congratulations on your appointment as Secretary of Labor. I join with all my associates in the Labor Department in wishing you a successful administration. We all believe that President-elect Kennedy could not have made a better appointment.

JAMES P. MITCHELL,
Secretary of Labor.

Mr. FOGARTY. I think you have done a very good job today, and I also think that you were a good selection. You have a tough job, one of the toughest jobs in the Cabinet. I think we all would like to do what we can to help you. Thank you very much.

Mr. GOLDBERG. Thank you and the members of your committee, first for your remarks and for the finest reception I have had here today and the fine understanding you have demonstrated here. We will look to you in the years to come with the problems of the Department.

(The tables and other information, referred to above, are as follows:)

Comparison of 1961 revised appropriation with 1962 budget estimate

Bureau	1961 revised estimate		1962 budget estimate		Change from 1961 revised estimate		Annualization costs of new legislation	Mandatory items	Nonrecurring costs	Program changes	
	Positions	Amount	Positions	Amount	Positions	Amount				Positions	Amount
Salaries and expenses:											
Office of the Secretary	166	$1,582,840	180	$1,675,000	+14	+$92,160	$2,222		$4,822	+14	+$94,760
Working capital fund	161		161								
Labor-management reporting and disclosure activities [1]		[5,550,000]									
Bureau of International Labor Affairs	36	378,360	55	510,000	+19	+131,640	500		1,290	+19	+132,430
Office of the Solicitor	382	3,325,700	405	3,616,000	+23	+290,300	5,124		8,700	+23	+293,876
Bureau of Labor Standards	290	2,522,000	329	2,908,000	+39	+386,000	3,200		7,700	+39	+390,500
Bureau of Veterans' Reemployment Rights	64	632,300	64	633,000		+700	890		2,350		+2,160
Bureau of Apprenticeship and Training	492	4,329,000	502	4,476,000	+10	+147,000	5,650		13,850	+10	+155,200
Bureau of Labor-Management Reports	532	5,011,200	596	6,275,000	+64	+1,263,800	5,763		264,987	+64	+1,523,024
Mexican farm labor program (compliance)	145	1,168,700	145	1,149,000		−19,700	1,400		3,100		−18,000
Bureau of Employees' Compensation	484	3,452,300	527	3,834,000	+43	+381,700	56,500		9,700	+43	+334,900
Bureau of Labor Statistics	1,114	11,118,000	1,181	11,842,000	+67	+724,000	13,500	+$27,000	28,200	+67	+711,700
Revision of Consumer Price Index	116	1,322,000	163	2,100,000	+47	+778,000	1,350		2,500	+47	+779,150
Women's Bureau	61	553,900	64	578,000	+3	+24,100	650		1,500	+3	+24,950
Wage and Hour Division	1,342	12,261,000	1,342	12,261,000			17,500		40,500		+23,000
Total, salaries and expenses from general funds	5,385	47,657,300	5,714	51,857,000	+329	+4,199,700	114,249	+27,000	389,199	+329	+4,447,650
Unemployment compensation for veterans and Federal employees		144,000,000		147,000,000		+3,000,000		+3,000,000			
Employees' compensation, claims and expenses		64,200,000		65,500,000		+1,300,000	1,500,000				−200,000
Total appropriation from general funds	5,385	255,857,300	5,714	264,357,000	+329	+8,499,700	1,614,249	+3,027,000	389,199	+329	+4,247,650
Trust fund authorizations:											
Bureau of Employment Security	837	7,936,000	878	8,338,000	+41	+402,000	10,600		25,200	+41	+416,600
Grants to States		366,469,000		368,000,000		+1,531,000		+23,476,000	24,666,000		+2,721,000
Reimbursement from Mexican farm labor supply fund (S. & E.)	208	1,496,100	210	1,519,000	+2	+22,900	1,900		3,000	+2	+24,000
Administration of longshoremen's rehabilitation program	7	55,000	7	55,000							
Total derived by transfer from trust funds	1,052	375,956,100	1,095	377,912,000	+43	+1,955,900	12,500	+23,476,000	24,694,200	+43	+3,161,600
Total funds available	6,437	631,813,400	6,809	642,269,000	+372	+10,455,600	1,626,749	+26,503,000	25,083,399	+372	+7,409,250

[1] Shown as comparable transfer to other accounts in fiscal year 1961.

NOTE.—For information concerning amendments to the above budget see pp. — and —

Analysis of fiscal year 1962 budget request and allowances

	Bureau request of the Department	Department request of the Bureau of the Budget	Bureau of the Budget allowance	Change from Department's request
GENERAL FUND AUTHORIZATIONS				
Office of the Secretary	$2,092,000	$1,980,000	$1,675,000	−$305,000
Bureau of International Labor Affairs	730,000	730,000	510,000	−220,000
Office of the Solicitor	3,825,000	4,027,000	3,616,000	−411,000
Bureau of Labor Standards	3,483,000	2,912,000	2,908,000	−4,000
Bureau of Veterans' Reemployment Rights	632,300	632,300	633,000	+700
Bureau of Apprenticeship and Training	6,268,000	5,142,000	4,476,000	−666,000
Bureau of Labor-Management Reports	10,744,000	7,935,000	6,275,000	−1,660,000
Mexican farm labor program—Compliance	1,440,000	1,434,000	1,149,000	−285,000
Bureau of Employees' Compensation	4,053,000	4,053,000	3,834,000	−219,000
Bureau of Labor Statistics	14,036,000	13,408,000	11,842,000	−1,566,000
Revision of the consumer price index	2,221,600	2,221,600	2,100,000	−121,600
Women's Bureau	735,000	712,000	578,000	−134,000
Wage and Hour Division	13,281,000	13,281,000	12,261,000	−1,020,000
Total, salaries and expenses from general fund	63,540,900	58,467,900	51,857,000	−6,610,900
Unemployment compensation for ex-servicemen and Federal employees	155,000,000	[1] 147,000,000	147,000,000	----------
Employees' compensation, claims, and expenses	65,700,000	65,700,000	65,500,000	−200,000
Total, appropriation from general fund	284,240,900	271,167,900	264,357,000	−6,810,900
TRUST FUND AUTHORIZATIONS				
Bureau of Employment Security	10,020,000	8,598,000	8,338,000	−260,000
Grants to States	386,409,000	378,409,000	368,000,000	−10,409,000
Mexican farm labor program—Salaries and expenses	1,713,000	1,525,000	1,519,000	−6,000
Longshoremen's rehabilitation program	55,000	55,000	55,000	----------
Total, trust fund authorization	398,197,000	388,587,000	377,912,000	−10,675,000
Total, funds available	682,437,900	659,754,900	642,269,000	−17,485,900

[1] Supplemental for $8,000,000 approved but received too late for transmittal to the Bureau of the Budget.

History of 1962 program increases

	Request of the Department	Request of the Bureau of Budget
Office of the Secretary:		
Car for the Under Secretary	$5,000	$5,000
Secretary's career service awards program	100,000	90,000
Manpower and older worker programs	256,000	154,000
Defense mobilization staff	53,500	53,500
Expansion in library staff and books	34,800	34,800
Expansion of publications and staff in Office of Information	63,000	63,000
Expansion of management analysis program	26,000	26,000
Expansion of employee relations program	7,200	7,200
Bureau of International Labor Affairs:		
Expansion of country programs	171,500	171,500
Coordination of technical assistance programs	33,700	33,700
Increased clerical staff	30,400	30,400
Increased staff in Office of the Assistant Secretary	22,800	22,800
Employment of nongovernmental experts, extending assignments of labor mission teams and increased travel funds	93,600	93,600
Bureau of Labor-Management Reports: Expansion of program with particular emphasis on financial investigations	5,733,000	2,924,00
Office of the Solicitor:		
Expansion of staff to handle increased workload accumulating over a period of years	489,000	532,000
Expansion of staff to handle expanded programs approved for other bureaus	0	159,900
Bureau of Labor Standards:		
Strengthening safety services:		
Maritime	437,000	237,200
Union	32,000	0
Federal	53,000	0
Development of safety program for young workers	53,000	0
Welfare and pension plan activities	180,000	0
Programs for preparation of youth for work	104,800	104,800
Technical assistance to States on labor-management relations	53,000	0
Expansion of President's Committee on the Physically Handicapped	39,900	39,900
Bureau of Apprenticeship and Training: Expansion of training promotion programs relating to the manpower challenge	1,924,000	798,000
Bureau of Veterans' Reemployment Rights	0	0
Bureau of Employees' Compensation:		
Final decentralization of Federal Employees Compensation Act activities	387,900	387,900
Expanded rehabilitation services for Federal employees	105,400	105,400
Expanded investigation program	104,700	104,700
Administration of health benefits program	60,000	60,000
Administration of FECA amendment	60,000	60,000
Administration of longshore amendments	32,000	32,000
Bureau of Employment Security: Better utilization of Nation's work force and improved management of Bureau and State agencies	934,500	349,000
Meeting the needs of the farm labor market	219,200	63,200
Meeting the problems of unemployment and underemployment	670,300	143,000
Characteristics of the unemployed	106,400	106,400
Promoting economic growth and stability	138,000	0
Meeting disaster and mobilization needs	15,600	0

History of 1962 program increases—Continued

	Request of the Department	Request of the Bureau of Budget
Mexican farm labor program: Improvement in reception center and migratory station operations	$216,000	$28,000
Mexican farm compliance: Expanded compliance activities	271,000	266,000
Unemployment compensation for Federal employees and ex-servicemen	[1] 48,000,000	40,000,000
Grants to States:		
Better utilization of the Nation's work force and improved management of State agencies	8,700,000	2,800,000
Meeting the needs of the farm labor market	1,300,000	1,000,000
Meeting the problems of unemployment and underemployment	1,700,000	1,400,000
Characteristics of the unemployed	990,000	990,000
Promoting economic growth and stability	1,100,000	0
Increase in State salary ratio, rents, postage, etc	11,400,000	11,000,000
Increase in insured unemployment from 1.4 to 2 million and adjustment in salaries, etc	35,400,000	35,400,000
Bureau of Labor Statistics:		
Manpower and employment statistics programs	1,186,000	958,000
Family budget studies	106,000	54,000
Industry price indexes	215,000	215,000
Dealer to contractor prices of building materials	63,000	0
Factfinding for industrial relations analysis	317,000	265,000
Automation and adjustment of the work force to technological change	158,000	107,000
Workman's compensation and injury rate program	133,000	0
Studies of special safety and injury problems	128,000	128,000
Labor force analyses for foreign countries	320,000	320,000
Impact of foreign trade on employment	158,000	133,000
Studies of economic growth and employment opportunity	264,000	240,000
Revision of the Consumer Price Index:		
Continuation of revision program	349,750	349,750
Rural family expenditure surveys	551,000	551,000
Wage and Hour Division:		
Expansion of enforcement activity	957,000	967,000
Study economic effects of public contracts wage determinations	43,000	53,000
Training under Government Employees' Training Act	20,000	0
Women's Bureau:		
Revise publications on basis of 1960 census	47,000	24,000
Publications of Fact Book on Women Workers	25,000	25,000
Expansion of field staff	58,600	58,600
Increase in clerical staff	24,500	24,500
Publication of women's legal status	26,000	26,000

[1] The Department did not disapprove any of this request. A supplemental request was received too late for transmittal to the Bureau of the Budget.

Pay increase cost analysis and financing plan

Organizational unit and account title	Increase in direct pay and other related cost of this agency		Net amount for payment to other appropriations	Net absorption			Additional appropriation required	Date supplemental is needed
	Direct pay	Related costs		Possible by administrative action	Requiring congressional action	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Office of the Secretary: Salaries and expenses	$99,058	$6,842	$5,100				[1] $111,000	Expenditures July 3; obligations June 1, 1961.
Labor-Management reporting and disclosure activities: Salaries and expenses.	273,100	26,900					300,000	Expenditures June 1; obligations May 1, 1961.
Office of the Solicitor: Salaries and expenses	160,800	11,200					172,000	Expenditures June 1; obligations May 1.
Bureau of Labor Standards: Salaries and expenses	134,800	8,200	3,000				146,000	Expenditures July 1; obligations June 1.
Bureau of Veterans' Reemployment Rights: Salaries and expenses.	34,650	2,350	1,000				38,000	Expenditures July 3; obligations June 6.
Bureau of Apprenticeship and Training: Salaries and expenses.	245,510	16,955	5,535				268,000	Expenditures June 25; obligations May 28.
Bureau of Employment Security:								
Salaries and expenses	436,900	38,100	4,000				[1] 479,000	Expenditures June 23; obligations June 9.
Grants to States for unemployment compensation and employment service administration.	68,000	4,600		$72,600		$72,600		
Salaries and expenses, Mexican farm labor program.	86,300	5,700			[2] $92,000	92,000		
Compliance activities, Mexican farm labor program.	59,100	3,900					63,000	Expenditures July 3; obligations June 12.
Farm labor supply revolving fund	19,600	1,000		20,600		20,600		
Bureau of Employees' Compensation: Salaries and expenses.	187,326	14,674	3,300		[3] 3,300	3,300	[1] 202,000	Expenditures June 1; obligations May 15.
Bureau of Labor Statistics:								
Salaries and expenses	502,223	33,477	63,300				599,000	Expenditures June 5; obligations May 1.
Consumer price index	68,334	3,666					72,000	Expenditures May 8; obligations Apr. 16.
Women's Bureau: Salaries and expenses	30,200	2,800					33,000	Expenditures June 25; obligations June 5.
Wage and Hour Division: Salaries and expenses	663,900	45,000	23,100				732,000	Expenditures June 30; obligations June 1.
Total	3,069,801	225,364	108,335	93,200	95,300	188,500	3,215,000	

[1] Language change is requested as follows: (*a*) In the Office of the Secretary the limitation of "not more than $354,860 shall be for international labor affairs," is increased to $378,360. (*b*) In the Bureau of Employment Security the limitation "of which $1,260,000 for carrying into effect the provisions of title IV (except sec. 602) of the Servicemen's Readjustment Act of 1944" is increased to $1,340,600. (*c*) In the Bureau of Employees' Compensation the limitation of "not to exceed $97,000 for the Employees' Compensation Appeals Board" is increased to $103,400, and the limitation of "not to exceed $51,700 to be derived from the fund created by sec. 44 of the Longshoremen's and Harbor Workers' Compensation Act, as amended" is increased to $55,000.

[2] Transfer authority required from "Farm labor supply revolving fund," $92,000.

[3] Transfer authority required from "Longshore trust fund," $3,300.

Financial operations from direct appropriations and authorizations, 1961

[Includes supplementals and comparable transfers]

	Estimated funds available	Obligations as of Dec. 31, 1960	Balance remainder of year	Average employment through Dec. 31, 1960	Actual employment, Dec. 31, 1960
Office of the Secretary	$1,582,840	$864,990	$717,850	175	167
Working capital fund				157	156
Bureau of International Labor Affairs	378,360	172,769	205,591	36	35
Bureau of Labor-Management Reports	5,011,200	2,591,741	2,419,459	463	477
Office of the Solicitor	3,325,700	1,752,591	1,573,109	387	393
Bureau of Labor Standards	2,522,000	1,286,115	1,235,885	298	298
Bureau of Veterans' Reemployment Rights	632,300	315,486	316,814	59	59
Bureau of Apprenticeship and Training	4,329,000	2,196,293	2,132,7 7	475	468
Bureau of Employment Security:					
Salaries and expenses	7,936,000	3,983,872	3,952,128	817	817
Compliance activities	1,168,700	547,698	621,002	118	127
Mexican farm labor program	1,496,100	750,376	745,724	273	242
Grants to States	366,469,000	186,314,809	180,154,191		
Unemployment compensation for ex-servicemen and Federal employees	[1] 146,874,000	80,570,872	66,303,128		
Bureau of Employees' Compensation:					
Salaries and expenses	3,452,300	1,700,985	1,751,315	458	456
Employees' compensation fund	64,200,000	30,778,920	33,421,080		
Longshoremen's rehabilitation program	55,000	27,292	27,708	7	7
Bureau of Labor Statistics:					
Salaries and expenses	11,118,000	5,599,680	5,518,320	1,088	1,087
Revision of the Consumer Price Index	1,322,000	486,576	835,424	87	105
Women's Bureau	553,900	276,606	277,294	58	58
Wage and Hour Division	12,261,000	6,270,842	5,990,158	1,314	1,302
Total	634,687,400	326,488,513	308,198,887	6,270	6,254

[1] Includes $2,874,000 from prior years.

Appropriations and positions for activities presently located in the Department of Labor, 1952 through 1962

Bureau	1952		1953		1954		1955		1956		1957	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Office of the Secretary	341	$1,776,961	308	$1,743,907	245	$1,379,000	238	$1,350,712	256	$1,677,850	171	[1] $1,775,000
Bureau of International Labor Affairs [2]												
Bureau of Labor-Management Reports												
Office of the Solicitor	301	1,713,000	306	1,770,600	242	1,467,900	238	1,480,000	308	1,812,400	362	[3] 2,321,000
Bureau of Labor Standards	138	888,759	121	822,734	93	700,000	98	745,903	109	866,500	113	911,500
Bureau of Veterans' Reemployment Rights	41	283,458	41	289,500	41	301,500	41	305,588	50	383,000	48	383,000
Bureau of Apprenticeship and Training	605	3,579,492	560	3,323,795	532	3,230,000	492	3,159,700	499	3,350,800	495	3,399,000
Bureau of Employment Security	979	5,992,425	837	5,673,900	750	5,207,200	705	4,888,700	740	5,350,350	781	5,558,000
Mexican farm labor program	272	1,933,694	317	2,584,900	221	1,652,800	227	1,785,300	234	1,957,000	340	2,125,000
Bureau of Employees' Compensation	425	2,035,816	451	2,227,400	409	2,025,000	412	2,067,755	424	2,317,500	436	[4] 2,425,500
Bureau of Labor Statistics	1,041	5,628,891	1,029	5,776,973	938	5,479,600	904	5,441,302	966	6,407,000	1,010	6,875,000
Revision of Consumer Price Index	268	1,154,825										
Women's Bureau	63	378,570	58	350,000	60	350,000	57	355,066	55	371,000	56	403,000
Wage and Hour Division	1,618	8,425,000	1,375	7,724,339	1,046	6,235,000	1,016	6,235,433	1,535	8,143,000	1,535	9,988,000
Total administrative items	6,092	33,790,891	5,403	32,288,048	4,577	28,028,000	4,428	27,815,459	5,176	32,636,400	5,347	36,164,000
Working capital fund									125		96	
Employees' compensation fund		32,200,000		37,943,985		41,529,457		46,862,843		49,168,909		54,760,413
Employees' compensation—vocational rehabilitation											7	47,000
Employees' compensation—war claims administration costs and payments	22	4,054,189	22	3,483,052	19	2,240,000	18	1,551,241	21	1,567,730		1,332,000
Grants to States		186,060,000		197,110,000		204,305,000		229,500,000		250,000,000		250,000,000
Unemployment compensation for veterans, payments				[5] 25,907,392		77,900,000		125,489,541		105,067,250		70,000,000
Unemployment compensation for Federal employees								[6] 17,500,000		33,000,000		25,000,000
Temporary unemployment compensation												
Grand total	6,114	256,105,080	5,425	296,732,477	4,596	354,002,457	4,446	448,719,084	5,322	471,440,289	5,450	437,303,413

Appropriations and positions for activities presently located in the Department of Labor, 1952 through 1962—Continued

Bureau	1958		1959		1960		1961		Estimate, 1962	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Office of the Secretary	180	$1,539,111	187	$1,596,800	180	$1,611,000	202	$1,961,200	180	$1,675,000
Bureau of International Labor Affairs [2]									55	510,000
Bureau of Labor-Management Reports					620	2,000,000	532	5,011,200	596	6,275,000
Office of the Solicitor	319	[4] 2,414,950	333	2,632,400	331	2,695,000	382	3,325,700	405	3,616,000
Bureau of Labor Standards	111	1,022,000	271	1,728,800	283	2,488,000	290	2,522,000	329	2,908,000
Bureau of Veterans' Reemployment Rights	65	562,750	64	585,700	64	592,000	64	632,300	64	633,000
Bureau of Apprenticeship and Training	491	3,746,004	500	4,008,700	493	4,047,000	492	4,329,000	502	4,476,000
Bureau of Employment Security	753	6,209,900	841	7,120,700	829	7,262,000	837	7,936,000	878	8,338,000
Mexican farm labor program	333	2,334,700	317	2,191,200	315	2,209,700	353	2,664,800	355	2,668,000
Bureau of Employees' Compensation	455	2,952,334	466	3,054,700	462	3,080,000	484	3,452,300	527	3,834,000
Bureau of Labor Statistics	953	7,463,382	958	7,989,800	1,114	10,519,500	1,114	11,118,000	1,181	11,842,000
Revision of Consumer Price Index					31	230,000	116	1,322,000	163	2,100,000
Women's Bureau	61	480,418	61	503,800	61	509,000	61	553,900	64	578,000
Wage and Hour Division	1,439	11,015,890	1,358	11,371,100	1,344	11,489,000	1,342	12,261,000	1,342	12,261,000
Total administrative items	5,160	39,741,439	5,356	42,783,700	6,127	48,732,200	6,269	57,089,400	6,641	61,714,000
Working capital fund	118		129		134		161		161	
Employees' compensation fund		59,589,635		69,253,906		61,200,000		64,200,000		65,500,000
Employees' compensation—vocational rehabilitation	7	47,400	7	51,090	7	51,700	7	55,000	7	55,000
Employees' compensation—war claims administration costs and payments										
Grants to States		292,814,000		325,600,000		315,819,000		366,469,000		368,000,000
Unemployment compensation for veterans, payments		76,800,000		[7] 160,800,000		125,000,000		144,000,000		147,000,000
Unemployment compensation for Federal employees		54,400,000								
Temporary unemployment compensation	60	665,700,000	60	[8] 617,928,315						
Grand total	5,345	1,189,092,474	5,552	1,216,417,011	6,268	550,802,900	6,437	631,813,400	6,809	642,269,000

[1] Includes comparable transfer of $464,758 to establish a working capital fund in 1958.
[2] Included in the Office of the Secretary appropriation in prior years.
[3] Includes $300,000 and 55 positions in fiscal year 1957 and $200,000 and 29 positions in fiscal year 1958 for the highway program wage determination.
[4] Includes $78,500 and 15 positions for Bureau of Employees' Compensation war claims administrative costs.
[5] Program started in October 1952.
[6] Program started in January 1955.
[7] In fiscal year 1959 benefit payments for veterans and Federal employees are combined into 1 appropriation.
[8] Unobligated balance as of July 1, 1958 available in fiscal year 1959 through June 30, 1959.

Source: Prepared in Office of the Administrative Assistant Secretary, Feb. 17, 1961.

PERSONS APPOINTED TO EXEMPT POSITIONS

NOTE.—Does not include the Secretary and Under Secretary whose biographies appear in connection with their testimony before the committee.

JERRY R. HOLLEMAN, ASSISTANT SECRETARY OF LABOR

Jerry R. Holleman, an electrician by trade, rose within union ranks to become the first president of the Texas State AFL–CIO.

Mr. Holleman was born in 1919 in Childress County, Tex., on the Oklahoma border, graduated from the West View High School there, and attended Cameron College, a branch of Oklahoma A. & M.

After leaving college he began working as an electrician in Borger, Tex. On returning from military service in World War II he resumed his trade in Lubbock, where he was elected business manager of Local 850 of the International Brotherhood of Electrical Workers. Later he became president of the Lubbock Central Labor Union and of the Lubbock Building and Construction Trades Council.

In 1950 he was named assistant to the executive secretary of the Texas State Federation of Labor, and in 1953 was elected executive secretary of the State Federation. He became president of the State AFL–CIO in 1957 and was reelected 2 years later. He also belongs to IBEW Local 520 in Austin.

Mr. Holleman has seen service both in World War II as a lieutenant with the Army Engineers in Italy and in the Korean war as an Army Engineer company commander.

While with the Texas unions, Mr. Holleman served on a number of committees and special commissions for the State and Federal Governments, including the advisory committee of the Texas Industrial Commission, the Labor Advisory Committee on Farm Labor for the U.S. Department of Labor, and the United States-Mexico Joint Trade Union Committee.

He is married to the former Inda Scott of Hollis, Okla. They have three daughters.

JAMES J. REYNOLDS, ASSISTANT SECRETARY OF LABOR

James J. Reynolds is widely experienced in labor-management relations, both by virtue of his work in private industry and as a former member of the National Labor Relations Board.

He was born in Brooklyn, N.Y., on January 8, 1907, attended primary and secondary schools there, and graduated from Columbia University in 1928. His father, James J. Reynolds, Sr., was assistant superintendent of schools for New York City.

After working in various Wall Street offices for 6 years, Mr. Reynolds became a member of the New York Stock Exchange in 1934. Five years later, in 1939, he left Wall Street for the United States Pipe & Foundry Co. in Bessemer, Ala., where he worked in various capacities, including director of industrial relations.

Mr. Reynolds entered the Navy in 1943 as a lieutenant junior grade and was discharged in 1946 with the rank of commander. During this time he served as an adviser to the Under Secretary of the Navy on labor-management problems.

In 1946 Mr. Reynolds was appointed by President Truman to a 5-year term on the National Labor Relations Board. Shortly after being reappointed to a second term he resigned from the Board to rejoin United States Pipe & Foundry as vice president in charge of employee relations. In 1953 he became vice president of manufacturing services for ALCO Products, Inc., of Schenectady, N.Y.

Mr. Reynolds has been a member of the New York State Governor's Business Advisory Council and also an employer representative on the New York State Advisory Council on Employment and Unemployment Insurance, and was chairman of a Conference on Occupational Health and Safety sponsored by New York State in 1958.

He was married in 1938 to the former Ursula Blanke.

FLOOD, RUBENA M.

Private secretary to Assistant Secretary GS–10.
Schedule C position.
Incumbent has competitive status.
Fifty years of age.
Nonveteran.
Education: Business school, 2 years, Boston, 1930–31.
Experience: Miss Flood has been a secretary in the Department since 1952, coming from the Treasury Department where she worked from 1941 to 1952. She was a member of the staff of the U.S. delegation to the International Labor Conference in 1956 and 1957.

HUFF, ARLENE E.

Administrative assistant (private secretary to the Under Secretary of Labor) GS–10.
Schedule C position.
Forty-one years of age.
Nonveteran.
Education: B.S. in education, Northwestern University, 1942.
Experience: Miss Huff had served as secretary to Mr. W. Willard Wirtz in the Chicago law firm of Stevenson, Rifkind & Wirtz since June 1959. She did secretarial work for the Transportation Center at Northwestern University from January 1957 to November 1958, for the Stevenson Campaign Committee for 6 months in 1956 and was a medical secretary for 4 years.

MARA, NAOMI A.

Confidential assistant to the Administrator GS–9.
Schedule C position.
Incumbent has competitive status.
Forty-six years of age.
Nonveteran.
Education: High school postgraduate course in stenography and typing, accounting, night, Department of Agriculture.
Experience: Miss Mara has been a secretary GS–8 since June 1959 and served at grades GS–5 through GS–7 in the Department for 8½ years previously. She came to the Department with almost 17 years of experience with the Federal Government and with Wisconsin State as a secretary, correspondence clerk, voucher examiner, and clerk-typist.

MAY, HELEN E.

Administrative assistant (confidential assistant to the Secretary—Private secretary) GS–12.
Schedule C position.
Forty-three years of age.
Nonveteran.
Education: Business School in Dauphin, Canada, 1937–38.
Experience: Miss May has served as Mr. Goldberg's private secretary since July 1953. Prior to this she had served as an administrative assistant with the Food and Agricultural Organization for 5 years and as a secretarial assistant with the Indian Embassy for one year. From 1940 to 1947, she worked in Canada with the Parker Pen Co., the Department of Veterans' Affairs and was principal and teacher of commercial courses for a vocational training school.

POWERS, N. THOMPSON

Special assistant to the Under Secretary.
Schedule C position.
Thirty-one years of age.
Veteran.
Education: A.B. in economics, Duke University, 1951; LL. B., Harvard Law School, 1954; Phi Beta Kappa; member of the bar for the District of Columbia and Maryland.

Experience: Mr. Powers has been an associate in the Washington law firm of Steptoe & Johnson since November 1957. From 1954 until 1957 he was a Staff legal officer with the United States Navy, serving with the rank of lieutenant, junior grade. He did summer and part-time work as a law clerk with the New York firm of Kelley, Drye, Newhall & Maginnes between 1953 and 1957.

BUDGET AMENDMENTS, 1962

Note.—Subsequent to the hearing the following formal document containing admendments to the 1962 budget was submitted to the Speaker:

[H. Doc. No. 108, 87th Cong., 1st sess.]

COMMUNICATION FROM THE PRESIDENT OF THE UNITED STATES TRANSMITTING AMENDMENTS TO THE BUDGET FOR THE FISCAL YEAR 1962 INVOLVING PROPOSED NEW OBLIGATIONAL AUTHORITY IN THE AMOUNT OF $20,935,000 AND INCREASES IN LIMITATIONS AMOUNTING TO $25,120,000, ALL FOR THE DEPARTMENT OF LABOR

THE WHITE HOUSE,
Washington, March 15, 1961.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES,

SIR: I have the honor to transmit herewith for the consideration of the Congress amendments to the budget for the fiscal year 1962 involving proposed new obligational authority in the amount of $20,935,000 and increases in limitations amounting to $25,120,000, all for the Department of Labor.

The details of these amendments, the necessity therefor, and the reasons for their submission at this time are set forth in the attached letter from the Director of the Bureau of the Budget, with whose comments and observations thereon I concur.

Respectfully yours,

JOHN F. KENNEDY.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., March 10, 1961.

The PRESIDENT,
The White House.

SIR: I have the honor to submit herewith for your consideration amendments to the budget for the fiscal year 1962 involving proposed new obligational authority in the amount of $20,935,000 and increases in limitations amounting to $25,120,000, all for the Department of Labor, as follows:

DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

Budget page	Heading	Original estimate	Revised estimate	Increase
817	Salaries and expenses..... (Delete the paragraph under this head and insert in lieu thereof the following:) For expenses necessary for the Office of the Secretary of Labor (hereafter in this title referred to as the Secretary), [$1,758,800] *purchase of one passenger motor vehicle for replacement only at not to exceed $5,000, expenses of the President's Advisory Committee on Labor-Management Policy, services as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55(a)), but at rates for individuals not to exceed $100 per diem, and $25 per diem in lieu of subsistence for members of the Committee while away from their homes or regular places of business, $1,895,000,* of which not more than [$354,880 shall be for international labor affairs and not to exceed] $2,000 shall be for official entertainment expenses.	$1,675,000	$1,895,000	$220,000

The proposed additional amount is to provide for the full-year cost of the President's Advisory Committee on Labor-Management Policy established by Executive Order No. 10918, February 16, 1961. Total requirements of the Committee are to be financed jointly by the Department of Commerce and the Department of Labor. The request also provides $70,000 for staff to assist the Secretary to plan and coordinate programs of the Department on automation.

BUREAU OF LABOR STANDARDS

Budget page	Heading	Original estimate	Revised estimate	Increase
821	Salaries and expenses	$2,908,000	$3,208,000	$300,000

This proposed additional amount is to provide for an unexpected increase in workload in the program of cargo gear safety inspection and certification under the safety and health provisions of the Longshoremen's and Harbor Workers' Compensation Act as required by regulations effective September 17, 1960 (29 CFR 9.12(c)(2)).

BUREAU OF EMPLOYMENT SECURITY

Budget page	Heading	Original estimate	Revised estimate	Increase
824	Limitation on salaries and expenses (trust fund)	($8,338,000)	($9,758,000)	($1,420,000)
825	Limitation on grants to States for unemployment compensation and employment service administration (trust fund)	(368,000,000)	(391,700,000)	(23,700,000)
831	Advances to employment security administration account, unemployment trust fund	----------	20,000,000	20,000,000

The additional amount for Bureau of Employment Security, salaries and expenses, is to enable the Bureau to assist the States to expand and improve the U.S. Employment Service. The Bureau will provide the States assistance on the appropriate organization, management, procedures, and techniques for improving the performance of local offices.

The funds for grants to States is to enable the States to expand their employment services to meet the needs of unemployed workers and the needs of employers looking for qualified workers. Improved methods of operating will be installed so that more employers will list their job openings with the Employment Service and so that they will have a borader range of employees available to them when they are selecting workers. These same procedures will also give workers a broader range of choices among job openings. Employers will be provided more information about the qualifications of applicants and workers will be provided more information about the requirements of a job. A strengthened U.S. Employment Service will make a contribution toward full employment, incerased productivity, and economic growth.

The advance of funds to the employment security trust fund is to enable the trust fund to operate at the higher rate, proposed above until tax receipts start flowing into the trust fund after January 1, 1962. This advance will be repaid before July 1, 1962.

BUREAU OF LABOR STATISTICS

Budget page	Heading	Original estimate	Revised estimate	Increase
834	Salaries and expenses	$11,842,000	$12,167,000	$325,000

The proposed increase is needed to enable the Bureau of Labor Statistics to undertake intensive studies on the impact of automation on workers and to make improvements in the white collar portion of the nationwide community wage survey.

WOMEN'S BUREAU

Budget page	Heading	Original estimate	Revised estimate	Increase
837	Salaries and expenses	$578,000	$668,000	$90,000

The proposed additional amount is needed to provide for work in the fields of equal pay, child day-care services, and automation.

I recommend that the foregoing amendments to the budget for the fiscal year 1962 be transmitted to the Congress.

Respectfully yours,

DAVID E. BELL,
Director of the Bureau of the Budget.

MONDAY, MARCH 6, 1961.

BUREAU OF LABOR STATISTICS

WITNESSES

EWAN CLAGUE, COMMISSIONER
ROBERT J. MYERS, DEPUTY COMMISSIONER
HENRY J. FITZGERALD, ASSISTANT COMMISSIONER
RICHARD F. JONES, CHIEF, OFFICE OF MANAGEMENT
JAMES E. DODSON, ADMINISTRATIVE ASSISTANT SECRETARY

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1960 actual	1961 estimate	1962 estimate
11	Personnel compensation:			
	Permanent positions	6,236	7,003	7,437
	Positions other than permanent	261	163	145
	Other personnel compensation	158	64	37
	Total personnel compensation	6,655	7,230	7,619
12	Personnel benefits	439	541	574
21	Travel and transportation of persons	486	481	488
22	Transportation of things	14	11	11
23	Rent, communications, and utilities	517	507	526
24	Printing and reproduction	326	379	361
25	Other services	813	718	795
	Services of other agencies	1,050	1,110	1,323
26	Supplies and materials	89	87	91
31	Equipment	130	54	54
	Total obligations	10,520	11,118	11,842

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	1,114	1,114	1,181
Full-time equivalent of other positions	59	39	34
Average number of all employees	1,093	1,116	1,176
Number of employees at end of year	1,339	1,187	1,246
Average GS grade	7.4	7.3	7.3
Average GS salary	$6,037	$6,507	$6,490

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Manpower and employment	3,940	4,093	4,699
2. Prices and cost of living	1,807	1,944	1,874
3. Wages and industrial relations	1,972	2,163	2,288
4. Measurement of productivity	452	562	547
5. Industrial hazards	268	291	261
6. Foreign labor conditions	118	175	174
7. Program staff services	676	756	843
8. Administration and management services	1,187	1,237	1,170
Total program costs	10,420	11,222	11,855
9. Relation of costs to obligations:			
Costs financed from obligations of other years, net (−)		−104	−13
Obligations incurred for costs of other years, net	99		
Total obligations	10,520	11,118	11,842
Financing: New obligational authority	10,520	11,118	11,842
New obligational authority:			
Appropriation	10,520	10,519	11,842
Proposed supplemental due to pay increases		599	

Revision of the Consumer Price Index

Object classification

[In thousands of dollars]

		1960 actual	1961 estimate	1962 estimate
11	Personnel compensation:			
	Positions other than permanent	116	1,018	1,302
	Other personnel compensation	6		
	Total personnel compensation	122	1,018	1,302
12	Personnel benefits	7	63	82
21	Travel and transportation of persons	22	151	189
22	Transportation of things	1	3	4
23	Rent, communications, and utilities	1	71	71
24	Printing and reproduction	12	24	20
25	Other services	6	1	407
26	Supplies and materials		11	12
31	Equipment	30	10	15
	Total obligations	201	1,351	2,100

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Average number of all employees	23	215	282
Number of employees at end of year	124	308	403

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Preliminary planning and analysis	189		
2. Consumer expenditure and price surveys		1,361	2,101
Total program costs	189	1,361	2,101
3. Relation of costs to obligations:			
Costs financed from obligations of other years, net (−)		−10	−1
Obligations incurred for cost of other years, net	12		
Total obligations	201	1,351	2,100
Financing:			
Unobligated balance brought forward		−29	
Unobligated balance carried forward	29		
New obligational authority	230	1,322	2,100
New obligational authority:			
Appropriation	230	1,250	2,100
Proposed supplemental due to pay increases		72	

Mr. FOGARTY. Do you have a statement for the committee, Mr. Clague?

RETIREMENT OF MR. FITZGERALD

Mr. CLAGUE. Yes, Mr. Chairman. Before I make my statement, however, I would like to pay my personal tribute to the man at the far right, Mr. Fitzgerald, the Assistant Commissioner for Administration in our Bureau.

Mr. FOGARTY. I saw a newspaper item that he was going to retire. We will miss him. He has always done a good job when we have called on him for information.

Mr. CLAGUE. He is the man who has kept our accounts straight through all the years. He has been commended many times for his fine work.

GENERAL STATEMENT

I think, Mr. Chairman, my general statement can be relatively short. I merely want to call attention to the fact, as I think was brought out by our discussion this morning, that we try to keep our statistics up to date. We also try to look as far as we can into future and anticipate things that are developing.

You will see that our program in general is related to the needs we see ahead of us at the present time.

I think I shall just summarize my statement by saying that our request is for an appropriation of $11,842,000 which is an increase of $724,000 over the amount available in the current fiscal year.

Our major effort in the coming fiscal year is directed toward the development of more information in the general field of employment and unemployment. In this area, we are proposing four programs.

CHARACTERISTICS OF THE UNEMPLOYED

The first of these is the development of more meaningful information on the characteristics of the unemployed as reported in the Monthly Report on the Labor Force. Our experience in analyzing the problem of unemployment during the past year has led us to

propose a series of studies of the unemployed themselves. In cooperation with the Bureau of the Census, we plan to trace through a period of 2 years the jobseeking and employment experience of workers who have been unemployed at one time or another during the period. In addition, we want to find out to what extent various groups of unemployed workers are covered or are not covered by unemployment insurance. We expect also to analyze the relationship between workers' mobility and unemployment.

LABOR TURNOVER STATISTICS

A second program concerns the statistics of labor turnover; that is, the reports from employers showing the layoffs, quits, discharges, and hirings of a representative list of firms throughout the country. Like our employment statistics program, this is a joint cooperative program with the State employment security agencies, with the Bureau of Labor Statistics supplying part of the funds for the operation of this program. Cooperation on labor turnover statistics was initiated some years ago, and 41 States and the District of Columbia are now cooperating with the Bureau. However, there are nine States in which the work cannot go forward until the Bureau is able to supply our share of the costs. The additional funds will make it possible to initiate the cooperative program with some of the States early in the fiscal year and the balance within the year. By the end of fiscal 1962, this program will cover the Nation and will add greatly to the value of labor turnover information as a gage of changing business conditions.

STATISTICS ON EMPLOYMENT OF TECHNICAL PERSONNEL

The third program is for the collection of up-to-date information on the employment of scientific, engineering, and technical workers on a detailed industry basis. The Bureau has been conducting such studies for several years with funds provided by the National Science Foundation. However, this year, by agreement with the Foundation, the Bureau of the Budget has recognized this work as a part of our regular program, and has included funds for this project in the budget of the Bureau of Labor Statistics. This project has been dropped from the budget of the National Science Foundation.

IMPACT OF FOREIGN TRADE

Fourth, and last, we have a project for the development of information on the impact of foreign trade on employment in this country. During the past decade the nature of the foreign trade of the United States has shifted substantially. Exports, excluding military shipments, continue to exceed imports by several billion dollars annually, but there have been some marked shifts in the commodities and the services bought and sold. In determining U.S. policy on this subject it is necessary to have more information than is now available on the employment created by exports and the unemployment created by imports. We propose to make estimates for the total economy and for specific industries in order to provide materials for legislative use in tariff considerations and to meet the responsibilities of the Depart-

ment of Labor under Executive Order 10082 in advising the President on the effect of tariff modification on domestic employment.

Apart from the above studies in the general field of employment and unemployment, we are proposing to strengthen our important industrial relations program. One of the essential functions of the Bureau of Labor Statistics is the collection and analysis of collective bargaining contracts. About 10 years ago, we conducted such a comprehensive survey and published a series of bulletins. Examples of these were: Layoff, work sharing, and reemployment, union-management cooperation, plant efficiency, and technological change, wage adjustment plans; health, insurance, and pensions; and vacations, holidays, and weekend work. These and other studies of collective bargaining provisions are constantly used by employers and unions in the development of labor-management contracts.

There is ample evidence that the 1960's are bringing about much more careful and precise collective bargaining between management and labor in many industries. This may, in turn, involve more Government mediation service, more factfinding boards and more information on the general pattern of settlements reached by the parties. New features in collective bargaining need to be analyzed so that parties to contracts can arrive at peaceful conclusions more readily. Our proposal involves the analysis of these contracts and the publication of a series of bulletins on this subject.

REVISION OF CONSUMER PRICE INDEX

Now as to revision of the Consumer Price Index appropriation, fiscal 1962 will mark the third year in our 5-year program for the revision of the Consumer Price Index. For that year we are requesting $2,100,000 which is $778,000 more than the amount available for this year. During the current fiscal year we are conducting surveys of family expenditures in 38 cities. The preliminary work on such surveys has been completed. A year earlier, we conducted an experimental survey in the city of Cincinnati in order to test our questionnaire and procedures. In the light of that experience we are now in the process of beginning the survey work in the first sample of cities, both large and small. The family expenditures being collected this year relate to the calendar year 1960.

In fiscal 1962, we are asking for funds to complete these surveys in the remaining cities, in addition to expanding our experimental pricing work in order to test commodities, services, qualities, and items for inclusion in the revised index.

I want to call the attention of the committee to a revision which has been made in our original plan which called for family expenditures only in urban areas. We have recommended that in fiscal 1962 family expenditure data should be collected from 5,000 farm and rural nonfarm families. The advantage of this revision is that it will enable us to obtain comparable data on family expenditures for all types of families in the United States at the same time—urban, rural nonfarm, and farm.

The Department of Agriculture has agreed to cooperate with our Bureau in the conduct of these surveys of farm families. Some of the funds which we are requesting for this work will be transferred to them for the actual operation of collection and tabulation of farm data.

I think, Mr. Chairman, that is perhaps enough for me to cover our general position. I will be glad to answer questions.

INCREASES UNDER SALARIES AND EXPENSES

Mr. FOGARTY. I think you had better give us a little more detail concerning your increase of $724,000 and 67 positions.

SURVEY OF SCIENTIFIC AND TECHNICAL MANPOWER

Mr. CLAGUE. In connection with the employment and unemployment item, one concerns the survey of scientific and technical manpower in which we are asking an increase of $200,000—28 positions. This is a type of work which we have been conducting for several years in the past for the National Science Foundation. I have a letter here which I can quote from for the record from Harry C. Kelly who is Associate Director in charge of certain surveys for the National Science Foundation, in which he points out that they have dropped this program from their appropriation this year, and we have included it in our appropriation.

Mr. FOGARTY. Why? Why do they drop it?

Mr. CLAGUE. Their plan is to pioneer in having studies of this sort made. They pioneered in a number of ways concerning scientific manpower and assigned certain work to us. After the work has been developed to where it is on a going basis they then plan to have the operating agency take over. That is what happened in this case. The funds were dropped from their appropriation and put into ours.

CHARACTERISTICS OF THE UNEMPLOYED

The second item is "Characteristics of the unemployed," $317,000 —14 positions. About $200,000 of that is for transfer to the Bureau of the Census to collect additional information on the unemployed.

Mr. FOGARTY. How much do you have budgeted for 1961?

Mr. CLAGUE. For this item?

Mr. FOGARTY. Yes.

Mr. CLAGUE. For this particular item, nothing.

Mr. FOGARTY. This is new?

Mr. CLAGUE. Well, yes. We have the regular work we do in connection with this household survey that we spoke about this morning. The collection of information which is done by the Census Bureau at our request and tabulated by them and then analyzed and issued by us. This is to collect additional questions concerning the characteristics of the unemployed.

Our plan will be to ask additional questions next February concerning the work experience of members of these families during the year 1961. The purpose of it is to find out to what extent these people are regular, full-time workers, to what extent they have other members of the family employed, to what extent they are part-time workers who appear occasionally in the labor force during the year, but not regularly. The purpose is to throw more light on the flow of unemployment, the nature of the year-round problem that exists in connection with these unemployed persons.

To do that, we plan to select a special sample of 4,500 of these and follow their work experience in detail, including their family char-

acteristics. We hope in that way to throw light on the extent to which unemployment exists among these people on a continuing basis and to what extent it is a partial, or a temporary situation involving occasional work. That is what this money is for.

Mr. FOGARTY. It still is not clear to me the purpose of the study and what the results will be used for.

Mr. CLAGUE. The purpose of this would be to answer some of the questions concerning whether or not, for example, there are women holding jobs that men might be holding, whether women are in the labor force on a continuing basis or whether they are in there temporarily. When we take a cross section at a given moment in time, all we find out is that there are so many women over 20, or young girls under 20, or boys under 20, et cetera. So we have a series of still pictures but without any flow information showing the changes that occurred during the year—how many unemployed are full-time workers who plan to work full-time but were unemployed for considerable periods during the year, although they need to be employed during the entire year and plan to be employed during the entire year.

Other people go into the labor force in June and work during the summer months and then are out of the labor force for the winter. As of a given moment of time, we pick them up as being unemployed in the month of June before they get a job, and so the unemployment figures are swollen in that month due to those workers, but they may be very temporary workers, since by September and October they might be out of the labor force again. Among the women are many who enter the labor force at Christmas time and work for 2 months or so.

The objective would be to have a work history, work record, which could relate the work experience and unemployment experience of these people to their family situation.

A great deal has been made about the point that the woman is a second wage earner in the family. As Secretary Goldberg said this morning: To what extent is she working because other members of the family are unemployed? This is the kind of question we think we could answer to throw some light on what needs to be done about the unemployment problem.

Mr. FOGARTY. All right; go ahead.

LABOR TURNOVER AND EMPLOYMENT STATISTICS

Mr. CLAGUE. The next one is a labor turnover and employment statistics program. We have a cooperative program with the States for the collecting of information on labor turnover—41 States are in the program. There are nine States which are not. These nine States, several of them have asked us to join into the program and we have agreed that we can do so, provided that we have additional money to match their actions.

I have a letter here from the administrator in Michigan requesting to come in. Pennsylvania would like to come in. There are one or two others. This would carry the program still nearer to complete coverage of all the States.

There is one other aspect on that which I would like to mention. Some of that money, the $76,000, is to do something else not connected with the States. That is to begin the collection of data on the

hours of work and the earnings in the transportation and service industries.

You will note that this morning in manufacturing we were able to tell a good deal not only about employment but also about average weekly hours, average weekly earnings, total weekly earnings, and so forth, because of the many reports we have from manufacturing industries.

In transportation, and in many of these service industries, the only figures we are getting now in the Federal-State program are on employment, without the reports on the hours of work and the weekly earnings. We think it is important to get this information for the transportation and the service industries.

IMPACT OF FOREIGN TRADE ON EMPLOYMENT

The final program on employment, Mr. Chairman, is impact of foreign trade on employment. This committee may recall that 4 years ago we appeared before you on this subject and you gave us some funds to do this kind of work. However, in a general cut that occurred on the floor of the House our funds were lost and we were never able to undertake the work.

Now we are back here again with the same argument we made then, that this is very essential and that some work should be done in this field. It is a matter of pinpointing the effect of imports in specific commodities and industries. So far this work is not being done in the Department on anything more than the most occasional basis. We would like to have an orderly program for this work. I would renew the suggestion we made 4 years ago that this be approved.

ORIGINAL REQUEST

Mr. FOGARTY. Did you ask for any more than $100,000 for this purpose?

Mr. CLAGUE. You mean this year?

Mr. FOGARTY. For next year.

Mr. CLAGUE. We asked in the beginning for somewhat more for this particular job but it was cut back to some extent.

Mr. FOGARTY. How much did you ask for?

Mr. CLAGUE. We asked the Bureau of the Budget for $133,000.

Mr. FOGARTY. I thought the Secretary mentioned $320,000. What did you ask the Department for?

Mr. CLAGUE. $158,000 for this item. Then there was another item for labor analysis for foreign countries; that was $320,000. That was analysis of the labor force in the African nations and in the Soviet economy in order to get comparisons with our economy. That was eliminated entirely. So I think that must have been the $320,000 that the Secretary was talking about.

Mr. LAIRD. That was the area you were talking about a few years ago?

Mr. CLAGUE. Not quite.

Mr. LAIRD. You never really got into a study to determine the number of hours imported as compared with the number of hours, work hours, exported, did you?

Mr. CLAGUE. That is the one that is involved in the appropriation we are requesting now.

Mr. LAIRD. This is a little different approach to it? The approach you had 4 years ago was different and that request was turned down, isn't that correct?

Mr. CLAGUE. We had both of those approaches, if I recall; maybe we had both of them in the same proposal 4 years ago but this one was in 4 years ago, also. We are repeating now what we asked 4 years ago in substantially the same form. I remember, Mr. Laird, we had considerable discussion about the question of whether we should be getting information overseas or whether we should be getting it here. Also, you did give us last year some funds to make analyses of labor costs in foreign countries in certain limited industries. We are at work on that now. We have $40,000 for that purpose. That is confined to a limited number of industries.

It is in the advanced countries—it would include Japan—but in the industrialized countries and in certain specific——

Mr. FOGARTY. Still, Japan is one of those low-wage areas of the world.

Mr. CLAGUE. I would call it an advanced country in the sense it is highly industrialized. I was using the term in that sense.

Mr. FOGARTY. That is why we are feeling it over here, too.

Mr. CLAGUE. We are continuing with this $40,000 that you gave us to survey certain industries. That is kind of a pilot study in which we are trying to discover something not only about wages but also about supplementary social security costs; and, of course, insofar as we can, something on productivity in order to find out the comparative efficiency of industry.

Mr. FOGARTY. Puerto Rico used to be a real low-wage area, as you know. Many of our industries moved down there because of taxes and low wages. Now they tell us they are losing some of their industries to Japan and the Philippine Islands.

Mr. CLAGUE. In the particular industries we were paying attention to, which are textiles and steel—I am not sure, Mr. Chairman. Maybe textiles are going into the Philippines.

Mr. FOGARTY. But not steel.

INDUSTRIAL RELATIONS PROGRAM

Mr. CLAGUE. Finally, Mr. Chairman, I would like to call attention to the industrial relations program. We believe that there are going to be more problems in industrial relations connected with settlement of disputes as well as the whole problem of displacement of labor and automation and so on.

Mr. FOGARTY. You mean we are going to have more strikes?

Mr. CLAGUE. I am not sure, Mr. Chairman. I would not predict so. I think we are going to have a lot more intensive economical analysis by labor and management as to the wage agreements which each industry or each firm can stand. That kind of analysis can be seen in the productivity agreements that have been made in Kaiser Steel, Armour Meatpacking, in west coast longshoring, and possibly in other firms and industries. I think both labor and management are aware of the fact that they now cannot count on a general upward sweep of prices and wages, that each industry has to figure out its own economic situation. I would hope some of the analyses we could furnish industry and labor, some of the statistics we could make available might lead to peaceable settlements.

Mr. FOGARTY. What are productivity agreements?

Mr. CLAGUE. The one in Armour & Co. has attracted quite a little attention. Provision was made for $500,000 to be set aside for studies of workers being laid off. It was an agreement by Armour & Co. with two unions, both of which are active in their plants. They agreed to set up a commission of nine persons, with a chairman and a director of research. They are studying ways and means of reemploying in some way the workers displaced by the Armour plants, of getting retraining and finding new jobs for them. The company is closing a number of plants. This is research money, designed to find out the ways and means by which training, retraining, and placement can be achieved so that the workers can be protected.

I was out to the State of Wisconsin last week——

Mr. FOGARTY. Is that what productivity means?

Mr. CLAGUE. Productivity means, of course—automation is one form of it—it means labor displacement because of technological improvements or any kind of improvements which result in the same work being done with less labor. In Armour & Co., I think it is probably less technological than simply shifts of markets and new methods of slaughtering and meatpacking.

Mr. FOGARTY. Nothing involving piecework?

Mr. CLAGUE. No. A better illustration along productivity lines is the west coast longshoremen's agreement, in which Pacific coast employers have agreed on a 5½-year contract with the Longshoremen's Union. They are setting aside $5 million a year, or a total of $27½ million, which is to be the employer contribution to a fund. That is to take care of displaced workers in various ways, including dismissal wages, job-finding, and retraining, or providing preliminary old-age retirement for longshoremen who are no longer needed.

The longshoremen, on their part, are promising to give up any kind of resistance to technological improvements, to the loading of containers, to changes in the number of workers in a gang unloading cargo, and so forth. In other words, the union promises cooperation in productivity in exchange for this method of reducing employment. The whole plan is looking toward fewer workers employed on longshoring, but providing good wages and steady work to those who are employed. They will not have casual workers connected with the union any longer. Kaiser Steel is doing the same thing, but that company has two different aspects of productivity under consideration by two different committees.

I was going to say that Professor Young of the University of Wisconsin was hired by the Armour project to look into a closing that occurred last summer in Oklahoma. I had a fine talk with him on what they found. About 400 persons were laid off from the closed plant. Professor Young is going to write up his experiences and we will have the advantage of it as soon as he gets it done. We will find out about the mobility of the workers, how many of them wanted to go to Kansas City to another Armour plant, to the effects of training on them. He has a good story to tell about how much can be done with a couple of weeks of training. A good many of them were trained for a variety of jobs in trade and other local industries. There will be a story written up on that.

I think that summarizes my regular program, Mr. Chairman.

INCREASE FOR REVISION OF THE CONSUMER PRICE INDEX

On the Consumer Price Index, I should call attention to the fact that our request represents an increase beyond what we originally scheduled. As I reported to you last year, there has been under discussion the question of including farm and rural nonfarm families. In our present revision of the index the families we are studying for their expenditures are in the cities and the suburbs only. But there are a good many rural nonfarm people. These are people who work in the city but live quite far out. We have a great many around Washington who work in the Government or in industry but live in the country. Their budgets and their type of family expenditures are not now included in our revision program.

Then there are the straight out-and-out farm families, who have a different type of family living but who also are of importance in the general pattern of consumption and the standard of living in the United States. So, by agreement with the Department of Agriculture, we have arranged that there would be a sample of 5,000 families, including some farm and some rural nonfarm. That expansion has been added to our appropriation for the coming year. That is why the increase is larger than originally planned. I want to emphasize to you that we think this project will yield an important addition to the knowledge of family consumption in the United States, and will be a worthwhile survey.

The Department of Agriculture will conduct the surveys for us in the farm families.

I think, Mr. Chairman, that summarizes my statement.

FAMILY BUDGETS

Mr. FOGARTY. What has been the result of your study of the city workers' family budget?

Mr. CLAGUE. We published figures for the city workers family budget this last fall. We also published figures for 20 cities for the elderly couple's budget. Both these sets of figures received quite a bit of attention, some favorable, some not favorable.

I think, Mr. Chairman, our experience is this: We feel the need for more analysis of what these budgets mean and what goes into them. I had asked for some funds from the Bureau of the Budget—but I didn't get them—to make a study of this subject. One of our problems with the published figures is the misunderstanding of people as to why its cost more in one city than in another and what we should do about it. The variations in the budget figures from city to city are not due to the pricing of the same budget in different cities but to the fact that in one city the families live under a different pattern of family living. It might even be a different standard.

Let me illustrate: I think we made an improvement in the budget this time with the help of some work done by the Department of Agriculture in 1955. We made an improvement in making a shift in the food budgets in the South and in the North. Foods down South are different and, therefore, the expenditures of the families for food are different. We have allowed for the regional experience in food consumption. This makes sense, I believe, just as it made sense for us to have differences in the amount of heating fuel, or in the pur-

chase of winter overcoats which are needed in Minneapolis but not in New Orleans. I agree with this policy of allowing for local or regional food patterns.

But, with respect to certain other items, we ran into problems. In Chicago, for example, they have no rent control. Consequently, the rents are comparatively high. Also a lot of automobile transportation. There is an allowance of 75 percent for car ownerships in the family budget. That is the prevailing pattern of living in Chicago.

In New York City, rent control still exists in large areas of the city. There are very high rents for new dwellings, coupled with very low rents for those families lucky enough to be in controlled dwellings. Also, automobile ownership in New York City runs less than 50 percent. So we made budget allowances accordingly. But that meant that there were considerable differences in the budget totals in these two cities. These differences are due partly to the fact that living costs are higher in one city than in the other, but partly also to the fact that the families in New York are assumed to be renter families residing there. But if a new family moved into New York City for the first time, they would find themselves renting uncontrolled apartments. That would require a very much higher rental than our budget figures show for rent. We assumed that our budget families were already living in New York and, therefore, having the advantage of access to controlled rents. So this has led to some debate about what ought to be the fundamental principles we apply in establishing these budgets.

I hope, as a result of the family expenditure surveys we are now making, we can persuade the Bureau of the Budget to permit us to request funds to analyze the family spending patterns which we are now getting through the consumer expenditure surveys. Our studies would then enable us to determine the kind of comparisons we ought to be making between one city and another in these city workers' budgets.

Mr. FOGARTY. How much is budgeted for the city workers' family budget, and the budget of an elderly couple for 1960, 1961, and 1962?

Mr. CLAGUE. I will be glad to get those figures for you, Mr. Chairman.

(The data referred to follows:)

City workers family budget: 1960, $73,000; 1961, $14,000; 1962, zero.
Elderly couples budget: 1960, $23,000; 1961, $11,000; 1962, zero.

Mr. CLAGUE. Concerning the elderly couple, Mr. Chairman, let me make one very important point. We did this in 20 large cities only, but a great many elderly couples go to smaller places—to the South or into rural places to live more cheaply. The demand has been for us to extend this budget to other places than the 20 large cities.

Mr. FOGARTY. Is St. Petersburg included in the 20 cities?

Mr. CLAGUE. No; only 20 large cities for which we have the Consumer Price Index. We don't reach cities in Florida, Arizona, or rural parts of the North where retired families might go to live more cheaply. That is the reason we would like to obtain family expenditures next year for rural families because a lot of retired families want to know what is the comparative cost of living in small towns versus large cities.

INFLATION ANALYSIS

Mr. FOGARTY. What have been the results of your inflation analysis study?

Mr. CLAGUE. In that connection, we have collected a great deal of information on wages and salaries. This study has been, I think, highly successful. We now are collecting wage information in 80 communities in this country for about 100 occupations in each community. This brings out wage differentials and wage changes by occupation and by region. We made the survey of salaries, professional, administrative, and technical, about which you may recall there was so much discussion last year. That was a comparison of the higher salaried employees in private industry with Federal salaries. It is being used by the Civil Service Commission and the Bureau of the Budget for comparison with the different salary levels that are applied in the Federal service, from GS–1 up through GS–15. We published those results last December. As Secretary Goldberg said this morning, there is some possibility that there may be another appropriation request coming in to you in that connection, because this study has aroused a great deal of interest. There has been considerable demand for more details concerning those salary comparisons.

Mr. FOGARTY. I have been advised that the Bureau of the Budget probably has approved that item.

ADDITIONAL FUNDS FOR AUTOMATION STUDIES

You also have a $100,000 budget amendment for automation studies. Do you want to give us some explanation of that?

Mr. CLAGUE. I would like to talk about that. As you know, we have been making analyses of the introduction of automation in certain industries and plants over the last few years. These reports have been very successful. There has been a great demand for them. They have been centering attention on the question of how automation is introduced; what the firms did with respect to retraining their employees; how they handled their older workers versus younger workers; how many workers lost their jobs as a result, and so forth. We have issued some guides to employers in introducing automation in order to avoid strikes and other difficulties with their employees. Of course, these are, in general, success stories since we study the firms where automation has been operating well. We have been urged, particularly by labor groups, to tackle the other side. What we propose for next year is to make a survey of those industries in which productivity is increasing so fast that employment is declining, even though production is going up. That is, productivity is running ahead of production, so there would be a decline in total employment in the industry. Then we would study, say, five or six or eight plants in that industry to find out if technology, and what kind of technology, is having a bearing on the displacement.

The importance of that, Mr. Chairman, is that when we find the presence of technological factors—if there is one specifically, apart from geographic shifts or shifts in demand for the product—then we would want to study a sample of a thousand workers who were laid off. We would like to trace the workers to see what happened to them, not those who were retrained or replaced within the plant, but those who

were sent to the Employment Service or who became unemployed in the community. We would like to trace through their job experiences to see where they end up in terms of pay and skill, what loss of skill, if any, they suffered; or perhaps, in some cases, a successful readjustment to new work.

In the study we are proposing, we are trying to find out where there are major automational changes occurring in industries and plants. Then we want to see what happens to the workers in connection with those changes. That is what we requested this money for. Our Bureau project is tied in with the Secretary's general request for an automation unit in the Department to supervise all this work and to convert our studies into action.

1962 PROGRAM INCREASES REQUESTED AND DENIED

Mr. FOGARTY. Will you supply for the record also all of the requests that you made that were turned down and what the effects of the cuts by the Bureau of the Budget will be on your programs?

Mr. CLAGUE. Yes.

(The information requested follows:)

1962 program increases requested of the Department and of the Bureau of the Budget

	Submitted to Department	Submitted to Bureau of the Budget	Approved by Bureau of the Budget
Increased salary costs of cooperative State employment and labor turnover programs			$27,000
Characteristics of the unemployed			317,000
Labor turnover and employment statistics program			76,000
Survey of scientific and technical manpower			200,000
Manpower and employment statistics programs	$1,186,000	$958,000	620,000
Family budget studies	106,000	54,000	0
Industry price indexes	215,000	215,000	0
Dealer to contractor prices of building materials	63,000	0	0
Factfinding for industrial relations analyses	317,000	265,000	134,000
Automation and the adjustment of the work force to technological change	158,000	107,000	0
Workmen's compensation and injury rate program	133,000	0	0
Studies of special safety and injury problems	128,000	128,000	0
Labor force analyses for foreign countries	320,000	320,000	0
Impact of foreign trade on employment	158,000	133,000	100,000
Studies of economic growth and employment opportunity	264,000	240,000	0
Total salaries and expenses	3,048,000	2,420,000	854,000
1961 estimate	11,118,000	11,118,000	11,118,000
Nonrecurring items	−143,500	−143,500	−143,500
Base for 1962	10,974,500	10,974,500	10,974,500
Program increases	3,048,000	2,420,000	854,000
Annualization of pay increase and health benefits costs	13,500	13,500	13,500
Total for 1962	14,036,000	13,408,000	11,842,000
Revision of the Consumer Price Index	349,750	349,750	259,750
Rural family expenditure surveys	551,000	551,000	519,400
Total revision of the Consumer Price Index	900,750	900,750	779,150
1961 estimate	1,322,000	1,322,000	1,322,000
Nonrecurring items	−2,500	−2,500	−2,500
Base for 1962	1,319,500	1,319,500	1,319,500
Program increases	900,750	900,750	779,150
Annualization of pay increase and health benefits costs	1,350	1,350	1,350
Total for 1962	2,221,600	2,221,600	2,100,000

Manpower and Employment Statistics Program

The reduction of $566,000 in the manpower and employment statistics program eliminated the following:

1. *Manpower needs of the 1960's.*—The Council of Economic Adviser's four-point program to promote economic growth while maintaining price stability includes as point 4 "Efforts should be made to foresee emerging needs for skilled manpower, to aid in the adaption of skills to present and prospective demands, and to promote geographical and occupational mobility." (Testimony before the Joint Economic Committee, March 6, 1961.) This would also help to reduce unemployment: the unskilled have highest unemployment rates, while there are shortages in skilled and professional occupations.

One out of three of the people who will be in the 1970 work force is now in school. The information upon which these youngsters could choose their training is a powerful and strategic lever in adjusting the skill of the labor supply to the future skill demands of the economy.

The proposed program would have made a beginning on this and on developing the basic statistics on employment in occupations needed for these studies.

2. *School leavers.*—The one-third of young people who don't finish high school have the highest unemployment, lowest earnings, least skills.

The proposed program would have made possible studies of the problems and experience of these youngsters, and preparation of publications at the junior high school level on employment opportunities designed to motivate them to stay in school.

3. *Current employment statistics in additional cities.*—Among the scanty month-to-month economic intelligence data available on the country's cities, the most useful and revealing is monthly employment, hours and earnings statistics. A new important use will arise in connection with distressed area programs. Present budget provides data for only 114 of the 200 standard metropolitan statistical areas.

The proposed program would have extended the program to 37 additional areas.

Employment, hours and earnings statistics for the United States.—These data are basic to the measurement of our economic well-being and progress, for the economy as a whole and for individual industries. They are intensively used by business, labor, and government.

The proposed program would have provided hours and earnings data for the growing group of nonproduction ("white collar") workers; studies to improve quality and accuracy in the statistics; and publication of the national, State and area statistics for past years in a form convenient for users.

Family Budget Studies

Interim revision of the city worker's family budget and the budget for a retired couple in 1959–60 demonstrated the absolute necessity for a complete reexamination of the basis for these budgets before they are again brought up to date. Funds in the amount of $106,000 were requested to begin this work in 1962 in preparation for further work in 1963 to extract data from the 1960–61 survey of consumer expenditures as a basis for comprehensive revision of the budgets. On this schedule, the standard budgets could then have been revised and repriced in 1964. Loss of the funds for preliminary work in 1962 will require postponing revision and repricing of the budgets until at least 1965.

Industry Price Indexes

Funds in the amount of $215,000 were requested to initiate a 5-year program to develop a set of price indexes classified and compiled according to standard industrial classifications. Such indexes are needed for (1) analysis of other economic series for individual industries, such as employment, payrolls, hours and earnings, value of shipments, productivity, etc.; and (2) deflation of industrial production measures and national account statistics. Lack of such indexes has handicapped and delayed the work of other Federal agencies and private research organizations in improving the official indexes of industrial production and in analyzing price trends by industries. Loss of these funds for 1962 will further delay and handicap this work.

DEALER-TO-CONTRACTOR PRICES OF BUILDING MATERIALS

It is generally recognized that one of the major reasons for unsatisfactory progress in improving housing conditions is that new house prices are out of reach of those who need better housing. High prices for houses are attributed to high costs of materials, labor, and land; but there is no information on the actual prices that builders are paying for materials, or the trend of such prices. The level of materials, labor and other costs, also is undoubtedly affecting the rate of investment in commercial, industrial and other types of construction. Loss of the funds requested for 1962 ($63,000) will mean the continuing absence of information on prices being paid by contractors for building materials. The series now available on wholesale prices (producer-to-dealer) of building materials does not meet this need.

FACTFINDING FOR INDUSTRIAL RELATIONS ANALYSES

Reduction in the original request for $317,000 will eliminate the following:

Special studies and reports relating to collective bargaining and strike situation which may involve the Secretary of Labor, public factfinding boards, and boards of inquiry.

More intensive analysis of strikes, and methods employed to avoid or settle strikes; studies of grievance and arbitration procedures.

Publication of union directories annually; intensive analysis of union membership, union activities and jurisdictional conflict; release of a handbook of labor unions every 5 years.

WORKMEN'S COMPENSATION AND INJURY RATE PROGRAM

The increase of $128,000 which was requested for this program would provide technical consulting services to the States in the planning and development of their work-injury and workmen's compensation statistics program; participation with the States in the conduct of nonrecurring statistical studies relating to the occurrence of work injuries, and to compensation for such injuries; establishment of a national clearinghouse for workmen's compensation statistics compiled by the States, and the preparation of national summaries and analyses of such data. The technical administration of the existing State-BLS cooperative injury-rate program should be strengthened and provision should be made for a limited expansion beyond the 12 States now in the program.

STUDIES OF SPECIAL SAFETY AND INJURY PROBLEMS

A request in the amount of $128,000 was made to analyze special safety and occupational injury problems and to throw light on questions relating to seasonal patterns, accident characteristics, distribution by age, costs—to workers, employers, and the public—union or in-plant safety programs, and the like. Questions concerning these items are frequently raised by safety engineers and no acceptable answers are available. Factual data would make possible the planning of effective safety programs by State agencies, and by private employer and worker groups.

LABOR FORCE ANALYSIS FOR FOREIGN COUNTRIES (AFRICA AND SINO-SOVIET)

Included in the original request was $320,000 for research on labor in the Sino-Soviet bloc and on labor in the newly independent countries of Africa. The additional funds for the Sino-Soviet area were requested for the preparation of studies of manpower, productivity, and living standards because of increasing evidence that the Communist countries are achieving large increases in production but that little of this is going to the workers. Additional funds were requested for Africa to study the needs and resources of African countries for high-level and skilled manpower, their heritage of labor law and practice from the period of colonial tutelage, the potentialities in those countries for beneficial action by cooperatives, and related labor topics.

Since the preparation of that request, American-Soviet relations have not improved, and violence in the Congo has intensified. In recognition of these recent developments, the Department of State requested additional funds for work in Africa in its deficiency appropriation bill, and the Appropriations Committee included $4.5 million "for the opening of new posts and the elevation of consular posts to diplomatic status in new countries in Africa, * * *"

Without the requested $320,000, the Department of Labor will not be able to provide the research which was already needed on labor aspects important to formulation of foreign policy and consideration of foreign aid. Yet, it is now clear that these needs are rapidly increasing.

IMPACT OF FOREIGN TRADE ON EMPLOYMENT

The Bureau's original request for $158,000 included a study of the postdisplacement employment experience of people who have lost jobs because of competitive imports. Reduction in the original request requires the abandonment of this specific part of the project or postponement until 1963. The extension of the Reciprocal Trade Act will be up for consideration in the Congress in 1962, and information developed from this study will provide an important body of background facts for congressional, industry, and public use. However, without the additional $58,000, information will be lacking on the human side of adjustment problems forced on workers by increased imports.

REVISION OF THE CONSUMER PRICE INDEX

The reduction of $122,000 will make it necessary to (1) reduce the number of families from whom expenditures data are obtained, (2) reduce the scale of test pricing, which is an important part of the basis for selecting items and outlets to be priced for the revised index, and (3) construct test indexes for a shorter period, thereby reducing the opportunity of eliminating serious defects in the new index before publication. These modifications will handicap the Bureau in our efforts to achieve the best possible revision of the index.

Attention is directed to two items listed as submitted to the Department or to the Budget Bureau and which were either reduced in scope or rejected. These items, referred to in the Secretary's statement, relating to automation and economic growth have been reconsidered and are now at the Bureau of the Budget. We are not, therefore, in a position to report on these until the Budget Bureau has acted.

REVISION OF THE CONSUMER'S PRICE INDEX

Mr. FOGARTY. You have explained the request for revision of the consumers' price index. Do you still think it will take 5 years to complete?

Mr. CLAGUE. Yes, Mr. Chairman. It is January 1964 before we can produce the index.

LANGUAGE REQUEST

Mr. FOGARTY. The language requests these funds to remain available until June 30, 1964. What harm would be done if that special provision were left out?

Mr. CLAGUE. I think a good deal of harm, because what we expect we may have to do is continue to use the two indexes for an overlap period of 6 months. We found we had to do this the last time. So that is what we are planning on this time. The revised index would be available in January 1964, but we may find that, because so many wage contracts are tied to it, some of these employers and unions may need a period of time to readjust.

You may recall that in January 1953, when we thought we put the old index to rest, the labor unions and the management people requested continuation for 6 months. They had to dig up special funds for us to do it. We were about to discontinue. But we had to start up again. So this time we are definitely planning on a 6-month overlap.

Mr. FOGARTY. What would happen if you just asked for funds each year as you need them?

Mr. CLAGUE. I think, if I am not mistaken, Mr. Chairman, that is what we are doing. You are reading the clause there. That is

the language clause which we have. We are not asking you now for funds for 1963 or 1964. I think I had better say that I don't know what the effect of that clause is.

I am reminded by Mr. Myers, that it is the flexibility of carryover from one year to the next that enables us to adjust our work so that we can plan the revision program better instead of being on a year-by-year basis. That is important. Our heaviest work period in connection with the revision program occurs in the spring months, between the months of January and July. We readjust our work as best we can from year to year. We now have the privilege of carrying over.

Mr. FOGARTY. You could use that argument for the entire appropriation, couldn't you?

Mr. CLAGUE. No, we can't do that for any item except where we have the language.

Mr. FITZGERALD. It applies only to the revision program.

Mr. FOGARTY. You could make it apply to the rest of the appropriation if you put in language like that and Congress approved it.

Mr. FITZGERALD. Yes, you could. We have not requested this for any other appropriation.

Mr. CLAGUE. We are not requesting that.

Mr. FOGARTY. We were criticized last year about the language "without regard to civil service laws." Have you given any thought to changing it this year?

Mr. CLAGUE. I may say, Mr. Chairman, of the present total of approximately 100 persons that we have on for this temporary work, only about three were not on civil service lists.

Mr. FITZGERALD. This provision is used mainly for day-to-day type of employment, not for full-time people.

Mr. FOGARTY. There is not anything in the language that says that.

Mr. FITZGERALD. No, but we have used it for only a very small number of appointments of a full-time nature.

Mr. CLAGUE. I would like to explain to the committee that we have had examinations given for these jobs through the local employment offices. These examinations are given as needed, and are really a merit system. We have flexibility because these temporaries that we hire to make the surveys of family expenditures are hired for only about 2 months, so we have to get them in the locality. They have to live right there where we are making the survey.

Mr. LAIRD. Can they draw unemployment compensation benefits when they leave?

Mr. CLAGUE. I don't believe they would be employed long enough to.

Mr. MYERS. If they had enough employment prior to the time we put them on.

Mr. LAIRD. Just to follow through on that language, it would authorize you to hire as many people as you wanted to, at as high a salary as you wanted to, within the overall limit of the funds appropriated.

Mr. FITZGERALD. We could do that, but we don't plan on doing that. I don't think we have hired as many as half a dozen outside of civil service, under that authority. We do follow the Classification Act so far as the salary levels are concerned.

ABSORPTION OF INCREASED PAY COSTS

Mr. LAIRD. Dr. Clague, how much of the pay increase did you absorb?

Mr. FITZGERALD. None of it. This is total cost of the pay act.

Mr. LAIRD. You don't absorb any of it during 1961?

Mr. FITZGERALD. No, sir.

Mr. DODSON. The record in the Department of Labor is not very good for pay absorptions.

Mr. LAIRD. Is it as bad as the Congress? I think it is interesting to note that the White House absorbed 100 percent and the Congress absorbed 1 percent.

What is your expenditure level as far as the first 6 months of 1961?

Mr. FITZGERALD. Practically 50–50, on salaries and expenses.

Mr. LAIRD. Were you given any direction by the Secretary of Labor to absorb any of the pay increase?

Mr. FITZGERALD. They talked about trying to, but we just were not able to.

EMPLOYMENT TRENDS IN BLS

Mr. LAIRD. You have requested 67 new positions plus a budget amendment which will be before the committee in the next 2 or 3 days. The total number of new positions for your Bureau will be what?

Mr. FITZGERALD. 139, if the budget amendments are approved the way we submitted them.

Mr. CLAGUE. The increase will be 139?

Mr. FITZGERALD. The new positions would total 139.

Mr. DODSON. Exclusive of Consumer Price Index revision.

Mr. FITZGERALD. Salaries and expenses only.

Mr. LAIRD. What do you foresee in your Bureau in the future as far as employment level is concerned, say 10 years from now?

Mr. CLAGUE. Our Bureau? Well, in the last 10 years we have not grown very much.

Mr. FITZGERALD. In 1951 we had 1,120 positions and in 1961 we have 1,114.

Mr. LAIRD. You are using figures for 1951. Does that include the number of people you had working on the revision?

Mr. CLAGUE. Salaries and expenses only.

Mr. LAIRD. You seem to be breaking up these areas of study into smaller and smaller groups. I wondered perhaps in 10 years if you wouldn't be studying my budget.

Mr. CLAGUE. I don't think so, Mr. Laird. I would like to say on behalf of our Bureau, that when I consider what I have been through as Commissioner—in my first year I had to absorb a cut of 40 percent in the 1,700 people on the payroll in the spring of 1947—when I consider how much work we are turning out in this Bureau with the staff we now have, I think we can compete with any private industry in our productivity.

There is one thing, Mr. Laird, I do have to point out. We purchase some of our materials from other agencies, so in that case we don't hire the employees; we purchase from the Census Bureau the work done on the employment and unemployment data. But I can assure you that the rise in our expenses are the rising costs, salary increases

and other such items. In terms of man-hours of employees we make a very good record over the years.

USE OF AUTOMATIC DATA PROCESSING EQUIPMENT

Mr. LAIRD. What kind of business machine installation do you have?

Mr. CLAGUE. We have IBM.

Mr. LAIRD. What kind of computer?

Mr. CLAGUE. We use a 650 computer now. We studied the problem for 2 years before we took that on, to make sure we would be able to use it efficiently. We did not try to get the super-computer that the Census Bureau has, because we have to adjust our work to the use we can make of our machines. We didn't get any additional funds for them. We had to dig it out of available funds. So we spent 2 years planning for it, and it is now paying dividends. We are making another survey at the present time; we may possibly move to another computer, but it will be studied very carefully by our staff, so that when we introduce something it will not be wasted; it will be used with good efficiency.

Mr. LAIRD. What rental do you pay for your IBM equipment?

Mr. FITZGERALD. For the 650?

Mr. LAIRD. All of your IBM equipment in your Bureau.

Mr. FITZGERALD. $218,413 is estimated for 1962.

Mr. LAIRD. Have you considered putting this up for bid, with some of the other types of computers that are available at the present time, also being considered?

Mr. FITZGERALD. This committee that Mr. Clague has just mentioned is studying at the moment what kind of equipment we should have in the future. I can say from the past that we have considered it many times. We have always felt we had the best system for our purposes that we could get.

PUNCHCARD OPERATION

Mr. LAIRD. Are you still using punchcards?

Mr. FITZGERALD. Yes.

Mr. LAIRD. You have not thought about getting away from that operation?

Mr. FITZGERALD. We have thought of it a great deal, but when you go to tape it is an expensive operation, and we don't have that kind of money, and we are not sure we should go to tape.

Mr. LAIRD. How long do you use the cards?

Mr. FITZGERALD. You go back and use them for years. We have a destruction date of 5 years.

Mr. JONES. Ten years on some, and five on others. A particular kind of study that we make, a textile study in the wage field will have a recurring cycle. We cannot dispose of the cards until after we have completed the next cycle; it may be 3 or 5 years.

Mr. LAIRD. How many punchcard operators are you paying now?

Mr. JONES. I don't have it.

Mr. LAIRD. Would you supply the total salaries of the individuals that you are now employing in the punchcard operation in the Bureau?

(The information requested is as follows:)

Thirty-seven employees with total annual salaries of $160,105.

Mr. CLAGUE. I would like to say another word on that, Mr. Laird. I was over studying old-age and survivors insurance operation in Baltimore. They have some remarkable machines over there in Baltimore—705's, a new machine designed for them. They are trying to work entirely from tape. They hope someday to be able to do that. We will study their operation, but as in our experience with the Census operations, we can't afford a giant machine which would be idle much of the time. We have a certain size workload, and we have to adjust our machine so that it is efficiently operated, busy all the time, not unused.

(The following information on machine use was supplied by Mr. Clague for the record:)

The Bureau first installed an IBM 650 computer in September 1959. In July 1960 second shift operations were begun, and in January 1961 it became necessary to operate on a three-shift basis due to a temporary peak workload. It is not anticipated that at any time will the workload require less than the full time of one 8-hour shift. Rental costs for extra shift operations are only for actual hours used and at 40 percent of the basic shift hourly rates.

Mr. LAIRD. You don't have to own your own machine for putting this on tapes.

Mr. CLAGUE. You might hire it on the outside.

Mr. LAIRD. With a tape procedure, the idea is that you will save the rental. You are paying 100-percent rent on the machine you are using now.

Mr. CLAGUE. Yes.

Mr. LAIRD. That is very costly rental. You are talking about getting a bigger machine now?

Mr. CLAGUE. Yes; possibly.

Mr. LAIRD. It might be well to look at the situation, as far as what the costs would be, shifting to tapes and utilizing, either jointly or on a partial rental basis, the tape procedure.

Mr. CLAGUE. We shall study it. We have a committee studying it now, studying the machinery and mechanization. We try to find the cheapest method we can. I suggested that my staff study the OASI installation because I was impressed with it when I examined it. I am not sure it is ready for use yet, but we shall be glad to add that assignment to our committee.

Mr. LAIRD. Methods have been changed quite a bit even in the last couple of years insofar as computers are concerned. There are other people in the computer business now because of the demands of the missile program and many other increased demands. These changes are something that I think every department should look at.

Mr. DODSON. The Department has been taking a look-see at this from an overall point of view in our State employment security where we have rented equipment of this nature.

Mr. LAIRD. With tapes you could have a rather flexible operation and still have just the one computer here.

Mr. DODSON. The tapes don't have to be in the same place as the computer.

One of the things that I found is that equipment is changing so fast that by the time we make the study—and it takes around 2 years or a year and a half to make the changeover—there is another machine

out. It is becoming pretty difficult to determine just what is the best machine to buy or rent.

Amendments to Budget for 1962

Mr. Fogarty. Do you have anything else you would like to say, Mr. Clague?

Mr. Clague. I think I will only add one more point. Secretary Goldberg this morning spoke about this other project on analysis of economic growth, but we don't seem to have that sent over yet. We had presented that to the Bureau of the Budget, but I don't know what happened to it, so I am really not authorized to talk about it.

Mr. Fogarty. You are going to put in the list of what you asked for and didn't get and what effects the turndown will have on your overall program.

Mr. Dodson. That particular project is still in the discussion state or stage. They haven't given us anything definite.

Mr. Fogarty. As soon as you do have formal approval for your budget amendments, please submit a detailed justification for each and we shall print them at the end of the discussion of each of the pertinent appropriations.

Mr. Dodson. We will be glad to do that, Mr. Chairman.

(The detailed information, referred to above, pertaining to the Bureau of Labor Statistics follows:)

Bureau of Labor Statistics

Salaries and expenses:	
Original estimate	$11,842,000
Revised estimate	12,167,000
Increase	325,000

Salaries and Expenses

Object classification

[In thousands]

		Original estimate, 1962	Revised estimate, 1962	Increase
11	Personnel compensation:			
	Permanent positions	$7,437	$7,686	$249
	Positions other than permanent	145	145	
	Other personnel compensation	37	37	
	Total personnel compensation	7,619	7,868	249
12	Personnel benefits	574	592	18
21	Travel and transportation of persons	488	528	40
22	Transportation of things	11	11	
23	Rent, communications, and utilities	526	528	2
24	Printing and reproduction	361	361	
25	Other services	795	795	
	Services of other agencies	1,323	1,323	
26	Supplies and materials	91	93	2
31	Equipment	54	67	13
	Total obligations	11,842	12,167	325

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	1,114	1,114	1,210
Full time equivalent of other positions	59	39	34
Average number of all employees	1,093	1,116	1,204
Number of employees at end of year	1,407	1,187	1,275
Average GS grade	7.4	7.3	7.4
Average GS salary	6,037	6,507	6,562

Program and financing

[In thousands]

	Original estimate, 1962	Revised estimate, 1962	Increasse
Program by activities:			
Operating costs:			
1. Manpower and employment	$4,699	$4,699	
2. Prices and cost of living	1,874	1,874	
3. Wages and industrial relations	2,288	2,513	$225
4. Measurement of productivity	547	647	100
5. Industrial hazards	261	261	
6. Foreign labor conditions	174	174	
7. Program staff services	843	843	
8. Administration and management services	1,170	1,170	
Total program costs, funded	11,855	12,180	325
9. Relation of costs to obligations: Costs financed from obligations of other years, net	−13	−13	
Total obligations	11,842	12,167	325
Financing: New obligational authority	11,842	12,167	325

TECHNICAL IMPROVEMENTS IN NATIONAL SURVEY OF SALARIES OF PROFESSIONAL, ADMINISTRATIVE, TECHNICAL, AND CLERICAL EMPLOYEES

The annual survey of salaries in private industry for professional, scientific, and other professional occupational categories provides national estimates of salaries in private industry that yield valid comparisons with the pay structure for the Federal classified service up to the supergrades. The importance of dependable information is emphasized by the fact that the Federal salaries for which comparisons will be pertinent amount to about $12 billion annually.

Experience gained in these surveys clearly indicates that certain extensions and technical improvements are essential to provide continually reliable results. An interagency technical committee composed of representatives of the Bureau of the Budget and the Civil Service Commission has been and will continue working with the Bureau in the review of the survey design and the development of the proposed technical improvements.

It should be emphasized that the study of professional, scientific, and other white collar salaries requires continuing developmental and technical work to yield reliable results. The particular occupations to be studied and their definitions must be compatible with the structure in private industry and at the same time yield valid comparisons with the Federal salaries. Therefore, continuing studies must be made of the changing patterns in private industry, a dramatic example of which are the professional and scientific occupations. The higher paid categories of chemists and engineers are two examples of needed refinement.

Equally important is the necessity for more adequate analysis of the survey results with particular reference to year-to-year changes. Product shifts, for example, as from manned aircraft to nonmanned craft and space vehicles, affect the entire occupational structure. The more prosaic organizational changes are of equal importance. These shifts and changes must be carefully analyzed and assessed in order to provide the detailed information required for intelligent application in salary review.

Compensation in private industry includes numerous fringe benefits. The survey must take account of the extent and size of added payments covering all aspects of salary compensation. Continuing developmental studies in this area will provide information on these supplemental pay practices.

18 positions $225,000

AUTOMATION—ITS IMPACT ON EMPLOYMENT

There is much public concern that employment declines and rising unemployment are directly related to recent dramatic advances in technology and automation. The program of automation studies is now directed at providing information on this problem, but studies in depth are needed to obtain information about the relationship of technological development to employment, and to find

out what happens to workers who have been displaced by automation. The study here proposed is designed to answer basic questions such as: (1) Has the industry productivity change resulted from technological changes occurring throughout the industry or in only a few plants? (2) Do the plants with substantial productivity changes show a trend toward lower employment levels? (3) Do plants with little or no change in productivity show the same employment trends? (4) What procedures have the plants adopted to adjust for changes in technology? and (5) What has happened to the employees who have been affected by changes in productivity and technology within these plants?

Five to eight industries in which technological change seems to be producing declines in employment would be selected for intensive study. This would involve interplant comparisons of employment, production, and capital expenditures, followed by special study in a sample of about 100 plants to (*a*) supplement the statistical information, (*b*) determine the nature of the technological changes which occurred, and (*c*) acquire information on ways in which management affected adjustments in the work force.

The second phase of the work would involve an extensive investigation of the impact of technological changes on individual workers. A group of workers would be selected who have lost their jobs primarily as a result of technological changes which have occurred in these industries. This examination would seek answers to questions such as: (1) What types of jobs did employees hold prior to layoff? (2) How long did they remain out of work? (3) What was the age distribution and the level of skill? (4) Was any retraining involved? (5) Did the workers find new jobs, and if so, where and what kind?

Eleven positions, $100,000.

TUESDAY, MARCH 7, 1961.

BUREAU OF EMPLOYMENT SECURITY

WITNESSES

ROBERT C. GOODWIN, DIRECTOR
W. R. CURTIS, DEPUTY DIRECTOR
LOUIS LEVINE, DEPUTY DIRECTOR FOR PROGRAM AND POLICY
WILLIAM U. NORWOOD, JR., ASSISTANT DIRECTOR FOR EMPLOYMENT SERVICE
FOREST L. MILLER, ASSISTANT DIRECTOR FOR UNEMPLOYMENT INSURANCE SERVICE
FRANK E. JOHNSON, ASSISTANT DIRECTOR FOR FARM LABOR SERVICE
EDWARD L. OMOHUNDRO, CHIEF, VETERANS' EMPLOYMENT SERVICE
H. DANIEL DARLING, DEPUTY ASSISTANT DIRECTOR FOR PROGRAM REPORTS AND ACTIVITY ANALYSIS
EUGENE LOVE, CHIEF, DIVISION OF BUDGETS AND FISCAL OPERATIONS
JAMES E. DODSON, ADMINISTRATIVE ASSISTANT SECRETARY OF LABOR
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY OF LABOR

Limitation on Salaries and Expenses (Trust Fund)

Object classification

[In thousands of dollars]

		1960 actual	1961 estimate	1962 estimate
11	Personnel compensation:			
	Permanent positions	5,696	6,354	6,700
	Positions other than permanent	8	4	4
	Other personnel compensation	73	45	20
	Total personnel compensation	5,777	6,403	6,724
12	Personnel benefits	397	480	506
21	Travel and transportation of persons	441	450	488
22	Transportation of things	13	13	13
23	Rent, communications, and utilities	163	165	167
24	Printing and reproduction	169	182	182
25	Other services	79	62	62
	Services of other agencies	98	84	84
26	Supplies and materials	79	78	80
31	Equipment	45	19	32
	Total obligations	7,261	7,936	8,338

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	831	837	878
Average number of all employees	792	813	858
Number of employees at end of year	796	837	878
Average GS grade	8.9	8.9	8.9
Average GS salary	$7,324	$7,818	$7,813

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Veterans placement service	1,253	1,342	1,369
2. Farm placement service	334	325	367
3. Collection and interpretation of labor market information	866	883	955
4. Assistance in maintaining public employment services	935	1,005	1,272
5. Unemployment insurance service	935	1,045	1,043
6. Field guidance, financing and auditing of State operations	2,282	2,648	2,640
7. Administrative and management services	666	698	694
Total program costs	7,271	7,946	8,340
8. Relation of costs to obligations: Costs financed from obligations of other years, net (−)	−10	−10	−2
Total obligations	7,261	7,936	8,338
Financing: Comparative transfer from (−) appropriation account	−7,261		
Limitation			8,338
Limitation proposed for later transmission		7,457	
Proposed increase in limitation due to pay increases		479	

LIMITATION ON GRANTS TO STATES FOR UNEMPLOYMENT COMPENSATION AND EMPLOYMENT SERVICE ADMINISTRATION (TRUST FUND)

Object classification

[In thousands of dollars]

		1960 actual	1961 estimate	1962 estimate
	BUREAU OF EMPLOYMENT SECURITY			
11	Personnel compensation:			
	Permanent positions	851	973	974
	Positions other than permanent	7		
	Other personnel compensation	9	6	2
	Total personnel compensation	867	979	976
12	Personnel benefits	3	10	10
21	Travel and transportation of persons	8	8	8
23	Rent, communications, and utilities	169	149	149
24	Printing and reproduction	65	3	3
25	Other services	5	12	12
26	Supplies and materials	11	13	13
31	Equipment	15	4	4
41	Grants, subsidies, and contributions	315,312	365,144	366,781
	Total, Bureau of Employment Security	316,455	366,322	367,956
	ALLOCATION TO GENERAL SERVICES ADMINISTRATION			
25	Other services: Services of other agencies	24	147	44
	Total obligations	316,479	366,469	368,000

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	167	177	177
Full-time equivalent of other positions	2		
Average number of all employees	156	165	165
Number of employees at end of year	166	177	177
Average GS grade	6.6	6.5	6.5
Average GS salary	$5,470	$5,914	$5,914

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. State unemployment insurance service	174,879	220,805	201,383
2. Federal unemployment insurance service	7,584	7,507	7,634
3. Employment service	99,207	105,607	109,983
4. State administration and management services	34,141	32,550	34,000
5. Contingency fund			15,000
6. Obligations incurred for programs of other years, net	668		
Total obligations	316,479	366,469	368,000
Financing:			
Comparative transfers from other accounts	−316,479		
Limitation available from subsequent year		−18,924	−18,924
Limitation available in prior year			18,924
Limitation			368,000
Limitation proposed for later transmission		347,545	

Unemployment Compensation for Federal Employees and Ex-Servicemen

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Payments to Federal employees	54,324	45,693	61,365
2. Payments to ex-servicemen	78,667	64,181	86,509
3. Payments to Korean veterans	4,539	----------	----------
4. Obligations incurred for programs of other years, net	698	----------	----------
Total program costs—obligations (object class 13)	138,228	109,874	147,874
Financing:			
Appropriation available from subsequent year	−8,767	−8,767	−8,767
Appropriation available in prior year	8,069	8,767	8,767
Recovery of prior year obligations	−6,530	−2,874	−874
New obligational authority (appropriation)	131,000	107,000	147,000

Compliance Activities, Mexican Farm Labor Program

Object classification

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions	628	863	846
Other personnel compensation	4	4	1
Total personnel compensation	632	867	847
12 Personnel benefits	42	62	62
21 Travel and transportation of persons	154	189	189
22 Transportation of things	6	7	7
23 Rent, communications, and utilities	24	29	29
24 Printing and reproduction	1	1	1
25 Other services	4	5	5
26 Supplies and materials	1	1	1
31 Equipment	9	8	8
Total obligations	873	1,169	1,149

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	116	145	145
Average number of all employees	97	140	137
Number of employees at end of year	106	145	145
Average GS grade	7.8	7.6	7.6
Average GS salary	$5,896	$6,151	$6,151

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Compliance and employer services (total program costs)	867	1,173	1,151
2. Relation of costs to obligations:			
Costs financed from obligations of other years, net (−)	----------	−4	−2
Obligations incurred for costs of other years, net	6	----------	----------
Total obligations	873	1,169	1,149
Financing: New obligational authority	873	1,169	1,149
New obligational authority:			
Appropriation	873	1,106	1,149
Proposed supplemental due to pay increases	----------	63	----------

Salaries and Expenses, Mexican Farm Labor Program

Object classification

		1960 actual	1961 estimate	1962 estimate
11	Personnel compensation:			
	Permanent positions	977	1,067	1,085
	Positions other than permanent	91	151	151
	Other personnel compensation	54	56	53
	Total personnel compensation	1,122	1,274	1,289
12	Personnel benefits	63	79	80
21	Travel and transportation of persons	58	62	68
22	Transportation of things	5	5	5
23	Rent, communications, and utilities	60	58	59
24	Printing and reproduction	11	5	5
25	Other services	4	3	3
26	Supplies and materials	8	8	8
31	Equipment	6	2	2
	Total obligations	1,337	1,496	1,519

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	211	208	210
Full-time equivalent of other positions	43	61	61
Average number of all employees	237	259	261
Number of employees at end of year	263	288	290
Average GS grade	5.9	5.8	5.8
Average GS salary	$5,190	$5,533	$5,561

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Determining Mexican labor requirements	67	77	77
2. Supplying Mexican labor	1,181	1,330	1,353
3. Administration and management services	87	90	92
Total program costs	1,335	1,497	1,522
4. Relation of costs to obligations:			
Costs financed from obligations of other years, net (−)		−1	−3
Obligations incurred for costs of other years, net	2		
Total obligations	1,337	1,496	1,519
Financing:			
Unobligated balance transferred from "Farm labor supply revolving fund":			
Authorized	−1,337	−1,404	−1,519
Proposed for pay increases		−92	
New obligational authority (appropriation)			

Mr. Fogarty. The committee will come to order.

MEXICAN FARM LABOR PROGRAM

Mr. Goodwin, yesterday, we gave consideration and considerable attention to the Mexican farm labor program, and, before I forget it, I am going to give you some questions I would like to have answered. You may take these and supply the answers.

Mr. Goodwin. Very good.

(The questions and answers referred to follow:)

FARMWORKERS

EMPLOYMENT AND INCOME

Question. (*a*) What is the average annual income of farmworkers from agricultural employment? (*b*) What is it from agricultural and nonagricultural employment combined? (*c*) What is the average number of days farmworkers have agricultural employment a year? (*d*) How do these income and employment averages compare with those of nonagricultural workers?

Answer. According to a report of the U.S. Department of Agriculture, Agricultural Marketing Service, persons doing 25 or more days of farm wage work in 1959 earned an average of $829 during the year at farmwork, and $1,038 at farm and nonfarm work combined. Persons with 25 or more days of farm wage work in 1959 worked an average of 138 days at farmwork for wages during the year. A Census Bureau report shows that median money earnings in 1959 of male wage and salary workers whose occupation in March 1960 was nonfarm laborer was $3,150 compared with a median income of $1,204 for male farmworkers. The average number of days worked by nonagricultural workers is not available but a full-time worker would normally work about 250 days.

WELFARE AID TO MIGRANT WORKERS

Question. Because of their low income and tremendous underemployment, migrant farmworkers must receive welfare aid from various levels of government. Have you any estimate of the total amount of money devoted to emergency relief and health care of migrants by all levels of government? If you do not, could you get such an estimate from the Secretary of Health, Education, and Welfare?

Answer. State welfare and health agencies do not isolate costs to migratory workers. The greatest incidence of such costs for welfare and medical care would occur during off-seasons in home-base areas, but data are not available. A large proportion of migratory and nonmigratory farm families depend on surplus commodities during slack seasons.

This has been discussed with officials of the Department of Health, Education, and Welfare. Eight States—New York, Pennsylvania, North Carolina, Delaware, Indiana, Iowa, Michigan, and Ohio—do provide specific aid for the children of migrants. It is estimated that such aid is provided to about 5,000 children per year with annual expenditures totaling $500,000.

EFFECT OF PROGRAM ON DOMESTIC JOBS, JOB BENEFITS, AND WAGES

1. Question. I understand that almost as many braceros are imported into the United States each year as there are American migratory farmworkers. This means a doubling of the mobile farm labor supply in the United States. Do you believe that such an increase in the farm labor supply depresses farm wages and working conditions and/or prevents wages and working conditions from improving as they would with the normal operation of the law of supply and demand?

Answer. As you know, no braceros are contracted at less than 50 cents an hour. They are also guaranteed a minimum wage specified in their contract or the prevailing rate of pay for similar work in the area of employment, whichever is higher. We have seen examples of improved working conditions and wages for domestic workers as a result of the bracero program and our enforcement of the regulations issued that pertain to the program. For instance, many areas developed improved housing as required under the terms of the international agreement and the individual work contract. This housing was, subsequently, used for U.S. workers. In some areas the general agricultural wage rate was raised as a result of the minimum required in the Mexican labor program. On the other hand, we are concerned that Mexican employment has retarded the increase in farm wage rates which might have materialized if Mexican workers were not present. Studies of the Bureau of Employment Security have shown that in about one-half of the cases studied, wage rates paid to U.S. workers in areas where Mexicans are employed have tended to remain stable, and in many instances, particularly in cotton harvest activities, wage rates have declined. Meanwhile, farm wage rates generally have been rising according to the U.S. Department of Agriculture. In virtually all States where Mexican nationals are employed, wage rates in areas and activities where Mexicans are paid on an hourly basis are generally lower than the average farm wage rate for the State. For example in Texas, wage rate surveys show a 50-cent rate in many bracero areas and in some cases 40-cent rates are paid to U.S. workers, while the State average rate without room or board, according to the USDA is 78 cents per hour.

2. Question. Does not the bracero importation directly affect the low income and high rate of unemployment and underemployment among farmworkers?

Answer. As indicated in my previous answer, employment of braceros may have had a net effect of stabilizing wage rates, and therefore income, of domestic workers in a number of areas. However, it should be noted that the USDA reports that lowest farm wage rates are found in States in the Southeast where few Mexicans are employed. The lowest farm wage States are South Carolina, Mississippi, and Alabama which have no braceros.

The underemployment and unemployment of farmworkers in the United States is of serious proportions. During off seasons, unemployment rates for farm laborers are as high as 15 percent, and even during active agricultural seasons farmworkers generally experience more unemployment and part-time employment than those in other occupations. Unemployment in agriculture is related to the sharp seasonal change in the availability of farm jobs and the wide distances between areas of shortage and surplus.

In areas where Mexicans are used, any domestic workers desiring employment in an activity performed by a bracero can secure such employment. There is some evidence, however, that, because of the availability of foreign workers, there may be a tendency to shorten agricultural seasons, reducing the duration of jobs for domestic workers.

3. Question. Do you believe that under the present Public Law 78 and resultant regulations, users of bracero labor make sufficient efforts to recruit domestic workers? Isn't it the case that growers offer work at a low rate of pay, say 60 cents an hour, and when they are unable to attract sufficient workers at such rates, they claim they can get no domestic labor and seek braceros through the Mexican farm labor importation program?

Answer. I believe that the existence of a supplemental foreign labor force has acted as a deterrent to employers in their recruitment efforts. If a known supply of supplemental foreign workers were not available employers would probably improve their conditions of employment, including wages, and thereby make the job offer more attractive to domestic farmworkers. Employers, however, as a condition to obtaining braceros, must offer to domestic workers the prevailing rate of pay or no less than 50 cents an hour, the minimum contracting rate for Mexican workers.

4. Question. I have heard that over the years, migrants have learned that growers in certain areas offer very low wages and prefer bracero labor. As a result, the migrants stay away from these areas. They feel it is no use to seek work in these areas. Would you comment on that please.

Answer. There are many activities in a number of areas in which employment is substantially dominated by braceros. American migrants frequently do not seek work in these areas. Foreign workers are being used in many of these areas because the areas were low-wage areas to begin with and migrant workers would not accept employment there. This situation occurs in such areas as the Imperial Valley of California, the Lower Rio Grande Valley in Texas, and areas of New Mexico and Arkansas. In some of these areas the employment of the illegal entrants from Mexico was in part at least responsible for the low-wage rates existing. The institution of the Mexican importation program has resulted in the elimination of the wetbacks and in a considerable improvement in the living conditions of the Mexican workers involved. While there has also been some improvement in the wage structure, compared to the wetback days, the continued employment of braceros has contributed to the maintenance of low wage levels. The wage improvement that has taken place has not been as much as would have been necessary to attract domestic workers to these areas. It must be borne in mind that there are some other factors that contribute to the decision of migrant workers' choice of employment. For example, weather and crop preference. However, wages are unquestionably the most important factor.

5. Question. I understand that migrants actually have to leave their home States in order to find work on farms, while braceros are imported to work in the migrants' home States. Is that true? If so, would you name some areas where that occurs. Also, would you tell us what effect that has had on farm labor wages in these areas.

Answer. I believe I have partly covered this question in my previous answer. Primarily, domestic workers leave their home States to seek preferential work at higher wages in other areas. In Texas, 90,000 to 95,000 workers were in the migratory movement during 1960, including 58,000 who migrated to other States, according to the Texas employment security agency. Many left areas where Mexicans were employed. Meanwhile, 123,000 braceros were contracted for

employment in that State. Wage rates averaging 50 cents an hour are common in southern areas of Texas where migrants originate. Migrants earn more in other States.

In New Mexico, the use of Mexicans has spread from area to area until by 1960 they constituted almost three-fourths of the average monthly seasonal hired farm-work force. Some Mexicans are employed on a year-round basis. Over 10,000 braceros were contracted for employment in New Mexico in 1960 while some 4,300 New Mexico workers were placed in farm jobs in other States and others found out-of-State jobs without contacting the Employment Service. In 1960 the New Mexico rate for harvesting 100 pounds of seed cotton was $2.35, the lowest of any State, according to the U.S. Department of Agriculture. It had dropped 6 percent since 1951. Wage rates for other activities have tended to remain stable at 50 cents an hour in southern New Mexico over the years. In 1960, it was increased to 60 cents per hour as a direct result of a determination by the Labor Department that the lower rate was the result of the adverse effect of braceros upon the wages paid domestic workers. As I have indicated earlier the availability of a supplemenetal force of foreign workers at a low prevailing rate has been partly responsible for the failure of wages to increase in these areas.

6. Question. Do you believe that if the growers offered higher wages they would be able to attract in all but perhaps a few emergency cases, sufficient domestic farm labor?

Answer. To some extent, in some areas, this may be true. However, I believe that the seasonal needs in many crop activities are so great and the work so strenuous and unattractive that there would remain considerable unfilled demands for workers even if wage rates were substantially higher than they are at present. Increased wages are not the sole answer to supply, although higher wages would doubtlessly attract additional workers. In the long run, higher wages, more stable working conditions, and greater security for farmworkers would help to build up a more adequate domestic labor supply.

7. Question. Public Law 78 allegedly provides against the importation causing an adverse effect on domestic labor. Yet I have heard your lawyers are not certain that they can even force growers to pay domestic workers the same wages as braceros under present law. Is that so?

Answer. Public Law 78 at present provides in section 503 (3) that, as a condition for obtaining foreign labor for shortage activities, reasonable efforts must be made to attract domestic workers for such employment at wages and standard hours of work comparable to those offered to foreign workers. In carrying out Public Law 78, we insist that employers of Mexican workers offer, and I want to emphasize the word, offer, the prevailing wage in the area or the wage paid braceros if it is higher. In both Texas and Arkansas employers of Mexican workers must offer domestics the minimum rate paid Mexicans—50 cents per hour. However, in some cases, growers pay domestic workers less than this amount when the domestics were hired prior to the hiring of braceros. Public Law 78 I believe should be amended to provide that employers of Mexican workers must offer and pay domestic workers not less than the amount paid to Mexican workers.

8. Question. Do braceros get benefits denied domestic farmworkers? If so, would you tell us what those benefits are and how important they are to the welfare of the workers? Also, tell us how it is possible for the bracero to enjoy the guarantee of benefits not assured to American citizens who do the same work?

Answer. The bracero enjoys many benefits not generally provided our own domestic workers. Braceros must be provided free housing that meets certain minimum standards. They are guaranteed subsistence in lieu of available work. They are covered by occupational insurance paid for by the employer, nonoccupational insurance which they pay themselves, they are guaranteed three-quarters employment for the period of their contract, vehicles used to transport them must meet minimum standards, and, of course, they all have a written contract. The vast majority of American citizens employed in the same jobs as braceros do not enjoy these benefits. I think it is obvious that if these benefits were provided our domestic workers it would not only improve their welfare but unquestionably would make more workers available for agricultural employment.

TYPE AND DURATION OF WORK PERFORMED BY BRACEROS

1. Question. The growers claim that the importation of braceros is needed because they perform stoop labor. They claim American migrants will not do this work. Could you estimate for us how many of the 315,000 braceros imported

into the United States last year performed stoop labor? Also, has the Labor Department found that domestic migrants will not perform stoop labor when the wages appear satisfactory to the migrants?

Answer. Of the 315,000 braceros imported last year we estimate that about five-sixths were engaged in stoop labor activities. We do not agree that our domestic workers will not engage in these activities. Large numbers of the foreign workers are engaged in preharvest and harvest activities in cotton, tomatoes, and sugar beets. Large numbers of domestic workers are also employed in these activities.

2. Question. Do the braceros perform only seasonal work? If not, how many work year round? Why are these braceros allowed to work year round in agricultural occupations when congressional legislative history points to the use of the Mexican farm labor importation program for seasonal work only? Do you consider the present legislation insufficient to prevent braceros from working at other than seasonal jobs?

Answer. An estimated 20,000 contract Mexicans are employed in year-round farm jobs. Most are ranch and general farm hands in Texas and other southwestern States. The language of the law does not prevent braceros from working in these year-round ranch and general farmhand jobs. Public Law 78 should, in my opinion, be amended to exclude workers from Mexico from working in such jobs.

3. Question. Do braceros perform any skilled work? If so, what skilled work? How is that possible? After all, the legislative history shows that the importation is supposed to be used to fill only unskilled jobs. Does the use of braceros on skilled jobs prevent American migrants from improving their conditions? What do you suggest we do about it?

Answer. Mexican workers are used to a limited extent for skilled and semiskilled jobs such as operating mechanical equipment, certain types of irrigation work, livestock care, and other occupations of a higher order than common labor. Use of Mexicans for skilled work reduces the opportunities of domestic farmworkers to advance from unskilled to higher paid skilled jobs. I believe that Public Law 78 should be amended to preclude specifically the use of Mexican workers in such skilled occupations as machine operation.

DROP IN BRACERO IMPORTATION, 1960

Question. I understand there was quite a drop in the number of braceros imported into the United States in 1960 from 1959. What were the reasons for this?

Answer. A substantial increase in the use of cotton-harvest machinery to replace hand labor was the major factor underlying reduced employment for foreign contract farmworkers in 1960. While the impact of mechanization was greatest in Texas, it was also significant in California, Arkansas, Arizona, and New Mexico. In Texas, greater reliance on cotton harvesting machinery resulted, to some extent, from an adverse effect determination of the Department of Labor which raised wage rates in the southern part of the State; uncertainty about the availability of Mexicans caused by a temporary halt to contracting activity imposed by the Mexican Government; and a late season which found a substantial part of the crop unharvested as freezing weather approached. In the other States, the late development of the cotton crop gave added impetus to mechanization trends which had been at work over the last few years.

Also contributing to reduced use of braceros in 1960 were increases in the domestic labor supply for several fruit crops in parts of California, adverse weather in several critical periods, and improvement of administrative procedures to obtain better utilization of the out-of-country laborers authorized.

AFL–CIO DRIVE TO INCREASE AGRICULTURAL WAGES

Question. I understand that the AFL–CIO farm labor organizing drive in California increased wages on many commodities usually worked by braceros. What effect did this increase in wages have in attracting domestic labor? Did growers find that they needed fewer braceros as a result of an increased supply of domestic workers being attracted by the higher wages? Do you believe this was an important factor in the decline of the number of braceros imported in 1960?

Answer. About 90 farm labor strikes were reported in California during 1960, and some 20 others have been reported in 1961. Approximately 2,500 workers participated in the 1960 strikes and 170 Mexicans were removed from struck operations. The strike activities occurred mainly in the Sacramento and San

Joaquin Valleys and in the desert area of southern California. Major crop activities affected were the peach, pear, tomato, olive, and lettuce harvests. Although the total number of farms and workers involved was not great, the strike activity may also have had indirect effects on wage levels for activities not involved.

In a number of crop activities in areas where labor disputes were reported, wages were higher than during the previous year and more domestic workers were employed. Whether these changes are all due to the farm labor organizing drive or to other factors is not definite. For example, although the number of peach harvesters was higher in 1960 than in 1959 in the San Joaquin and Sacramento Valleys, there was a sharp drop in employment of Mexican workers. The most common hourly wage rate rose from $1 to $1.25. Prune harvest employment in the Sacramento Valley rose from a seasonal peak of 8,400 in 1959 to 10,000 in 1960 but no Mexican workers were employed even though 1,000 had been used in 1959. Wage rates in this activity also increased over the year. In the Sacramento Valley pear harvest, wage increases were accompanied by a sharp reduction in the use of Mexican nationals and substantial advance in employment of domestics. On the other hand, although wage rates rose significantly in the desert area lettuce harvest and employment of Mexicans dropped between1959 and 1960, there was no increase in domestic worker employment in this activity.

The California State Employment Security Agency has indicated that the rise of wage rates in these areas has tended to bring more domestic workers into the farm labor market. However, the number of increased farmworkers who become available because of increased farm wages cannot be measured with precision because other factors, such as higher unemployment rates in nonagricultural industries, may also have influenced the situation.

EFFECT OF PROGRAM ON PRICES FOR AGRICULTURAL COMMODITIES

Question. The growers continuously charge that consumer prices for food and other products will increase if the bracero program is curtailed or ended, and if, as a result, U.S. farmworkers get better wages. Have you made any study of what effect there would be on consumer prices if the wages of domestic farmworkers were increased to certain levels? Have you done that for cotton and fruits and vegetables and sugar beets, on which I understand much bracero labor is used? If you have not made such a study, would you undertake it and provide me with a report at the earliest possible opportunity? Could such a report be ready in a month?

Answer. The BES is not in a position to undertake research of the kind that would be necessary for a thorough study of this subject since any change in labor costs would lead to adjustment in methods and volume of production as well as costs. It would be difficult to measure variations in all of the factors involved.

Generally, expenditures for labor on farms in 1959, including perquisites, amounted to $2.9 billion, or 11 percent of total production costs (Balance Sheet of Agriculture, U.S. Department of Agriculture, August 1960). If we assume that wage costs rise 10 percent, the effect on producers' costs would be only about 1 percent on the average. Since farm production costs are less than one-third of the retail value, a 10-percent increase in farmers expenditures for labor, if passed on to consumers, would average less than one-half of 1 percent.

Of course, the proportion of wage costs to total production costs varies from one commodity to another as does the proportion of farm value to total retail value.

For example, studies made by the agricultural experiment station and the California Tomato Growers Association indicate that the labor costs involved in tomato production for processing in that State are about 50 percent of total production costs. Total farm production costs are only approximately 14 percent of the final retail price for canned tomatoes on the average, according to the U.S. Department of Agriculture. Thus, a 10-percent increase in farm wage costs, if passed on to consumers, would increase the retail price less than 1 percent.

EFFECT OF PROGRAM ON FAMILY FARMERS

1. Question. I am told that the Mexican farm labor importation program hurts not only farmworkers, but also the family farmers. Now on the family farm, the owner and his family do almost all, if not all, of the work. On many commodities they compete with the corporation farms which use bracero labor. Does not that mean that the downward pressure which the bracero program causes

the farm labor wages and working conditions also cheapen the labor of the family farmer? Does not he have to compete with the low wages of the bracero if he sells a commodity which is competitive with the ones sold by the corporation farm using braceros? Do you have statistics—any examples of that? If not, could you provide us with some?

Answer. I do not believe that this thesis can be demonstrated but in my opinion the importation of Mexican labor may have indirectly affected income of the small family-scale farmer. In contrast with the large farm where most of the labor is done by hired workers, most of the work on the small farm is done by the operator and members of his family. More than half of the Nation's farms employ no hired labor, and expenditures for hired labor are minor for all but 10 percent of our farms. Many farms operated entirely or almost so by family labor are commercial farms which produce for markets in competition with large-scale enterprises relying on wage workers. Where wage increases on employer-farms would result in higher prices for farm commodities, the returns of family-size farms would tend to rise. Thus to the extent that the supply of Mexican nationals has tended to hold down farm wage rates in many areas, it may also have limited the income of the small-farm operator. Statistics cannot be supplied on this point without extensive research in production practices and costs which the Department of Labor has not been equipped to undertake.

2. Question. Does not the Mexican farm labor importation program cause increased production? Does this increased production not lower the income of competing nonbracero using farmers? Does not the Mexican farm labor importation program injure farmers in this way?

Answer. On the farms of the West and Southwest, Mexicans comprise a high proportion of the work force for producing lettuce, tomatoes, strawberries, and other crops. It is apparent that the availability of Mexican labor has enabled these growers to raise a greater volume of produce than would have been possible without Mexican workers. The production of a larger volume has a depressing effect on prices received by all farmers. In that sense, it can be argued that incomes of farmers who market these commodities in competition with those who employ foreign workers are adversely affected.

EFFECT OF PROGRAM ON CROPS IN SURPLUS

1. Question. I understand that two-thirds of the braceros imported into the United States work on cotton. Cotton is a subsidized crop. Now, I do not expect you to have this figure offhand, but would you provide for the record the Department's best estimate of the number of bales of cotton harvested by braceros during the last 5 years? Also, if you can obtain such a figure from the Department of Agriculture, would you provide us figures on the average loss the U.S. Government suffers on each bale of cotton disposed of through surplus disposal?

Answer. Public Law 78 authorizes use of Mexican labor for necessary agricultural commodities and products as determined by the Secretary of Agriculture. The Secretary of Agriculture has not declared any commodities to be unnecessary.

I do not believe that as many as two-thirds of the braceros imported in 1960 worked in cotton. At the peak of the cotton harvest season, close to 60 percent of the braceros employed on U.S. farms were engaged in harvesting cotton. Based on BES reports and records, it is conservatively estimated that braceros harvested about 1 million bales of cotton per year during the past 5 years.

Total production of cotton has averaged several million bales per year in excess of requirements for domestic needs and foreign commitments throughout this period. At the end of the 1959–60 crop year, stocks of cotton held by the Commodity Credit Corporation exceeded 5 million bales. The Department of Agriculture has used many means of disposing of surplus cotton during the past 5 years. These include export subsidies, sales for foreign currency, and sales on the world market at world market prices. According to a Department of Agriculture report, losses on all Commodity Credit Corporation cotton sales amounted to almost $1.2 billion over this period, or an average of approximately $32 per bale.

2. Question. Do braceros work on any other commodities which are price supported? If so, would you make a further study of the impact of importation of braceros and other foreign workers had in terms of the subsidies? How much does it cost the American taxpayer in price supports as a result of the importation of these foreign workers?

Answer. In addition to cotton, a little over 1,000 braceros were reported employed on corn and wheat, which are basic price-supported commodities. Under the U.S. Department of Agriculture's surplus removal programs (section 32, Agricultural Act of 1935, as amended; section 416, Agricultural Act of 1949, as

amended) other commodities may be purchased when marketing difficulties are experienced. For example, in 1960, the USDA purchased canned olives and dates, among other commodities. A small number of Mexicans were employed in these two crops last year.

Sugar, of course, is not a surplus commodity. The price is indirectly maintained by tariffs, and production payments are made to producers for compliance with quotas. About 17,000 Mexican nationals were employed in this crop during the chopping season in 1960.

It would be almost impossible to estimate price-support costs attributable to use of foreign workers in production of these crops.

3. Question. If the bracero program were banned from surplus crops, would not the U.S. Government save money on surplus disposal payments for cotton? Could you provide us some estimate how much would be saved each year?

Answer. The removal of bracero labor does not necessarily mean that cotton production would be adjusted downward to the amount that had previously been harvested with domestic workers. It is possible that domestic workers would be utilized more effectively, additional supplies of domestic workers would be developed and increased mechanization would take place. However, it is likely that there would be some downward production adjustment. Estimates of savings on surplus disposal cannot be made with any reliability.

Mr. FOGARTY. The program is pretty much upset right now?

Mr. GOODWIN. Yes, that's true, largely because of the strike situation that has developed in California. As you know, the Secretary took action this last week to remove Mexicans. This we have done on these 18 farms, which affects about half of the lettuce production in the Imperial Valley. Of course, about 80 percent of it is already harvested.

Mr. FOGARTY. All right, Mr. Goodwin; do you have a statement?

PENDING BUDGET CHANGES AND LEGISLATION

Mr. GOODWIN. Mr. Chairman, we have, as you know, a number of different requests before you. We also have some requests that have gone before the deficiency committee. They are pending. These requests all relate to either the increase in unemployment which we have had in the past year, or some of the new programs that have been inaugurated by this administration.

We have, for instance, under State grants, a supplemental pending before the deficiency committee. We have a supplemental pending there on "Salaries and expenses." We have a supplemental pending on "Federal benefits," and we also have increases in these same appropriations which have been requested of this committee.

PROPOSED EXTENSION OF UNEMPLOYMENT BENEFITS

In addition, there is in the mill the temporary extended unemployment compensation program. The President has not yet submitted requests on this program, but presumably they will come up fairly soon if the Congress acts favorably on the proposal. This would be both for benefits and administration because the proposal as it stands now is for the payment of benefits from appropriations, with the Federal Government to be reimbursed from the tax on all employers in all States.

Mr. FOGARTY. That request will go to the Deficiency Committee, I assume.

Mr. GOODWIN. I am not sure on that. I thought it might come before this committee. I believe that was your view, Mr. Dodson?

Mr. DODSON. We have not any firm indications yet from the Bureau of the Budget. It may be that that request may be sent to the Senate.

Mr. FOGARTY. That's right. You said that yesterday.

Mr. GOODWIN. I assume that speed will be important on that because everyone seems to want to get it into operation as quickly as possible. The legislation says benefits shall be payable 15 days after the legislation is approved. So we would have to get rather speedy action on the appropriation in order to start it within 15 days.

Mr. DODSON. There is some thought to tacking it onto the supplementals in the Senate.

Mr. GOODWIN. Then there are two or three other proposals that are under consideration up here which will have some impact on the employment security program.

One is the area assistance legislation which places the factfinding responsibility on the Bureau and also the determination of the need for training benefits, so that this is a new program which may require some additional resources. We don't know yet what is involved in this aid to dependent children bill as far as administrative workload is concerned.

It has in it at the present time, as I understand it, a provision that requires action on the part of the employment service in determining the eligibility of the person making application.

Mr. FOGARTY. Has not a bill been reported by the committee?

Mr. GOODWIN. Yes; it is in the Senate now.

Mr. FOGARTY. It is also going to be up in the House soon.

Mr. GOODWIN. So, this is an area that we are exploring now. I mention this only because these all have at least potential impact upon the appropriation needs of the Bureau.

Then you had yesterday from the Secretary the statement about the administration's plans on improving the Employment Service and something as to the needs there.

Mr. FOGARTY. I think we all agree, too, that we should be spending more money in the field of training workers and retraining.

Mr. GOODWIN. Yes. The area bill would make a start in that, but this would be applicable of course only in the depressed areas under that provision.

CURRENT AUTHORITY FOR TRAINING PROGRAMS

Mr. FOGARTY. Mr. Laird made a point that you have ample authority already. I agreed with him that more should be done in this particular area than you are planning to do.

Mr. GOODWIN. I think you were talking there about the apprenticeship program, weren't you, Mr. Chairman?

Mr. FOGARTY. Yes, but in addition to that there is general authority in the field of training.

Wasn't it assumed yesterday, under Mr. Laird's questioning, that you had ample authority to ask for funds for a training program.

Mr. DODSON. Mr. Laird did take the position there was ample authority to ask for money for training, but we do look in the Department of Labor——

Mr. FOGARTY. Do you agree with Mr. Laird that you have the authority?

Mr. DODSON. We have authority to ask for funds for training. There is no limitation on the amount that we can ask for with regard to apprenticeship training. In general, I agree.

Mr. FOGARTY. Secretary Mitchell, when he was here, seemed to be in favor of doing something about the problems of training and retraining some of these workers that have been displaced. We talked about it 2 or 3 years in a row but no real program was developed.

Then you added the word "training" on to the name of the Bureau of Apprenticeship. What was the reason behind adding training to the Bureau of Apprenticeship?

Mr. DODSON. It was to enable the Department of Labor to get into the total field of training, to make it so that there would be no questions raised, and training has added a broadened type of program in the Bureau of Apprenticeship—for example, this supervisory training they do at the present time. I think when they appear here that they can give you the details of the various programs in that field——

Mr. FOGARTY. Would this conflict in any way with the work of the vocational education program?

Mr. DODSON. No, sir, because we do not do the actual training. We promote training. We promote the use of vocational educational resources. We have had very good relationships with——

Mr. FOGARTY. How are we going to get some of these textile people in my area, for example, retrained for new jobs? How can it be done?

Mr. DODSON. I think an expanded training program is necessary.

Mr. FOGARTY. Under the Bureau of Apprenticeship and Training?

Mr. DODSON. Under the Department of Labor we will look to Apprenticeship to do the promotion, to get people interested, both the community, the employer, and the unions interested in conducting or promoting training programs. In that respect we also encourage the use of vocational education resources.

EXTENSION OF THE MEXICAN FARM LABOR PROGRAM

Mr. GOODWIN. The remaining change in basic legislation has to do with Public Law 78. This is up for extension now. As you know, that is a temporary law. It has been extended several times.

Mr. FOGARTY. Have the hearings been scheduled?

Mr. GOODWIN. They started yesterday. They are to run the rest of the week. The Department is scheduled to testify on Friday. The Department will testify in favor of substantial changes in Public Law 78.

Mr. FOGARTY. Will you explain for the record what Public Law 78 is?

Mr. GOODWIN. Public Law 78 is the law authorizing the U.S. Government to bring Mexican farm laborers in for temporary periods for work on farms in this country. It provides for a country-to-country agreement. In other words, it is an agreement between Mexico and the United States; and the United States by terms of that law indemnifies or underwrites the program so that workers will be sure to get the wages and other benefits that are due them.

It makes provision for charging the employers for certain costs in the program. Under that program, we have brought in as many as 450,000 in 1 year. Year before last it dropped to about 425,000.

This last year, calendar year now, it dropped to 315,000. It has been the source of a great many headaches. It is difficult to have a program of this kind without having some adverse effect on the wages and working conditions of our own domestic workers. This goes to the reason why the Department is making strong recommendations at this time for changes in the law, to give us greater authority to deal with some of the problems we are faced with in this program.

I thought, Mr. Chairman, we have several requests before you—I thought I would like to give rather fully the testimony as far as the grants are concerned because that really contains the economic facts that are important.

Mr. FOGARTY. We will take the grants first and then the unemployment compensation to Federal employees and ex-servicemen, salaries and expenses and veterans' placement service. So you go right ahead.

Mr. GOODWIN. Thank you, Mr. Chairman.

I thought I might present a statement as to the grants and then the others. I would like to give just a brief statement. I do have some material I could submit which is more fully explanatory of what we have to offer the committee today. I will leave those for the record because this gives the basic facts.

Mr. FOGARTY. That will be satisfactory, Mr. Goodwin. Just proceed in your own way.

GRANTS TO STATES

Mr. GOODWIN. Mr. Chairman, before going into the specifics of the budget requests now before your committee, I would like to discuss briefly some of the major aspects of the current economic situation, since these directly affect the nature and volume of our work.

Total unemployment last January reached a level of 5,385,000, the highest volume for any January since that of 1941. State insured unemployment, which averaged less than 1.7 million per week in July 1960, rose to an average of 3.3 million per week in January. Since that time weekly insured unemployment has continued to rise, reaching an alltime high for any week in our history during the week of February 18, when the volume was 3,422,000 and the rate was 8.4 percent. I have changed these dates, Mr. Chairman, because of more recent information. This was 1,272,000 higher than the volume during the same week in 1960 when the rate was 5.5 percent.

We are now in the fourth of a series of recessions which began in 1949. While each of these recessions was relatively brief and mild in terms of some economic indicators including the gross national product, their impact upon workers and their unemployment has been long and severe. Each recession has left in its wake a higher volume of unemployment than existed before the recession began. In the prosperous period following the 1949 recession, total unemployment averaged about 3 percent of the work force.

In the period following the 1954 recession, unemployment only dropped back (in 1955 and 1956) to an average rate of about 4.3 percent. Following the 1958 recession, unemployment fell back to an average of 5.3 percent. Since July 1960 unemployment has again been on the rise.

Over the years, unemployment has been growing because the economy has not been expanding fast enough to provide job opportunities for all the new workers entering the labor force and for those displaced by automation and other technological changes. We now have a civilian labor force (1960 average) of 70.6 million workers—7.5 million more than we had in 1950. A good part of the rise is due to the rise in the birth rates in the 1940's. The number of youth entering the labor force is growing rapidly. In 1962, it is estimated 2,300,000 young people will enter the labor force as compared to 1,800,000 in 1950.

A second factor in the growth of unemployment has been automation and other technological advances which have reduced the amount of labor needed to produce a given output. This technological unemployment presents problems of serious proportions because it involves older workers, the less-skilled workers and workers who must obtain new skills before they can be reemployed.

One of the more serious aspects of our current unemployment problem is the number of people who are unable to find work for very long periods of time. In January, about 1.3 million of the 5.4 million workers unemployed had been without a job for 15 weeks or longer and 650,000 of these had been jobless for more than 6 months. Among both groups there was a disproportionate concentration among nonwhite males, and unskilled laborers. As the committee will recognize, these are groups that are hard to place.

The problem of persistent unemployment is particularly severe in a large and growing number of areas with substantial labor surpluses. As of January, 76 of the 150 major labor market areas of the country had "substantial labor surpluses." In 20 of these, and in 83 smaller areas, high unemployment has been a chronic problem over most of the past few years.

There is an increasing amount of evidence that the personal distress accompanying this recession is more widespread and serious than at any time since the 1930's. The periods of employment between recessions have been too short for the many workers to rebuild their financial positions. The loss of income to the unemployed worker and his family is always serious, but it is infinitely more acute when their savings, credit, insurance, and other personal resources have been exhausted in prior periods of unemployment. The fact that it is necessary for workers receiving unemployment insurance benefits to draw heavily upon personal resources emphasizes the present inadequacies of our unemployment insurance benefits.

As you know, the President has submitted or has under consideration a number of measures to relieve the unemployment situation. These include area assistance, temporary extension of unemployment insurance benefits, permanent improvements of the unemployment insurance system, migratory labor, and public assistance to the children of unemployed workers. That one has not yet been submitted.

This broad program to relieve human suffering and to get the economy operating in high gear again will have important meaning for the employment security system. In addition, we have been directed by the President and the Secretary of Labor to take steps immediately to improve and expand the service of the public employment service, to enable it to make a more effective contribution to individuals and

to economic recovery and growth. I will have more to say on this point later. Also, we have just been directed to step up our operations for reporting on labor market activities by area. Instead of reporting on unemployment and other economic activity for the 150 major metropolitan areas every 2 months, we are going to have the facts available every month.

ASSUMPTIONS FOR REQUEST

We cannot predict when the economy will begin to recover from the recession nor how rapidly unemployment volumes will be reduced. However, in developing the budget requests for fiscal year 1962, we made some assumptions with respect to future changes in the economy. These call for a drop of about 400,000 in the average volume of insured unemployment between fiscal year 1961 and 1962. We now conservatively estimate that insured unemployment this fiscal year will average 2.3 million per week. For fiscal year 1962, we have assumed an average of 1.9 million insured unemployed.

In order to fall to this average, State insured unemployment would have to begin showing a greater than normal decline in the last quarter of this fiscal year and a continued basic improvement throughout all of fiscal year 1962.

The optimism implicit in these assumptions is indicated by the current volumes of insured unemployment which, as I stated, were at an all-time high during the week of February 18 at 3,422,000. Even if insured unemployment declines as rapidly as we have assumed, there will be a lag before the number of claimants exhausting their benefit rights each month begins to turn downward, and the rate of decrease will be small for some time.

Based on these estimates, we are requesting $368 million for State administration of the unemployment compensation and Employment Service programs in 1962. This is an increase of $1,531,000 over the funds expected to be available for 1961. As the committee knows, $325,819,000 has already been appropriated for 1961, and a supplemental request for $40,650,000 is now being considered by the Congress.

To facilitate our presentation of the 1962 request for grants to States, we have prepared a summary of the increases and decreases between the 1961 and the 1962 appropriation requests.

DECREASES FROM 1961

The summary starts with a recapitulation of decreases we anticipate for 1962. Since we expect a decline in the volume of insured unemployment, a smaller number of claims and benefit payments will be processed, and a smaller number of new applications will be filed by jobseekers. These workload declines will reduce the cost of State administration of the program by $20,895,000.

Another $1 million reduction represents the administrative costs in the five States which have State laws providing for extended benefit programs. Ordinarily, this $1 million would have been paid from the contingency fund, rather than from the "base" appropriation. However, the contingency fund was exhausted by the abnormally high claims and benefits workloads experienced during the first half of 1961. Consequently, the $1 million cost estimated for these ex-

tended duration programs is being met in 1961 from the "base" appropriation. In 1962 these administrative costs, if needed, would be met from the contingency fund.

This brings us to the last decrease shown on our summary—a $3 million reduction. This amount represents the estimated cost of State law changes which have been, or which will be made, in 1961. Ordinarily, this cost, too, would have been met from the contingency fund. Because of its exhaustion, the cost was met from "base funds." In 1962 such costs would be met from the contingency fund. The combined total of the decreases described is $24,895,000.

INCREASES OVER 1961

Turning now to the increases which are estimated over the 1961 appropriation request, the first category involves mandatory upward adjustments. These are of three types. The largest is an increase of $7,200,000 which results from a rise in the average annual salary rate of State agency personnel. It is estimated that this rate will move up from $4,680 in 1961 to $4,800 in 1962, an increase of $120. The $4,680 rate in 1961 is $83 lower than the $4,763 salary contained in the appropriations for 1961. The reduction came about when extra and lower paid workers were hired by the States to process the additional workloads. The increase for 1962 represents, in large part, the rise which will occur in the average salary when these workers are released.

I wish to emphasize, as I have on previous occasions, that salary rates in the State employment security agencies are required to be comparable, under Bureau policy, to the salaries paid to other employees in the same State who are doing work of similar responsibility.

Next, the summary shows an increase of $1,425,000 for increased workload resulting from the growth and change in the number of employers and workers covered under State laws. As a result, it is estimated that the State agencies will have to process the tax returns of 50,000 more employers and maintain wage records for 900,000 more workers in 1962.

A third item under the mandatory increase category is for $80,000 to meet the costs of nonpersonal services. This is a net figure, arrived at through computing the difference between decreased estimates for some nonpersonal service costs, such as supplies, communications, and postage, and increased estimates for other nonpersonal service expenses. The decreases are related to the anticipated reduction in insured unemployment. Other nonpersonal service costs will increase, however, for such items as travel, equipment purchases, equipment rentals, premise rentals, and utilities as the cost of goods and services in the economy rise.

The next item in our summary which shows as an increase from our 1961 base is for $15 million for the contingency fund. As the committee knows, this fund is to meet unbudgeted increases in costs which result from benefit and claims workloads, in excess of those anticipated in the allocations for the States, from statewide compensation plan changes, and from changes in State laws.

Finally, we show on our summary an increase of $2,721,000 to provide additional funds for the States to improve their employment services. In summary, we anticipate increases above the 1961 appropriations which will total $26,426,000. Our estimate of decreases

amounts to $24,895,000. This leaves a net increase of $1,531,000 in the 1962 request over the 1961 appropriations.

NEW ADMINISTRATIVE FINANCING ARRANGEMENTS

I would like now to discuss briefly the several very significant changes made by the Social Security Amendments of 1960 in the arrangements for financing the administrative cost of the employment security program.

As you know, from the beginning of the program, Federal unemployment tax receipts became part of the general revenues of the Treasury. The Congress appropriated the funds it considered necessary for the proper and efficient administration of the program, and the appropriated funds were taken out of general revenues. In 1954, when the Reed Act was passed, another step was added to these two. At the end of each fiscal year, an accounting was made of Federal unemployment taxes collected during the year and the funds paid out by the Treasury under the congressional appropriation for financing the costs of administration during the same year. If tax receipts were greater than expenditures, the excess was automatically appropriated and transferred to the Federal unemployment trust fund. If, however, expenditures exceeded collections for any year, the deficit was financed from general revenues.

The new law shifts employment security administrative financing from general revenues to Federal unemployment tax revenues and places the program on a self-sustaining basis. Under the new law, all Federal unemployment tax receipts, instead of going into general revenues, are placed in a newly created administration account in the Federal unemployment trust fund. The Congress will, of course, still appropriate the funds it considers necessary for proper and efficient administration of the program but funds so appropriated will be taken out of this administration account as needed during the year. Thus, neither the Federal unemployment tax receipts nor employment security administrative expenditures will be reflected in the Government's annual receipts or expenditures.

Under the new law, just as under the prior law, an accounting will be made on each June 30 of the year's financial transactions. If the accounting shows an excess of collections over expenditures, the excess will be used: (1) to build up a larger loan fund than was provided under the prior law, and (2) to build up the administration account to $250 million. Excesses not needed for either of these purposes will be distributed among the State accounts, as was done under the prior law.

I might say in that respect, Mr. Chairman and members of the committee, that the estimates are that under the present revenue as we estimate it, that we would not have an excess here large enough to make distribution to the States until at least 1969.

The new law also established a revolving fund in the Treasury and authorizes appropriations to this account from general revenue. Interest-bearing advances will be made from the revolving fund to the administration account whenever the latter has insufficient funds for financing current administrative expenditures. Interest will be paid for these advances for the period of time that the advance remains unpaid; as soon as any funds become available in the administration

account which are not needed to finance current expenditures, such funds will be used to reduce or repay the advance.

The amendments specified that the new financing arrangements were to become effective July 1, 1960. However, the amendments were not approved until September 13. This was after our 1961 appropriations were approved, and required adjustments were not made at that time.

When we appeared before the Deficiency Subcommittee on February 20, we asked for the adjustments necessary to make new arrangements retroactively effective to July 1, 1960. The adjustments require no additional funds. If they are not made, however, our 1961 appropriations will be paid out of general revenues rather than Federal unemployment tax revenues.

Basically the needed adjustments are of a "bookkeeping" character and involve:

First, rescinding our 1961 employment security administrative appropriations, to remove them as a charge against general revenues.

Second, reestablishing the appropriations as a charge against the unemployment trust fund, and thus against Federal unemployment tax receipts.

Third, placing resources in the revolving fund in order to finance the appropriations until Federal unemployment tax revenues come in, mostly in late January and February. For this purpose we proposed a transfer of part of our current appropriations.

LIMITATION ON GRANTS TO STATES

As I indicated earlier, we have requested a supplemental request for 1961 which would provide a total of $366,469,000 for the current fiscal year. The request which is before you is for $368 million. Both these totals exceed the $350 million limitation contained in the Social Security Act on expenditures by State employment security agencies. On January 10, the Acting Secretary of Labor transmitted to the Speaker of the House of Representatives and the President of the Senate a proposed bill which would remove this limitation. On February 16, Secretary Goldberg wrote the chairman of the Ways and Means Committee, endorsing this proposed bill.

SUMMARY OF CHANGES BETWEEN 1961 AND 1962 APPROPRIATION REQUESTS

(The following was submitted later for the record:)

Decreases from the 1961 appropriation request

1. Decreases resulting from the reduction in insured unemployment from 2,300,000 to 1,900,000 per week	$21, 895, 000
(*a*) Decrease because of fewer claims and benefit payments	20, 050, 000
(*b*) Decrease because of fewer new applications for work	845, 000
(*c*) Decrease because the 1962 request assumes that State extended benefit provisions will not be in effect in 1962	1, 000, 000
2. Decrease resulting from paying the cost of State law changes from the contingency fund (in 1962) instead of from base appropriation (in 1961)	3, 000, 000
Total decreases	24, 895, 000

Increases over the 1961 appropriation request

1. Mandatory increases	$8,705,000
(*a*) Increase in (1) the State average annual salary from $4,680 in the 1961 request to $4,800 in the 1962 request, and (2) related retirement and insurance costs	7,200,000
(*b*) Increase because of growth in the number of covered employers (+50,000), and covered workers (+900,000)	1,425,000
(*c*) Increase in nonpersonal services	80,000
2. Contingency fund	15,000,000
3. Program increase for limited improvement of the employment service	2,721,000
Total increases	26,426,000

Summary

1. Total increases	$26,426,000
2. Total decreases	24,895,000
Net increase	1,531,000

Mr. Chairman, I am not sure what order you would like to follow here, but as you note, I omitted from my statement any reference to the employment service problem and would propose to deal with that separately.

Mr. FOGARTY. The reference to what?

Mr. GOODWIN. The expansion in the employment service, because this has developed very recently and after we wrote this statement. Would you prefer to have questions and discussion of the statement that I have given or should I go ahead and give the testimony on the employment service expansion?

Mr. FOGARTY. I have a few questions to ask first; then we will go into that.

BOOKKEEPING AND FINANCING CHANGES INVOLVED IN SUPPLEMENTAL REQUEST

Your appropriation for 1961 was $325,819,000?

Mr. GOODWIN. That's right.

Mr. FOGARTY. The supplemental bill includes $14,181,000 additional to bring the total to $340 million. The request for 1962 is $368 million or an increase of $28 million. That is $18 million over your authorized ceiling. Is that right?

Mr. GOODWIN. I think those represent a breakdown. The supplemental request was for $40,650,000.

Mr. CURTIS. That's right. That is using a net figure which deducts out some $18 million from this year's appropriation that were advanced to the States in June of last year. The $18 million came from this year's appropriation.

Mr. GOODWIN. This is a technical point because it does not come within the $350 million ceiling.

Mr. LOVE. A question of fiscal years.

Mr. FOGARTY. In the supplemental bill that is coming up in the House today, the budget estimate was $347 million. They are allowing you $340 million, a reduction of $7,545,000.

Mr. LOVE. The difference involved is $18,924,000. As you know, we have had language for many years that authorizes us in the June preceding the fiscal year to advance money to the States to have on hand on July 1 when they begin to operate. That $18,924,000 was in 1960 expenditures of the Federal Government. The Bureau of the Budget decided that for this 1 year the limitation on amounts withdrawn from the trust fund did not have to include that amount, but the total that we expect to have for State expenditure in 1961 is $366,469,000.

Mr. FOGARTY. This $18 million, I just don't understand that. Does this involve some bookkeeping used to get around this ceiling?

Mr. LOVE. No, sir; we believe that it comes within the ceiling. But the 1961 request is $16,469,000 above the ceiling and the 1962 request is $18 million above the ceiling in the Social Security Act. We believe both of them are.

Mr. FOGARTY. I cannot understand the difference between your accounting for 1961 expenditures and the way you are accounting for 1962.

Mr. GOODWIN. We have done this—followed this practice—for a number of years as far as the advance is concerned.

Mr. LOVE. It comes up because we are shifting from one bookkeeping method to another, Mr. Chairman. This is what is involved. It was decided to leave the $18,924,000 that was spent in June of 1960—the $18,924,000 which was advanced to the States in June of 1960, as a part of the 1961 appropriation, total of $366,469,000. However, since it was in the Government's expenditures for fiscal year 1960, as a charge against general revenue, the Bureau of the Budget decided that it should stay as a charge against general revenue and that therefore we would only request $347,545,000 to be spent from the Federal unemployment tax receipts for 1961.

Mr. FOGARTY. This is a decision that was made by the Bureau of the Budget, then?

Mr. LOVE. Yes, sir.

Mr. FOGARTY. Not by you people?

Mr. LOVE. That's correct, sir.

Mr. FOGARTY. They have never done it this way before.

Mr. CURTIS. We have not had this problem before, Mr. Chairman. It arises this year because of the amendments of last year. Heretofore the appropriation has been paid out of general revenues. This year it is to be shifted to the Federal unemployment tax receipts. This particular problem has never arisen before.

Mr. FOGARTY. What is going to be paid out of the taxes, now?

Mr. LOVE. In 1961, $347,545,000 for grants to States.

Mr. FOGARTY. It doesn't look like you are going to get that, does it?

Mr. LOVE. We hope we are.

Mr. FOGARTY. The committee has only allowed you $340 million.

Mr. LOVE. Yes, sir; we are aware of it.

Mr. FOGARTY. What about "Salaries and expenses"?

Mr. LOVE. They are chargeable to the Federal unemployment tax receipts but they do not come within the $350 million limitation in the Social Security Act. That is solely applicable to "Grants to States."

Mr. FOGARTY. And the amendments changed that; the "Salaries and expenses" item heretofore has come out of the Treasury, hasn't it?

Mr. LOVE. Yes, sir.

Mr. FOGARTY. Now you are taking everything directly out of tax receipts?

Mr. LOVE. The entire program.

Mr. FOGARTY. "Grants to States" and your "Salaries and expenses."

Mr. LOVE. Yes, sir.

Mr. CURTIS. And the Treasury Department's expenses in administering the Federal unemployment tax law.

Mr. LOVE. I am sure the chairman is familiar with the financing of old-age and survivors insurance and the Railroad Retirement Board. This is a similar procedure.

Mr. GOODWIN. Technically, as I understand it, you don't even appropriate now. You authorize. You authorize expenditures from this fund. It is technically a different process than what we have been going through.

It would not show in the total budget of the Government. It would be a separate item.

This tax was also changed last year. It was three-tenths of 1 percent of taxable wages and it went up to four-tenths of 1 percent. That tax was effective for the last, let's see—effective for this calendar year. It will increase the revenue to about $472 million. It has been running about $340 million. So one of the purposes of making that increase in the tax was to build up the loan fund. The loan fund now is broke. We owe about $2.6 million. We have about $18,000 in the loan fund. The money is owed to Pennsylvania. When they made their request, we did not have enough to pay it off. This additional tax will help to build that loan fund up.

Mr. FOGARTY. Well, perhaps I am not operating on the same frequency as you gentlemen, but I still do not quite understand that $18 million deal. In the past you have advanced to the States funds for their first quarter operations and subsequently charged it to the next year's budget.

Mr. LOVE. Yes, sir.

Mr. FOGARTY. That has been going on for some time until these amendments of last year, and because of these amendments now the Bureau of the Budget has decided that that $18 million should be charged to 1960?

Mr. LOVE. To the 1960 expenditures of the Government as contrasted with the 1960 appropriation. As far as which appropriation it is chargeable to, it is chargeable to the 1961 appropriation in arriving at the total of $366,469,000.

Mr. FOGARTY. Just why did they do that?

Mr. LOVE. The way it was explained to me, Mr. Chairman, was that the books of the Government for fiscal year 1960 had already been closed when this bill was passed. They thought this would upset the bookkeeping of the Government and did not want to make any change in that particular part. Whether there was any other reason, I don't know. This is what was told to me.

Mr. FOGARTY. This same question has faced the Bureau of the Budget before, hasn't it?

Mr. LOVE. Not with regard to this particular appropriation.

Mr. FOGARTY. Well, there have been times when this bill has not cleared the Congress by June 30.

Mr. GOODWIN. As far as our program is concerned, though, they have never had a choice as to the source of the funds before. In this case, it is a choice of whether they take it out of general revenue or whether they take it out of the special tax. That is the difference in the decision they made.

Mr. FOGARTY. So, instead of taking it out of the general revenue, they took it out of tax.

Mr. GOODWIN. They did just the opposite: they took it out of general revenue rather than taking it out of tax. If they had made the adjustment, I don't know what bookkeeping adjustments were required to throw this into 1961, but it would eventually come out of this four-tenths percent tax, out of this special fund that we are talking about.

Mr. FOGARTY. What are the advantages and disadvantages to it? Give me the pros and cons of this thing.

Mr. GOODWIN. I am afraid we are in a position where we really don't know. The only reason given to us was, as Mr. Love indicated, that the books were closed. Perhaps Mr. Dodson knows that.

Mr. DODSON. The one advantage we have by taking it out of the previous year, it is not a charge against the $350 million.

Mr. LOVE. This is not correct, I am sorry, Mr. Dodson.

Mr. DODSON. That is the way—I am saying that on the basis of the action of the Supplemental Deficiency Committee.

Mr. FOGARTY. It either helps you get around the $350 million ceiling or it has some favorable effect upon the 1961 figure, doesn't it, either one or the other?

Mr. DODSON. Yes, sir. As has been testified, we are testifying as to the total cost of the Employment Service and it gets up to the $366 million figure for 1961.

Mr. FOGARTY. Do you think it is a good way to handle it? You are a budget man.

Mr. DODSON. In one respect their action is to treat this as an expenditure against the year in which the money was actually paid out; and on an expenditure basis it is a good move to get a picture as to the total amount of money that is being used in the grants-to-States appropriation. Then you have to take that into account. But as far as Treasury cash is concerned, it is chargeable to the year in which the cash went out of the Treasury.

Mr. CURTIS. The Bureau of the Budget did not consider that its action affected the limitation because when it sent up the supplemental the total for the year was $366 million. Of that total, $16 million was charged to new legislation. Assuming that new legislation would be required to get the lifting of the ceiling and hence the additional $16 million.

Mr. DODSON. The statement that I made, though, with regard to not exceeding the $350 million, I have assumed from the report that the Deficiency Committee has issued, where they state this $340 million is the total, I am looking at it from that point of view. We still have a $10 million leeway.

Mr. FOGARTY. Did the Deficiency Subcommittee go into this $18 million deal?

Mr. DODSON. Not in any great detail.

Mr. FOGARTY. We have gone into it but it is still not very clear in my mind. Is it clear in yours?

Mr. LOVE. It is clear to me, sir.

Mr. FOGARTY. You might as well tell us what you really think, now. We would like to get to the bottom of it, so tell us about it.

Mr. LOVE. Mr. Chairman, I have never had any inhibitions before you or any other appropriations committee member about giving the facts as I see them. It is not clear to me what the purposes of the Bureau of the Budget were. I only know what was stated to me. I don't know any more than that. It is clear to me what has happened. Why, would be another story.

Mr. FOGARTY. Why do you think it happened this way?

Mr. LOVE. I honestly don't know, Mr. Chairman. I don't know enough even to speculate as to their reasons.

ACTION ON SUPPLEMENTAL REQUEST

Mr. FOGARTY. The House report on the third supplemental says:

The Social Security Amendments of 1960 changed the financing of the employment security program from the general fund of the Treasury to a new unemployment trust fund. This change became effective as of July 1, 1960. Three items in the bill are proposed to accomplish conversion, retroactive to July 1, to the new method of financing.

The first item establishes the new unemployment trust fund by transferring $250 million from the current year appropriation for "Grants to States for enemployment compensation and employment service administration" to the new account. The next item in the bill provides a $340 million limitation on trust funds that may be used for grants to States for unemployment compensation and employment service administration, instead of $347,545,000 as proposed in the budget estimate. The third item allows $7,900,000 of trust funds to be used for salaries and expenses of the Bureau of Employment Security, a reduction of $36,000 in the budget request. The net financial effect of the changes is to provide for the added cost of pay increases approved since the regular 1961 appropriation was considered, and for the increased cost of claims and benefits due to the increase in average weekly insured unemployment from 1,400,000 which was the basis of the original appropriation to the current estimate of 2,300,000 per week.

Mr. GOODWIN. That is the point I was making. It is what you do now. You are passing a limitation; technically you pass a limitation on how much we can spend from the trust fund.

Mr. FOGARTY. The second item has to do with what we have been discussing.

Mr. DODSON. That gets to the figure of $340 million. That, as I look at it, that is all that the Deficiency Committee is saying, is being charged to the $350 million limitation.

Mr. GOODWIN. The effect of what they did there was to accept the Bureau of the Budget way of doing it. That is why they came up with $340 million.

Mr. DODSON. If they had charged the $18 million——

Mr. FOGARTY. It would be $358 million, $8 million over your authorized ceiling.

Mr. DODSON. That's right.

Mr. MICHEL. It seems like the Bureau of the Budget was exercising some accrued accounting procedures.

Mr. CURTIS. May I say one other thing about this from the point of view of Federal revenues, Mr. Chairman? Under the Reed Act

which was passed in 1954, even though the appropriations were not paid directly out of Federal unemployment tax revenues, there was an accounting at the end of each fiscal year. The revenues were offset against the appropriations and the net difference was placed in the Federal unemployment trust fund.

Now, last year, this $18 million, $18,924,000, was included in Federal expenditures and offset against Federal unemployment tax revenues so from the point of view of the Government's fiscal position, this $18,924,000 was paid out of Federal unemployment tax revenue.

If the Bureau of the Budget had chosen to take that $18,924,000 out of this year's revenues, the effect would have been to have an excess last year of $18,924,000 of Federal unemployment tax revenue which would simply have gone into the loan fund. So that the $18,924,000 was not a charge against the general revenues they offset.

Mr. FOGARTY. I thought someone said it was.

Mr. GOODWIN. I did. Maybe I was wrong.

Mr. DODSON. There is a bookkeeping entry made at the end of the year.

Mr. FOGARTY. So $18 million is coming out of tax receipts and not the General Treasury.

Mr. CURTIS. That's right, yes. It is just a question of not where the source of the revenue will be but where you will charge the $18,924,000 according to fiscal 1960 or 1961.

Mr. FOGARTY. I think I have a little better idea now although I am not sure yet.

EFFECT OF REDUCTION IN 1961 SUPPLEMENTAL ON THE EMPLOYMENT SERVICE

Now, your supplemental request was cut $7,545,000. What effect will this have on your 1961 operations? Did you have a little fat in the estimate?

Mr. GOODWIN. It will require some cuts, some shortcuts, I might say, in the way the job is done in the State agencies. If the cut holds up——

Mr. CURTIS. For the last 3 months of the year, Mr. Chairman, it will require a substantial reduction in force in the State agencies. We estimate some 6,000 jobs will have to be eliminated.

Mr. FOGARTY. In the States?

Mr. CURTIS. In the States. That will have a disastrous effect.

Mr. FOGARTY. How will that affect the Placement Service?

Mr. CURTIS. The effect of the reduction in force that will take place will be on the people who are on unemployment insurance and the States will transfer the people who are now working on the Employment Service to Unemployment Insurance. For all intents and purposes this will practically wreck the Employment Service for the last 3 months.

Mr. FOGARTY. When it should be going the other way.

Mr. CURTIS. It should be going the other way, yes.

Mr. GOODWIN. We have not had an opportunity yet to get a decision on this in the Department but we would hope that this cut would be appealed in the Senate.

Mr. FOGARTY. When was this figure of $347 million gotten up, how long ago?

Mr. GOODWIN. This was about November.

Mr. FOGARTY. Things have worsened since November, haven't they, as far as unemployment is concerned? If you had to get up a figure today, what would you estimate that you would ask if you didn't have a ceiling?

Mr. CURTIS. The deficiency estimate was based on an assumed figure of insured unemployment of 2,300,000 per week. We are not sure whether that is a good estimate today or not. I think it might be higher today.

Mr. GOODWIN. I think what that adds up to is that we anticipated when these figures were finally decided upon, some of the rise that has taken place so that our estimates are fairly close.

Mr. FOGARTY. You still need $7½ million?

Mr. GOODWIN. That's right.

Mr. FOGARTY. Sometimes I think in view of what experience we have had in the past when we have had these recessions or depressions, whatever you want to call them, that instead of taking people away from the Employment Service, we ought to be adding people.

Mr. GOODWIN. That's right.

Mr. FOGARTY. In order to try to get some of these people off the unemployment compensation rolls and into jobs.

Mr. GOODWIN. You talk about the effect of this budget, there is very little in here for improvement of the Employment Service. We are coming in with a request for substantial improvement in the Employment Service. Most of that would be effective next year. We are asking for a small amount to get it started this year. We are asking for $1,700,000 to get these improvements started this year.

But your point is a very good one, Mr. Chairman. One of the things we feel we are going to have to do in the Employment Service, we are going to have to take steps to see that there is a greater separation between the work of the Employment Service and the Unemployment Insurance so that when we get these increases in unemployment, we don't get the job done merely by shifting over Employment Service personnel.

Mr. FOGARTY. That is the way it has been happening in the past. I know in my State it has happened that way every recession. I thought that was poor business.

Mr. GOODWIN. It is. We would agree. We have been working on this problem, of course, for a long time. It would seem now it takes more drastic measures than we have applied to get this result.

EFFECT OF REQUESTED BUDGET AMENDMENTS ON THE EMPLOYMENT SERVICE

Mr. FOGARTY. How much is your requested budget amendment?

Mr. GOODWIN. How much did we request of the Bureau of the Budget?

Mr. FOGARTY. Yes; we don't have any information yet from the Bureau of the Budget on any of your requests. Can you give us some of the details?

Mr. LOVE. On the Employment Service, Mr. Chairman?

Mr. FOGARTY. Yes.

Mr. GOODWIN. The Bureau of the Budget request is for $23,700,000. This is the tentative approval for $23,700,000 for grants to States and

an increase of $1,420,000 for the Bureau of Employment Security in salaries and expenses. Did you ask for the figures of what the request was?

Mr. FOGARTY. Yes.

Mr. GOODWIN. We had requested, the Department had requested $30 million of the Bureau of the Budget for State grants and $1,830,000 for salaries and expenses.

Mr. DODSON. I think we should also say we asked for one-sixth of that amount to be available during the current fiscal year. The Bureau of the Budget, I think, is going to approve the supplemental for this year so that we can get underway without delay. But the supplemental figures for grants to States is $1,700,000 and for salaries and expenses $120,000 which we hope to get up before Congress.

Mr. FOGARTY. That is for this year?

Mr. DODSON. Yes, sir.

Mr. GOODWIN. This would mean that we would be able to get the program underway in the last 2 months in the fiscal year.

Mr. FOGARTY. Suppose someone comes up with the argument: Why should we give you more if we are in a recession or a depression now, whatever you call it, and there are not any jobs—why should we provide more funds in the Placement Service to try to find jobs that aren't there?

Mr. GOODWIN. There are always jobs. They may be a little bit lower than they are at some times but there are always jobs and always job opportunities. The Employment Service can do a better job in meeting that particular problem. However, the improvements that are being recommended for the Employment Service, Mr. Chairman, are of a permanent character. We feel that the Employment Service needs to be improved primarily because of the changes that have been taking place in the labor market. It is getting much more complicated. We have had many problems developing that we have not been able to deal with effectively because actually the number of personnel in the Employment Service has been going down for the last 10 years. We have lost some 2,000 employees in the Employment Service in the last 9 or 10 years. And the problem has been getting bigger, the labor force has been getting larger; we have been getting terrific problems in some of the metropolitan centers, the way they have been growing so rapidly, and of course we never have dealt adequately with some of the problems in the rural areas.

Take, for instance, many of the high schools in the rural areas. We don't have counseling programs in those schools. We cover about half the schools in the country that account for about two-thirds of all the high school students. That remaining third is largely from rural high schools and there is no counseling program to meet that. This is just one example of the inadequacies of the Employment Service.

Mr. FOGARTY. Is this supplemental money to be used to service areas that have no offices now?

Mr. GOODWIN. On the Employment Service expansion?

Mr. FOGARTY. Yes.

Mr. GOODWIN. Yes, it would call for expansion both in some of the rural areas that I have referred to, and undoubtedly it would result in additional offices in some of the big metropolitan centers.

Mr. FOGARTY. Give us a breakdown for the record on that.

Mr. GOODWIN. Yes, sir.

(The breakdown referred to follows:)

Breakdown of Employment Service expansion: The actual distribution will be made only after consultation with the States. However, our present plans would distribute the additional funds for grants to the States as follows:

1. For improvement in basic local office operations, $20.3 million.
2. For dealing with employment impact of automation, $1.2 million.
3. For Employment Service in rural areas and to farmworkers, $1.5 million.
4. For services to areas of persistent unemployment, $0.7 million.

FINANCING TEMPORARY UNEMPLOYMENT BENEFITS

Mr. FOGARTY. This temporary program for extension of unemployment benefits we voted on last week will cost about $26 or $27 million, you said yesterday?

Mr. GOODWIN. About $27 million.

Mr. FOGARTY. To administer.

Mr. GOODWIN. I think it is $10 million for this fiscal year and $17 million——

Mr. FOGARTY. For the 2-year period. That will come out of the tax receipts.

Mr. LOVE. That's right.

Mr. DODSON. It is my understanding, Mr. Chairman, that it is also chargeable to this $350 million which makes a further necessity for increasing the ceiling.

Mr. FOGARTY. How are you going to do it if you don't get this ceiling raised?

Mr. DODSON. I talked with the Secretary this morning and I want to get Mr. Goodwin and myself and the Secretary together as soon as we can.

Mr. FOGARTY. It seems to me it should be raised or eliminated.

Will the administrative account be able to finance all of this increase? Last week we increased the tax four-tenths of 1 percent.

Mr. GOODWIN. Yes; that will produce $472 million estimated, as I indicated a little while ago, which would be more than adequate to pay all of the costs.

REPAYMENT OF $250 MILLION GENERAL FUND ADVANCE

Mr. FOGARTY. Would you be able to build up enough to pay back the $250 million that will be advanced from the general funds of the Treasury by the third supplemental?

Mr. GOODWIN. Under the law, the loan fund has first call on any excess over what is needed for administrative purposes; and then the $250 million administration fund will be built up. That would be accomplished according to our estimates, in 1969.

Mr. FOGARTY. Is it your intention that repayment be made?

Mr. DODSON. That is the revolving fund which Mr. Goodwin said would take until 1969.

Mr. LOVE. This does not actually have to be repaid. The way it works is this: You borrow money at the beginning of the year. Then the Federal unemployment tax collections come in, in early February. Maybe $450 million out of $470 million will come in, in February. We will pay the Treasury. We won't owe the Treasury any more until we borrow again at the beginning of the next fiscal year.

Mr. FOGARTY. You are going to pay it back then?
Mr. LOVE. Yes, sir, each year.

BASIC ASSUMPTIONS FOR BUDGET REQUEST

Mr. FOGARTY. On page 11 you make some basic assumptions that form the basis for this budget. Have you changed these any and, if so, how will that change this part of your budget?

Mr. GOODWIN. The basic assumption here is that our workloads will be related to 1,900,000 of insured unemployment. I commented in my statement, Mr. Chairman, this is a conservative figure. This is based upon the rather optimistic view of improvement in the economy. I really think that we will get that improvement but if we don't, the figure is probably a little low. That means the economy will have to start improving about next month and keep it up steadily.

One thing more to keep in mind. I know that you are fully aware of this, and that is that some of these indications of improvement in the economy show up very definitely before we get any improvement to amount to anything in our insured unemployment. This is particularly true on exhaustions.

In the 1957–58 recession we had substantial improvement in the spring of 1958 as shown by some of the indexes, economic indexes, but we got our peak in exhaustions of unemployment insurance benefits in August of that year. So we get a considerable lag here in improving unemployment.

Mr. FOGARTY. Why is that?

Mr. GOODWIN. Well, the first thing that happens when business picks up is that they increase hours. They don't start hiring new people. Then you get, as far as your exhaustions are concerned, a lag of from 3 to 6 months. They get unemployment insurance benefits; they don't exhaust that for 3 to 6 months; so you get that lag in terms of the number of exhaustions.

PROPOSED INCREASES FOR THE EMPLOYMENT SERVICE

Mr. FOGARTY. You are asking for $1,931,000 increase for improvement in employment services. Will you detail that for the record, just how these improvements would be made?

(The requested information follows:)

Use of $1.9 million increase for ES activities.—The additional $1.9 million requested would permit a very modest start in the direction of overcoming the general shortage of local office staff and of catching up with the steadily increasing needs of young workers entering the labor market. Local offices are today in the position of being unable to give prompt attention to filling all employer orders they receive, unable to provide enough individual assistance to the heavier volume of workers with employment problems arising from age, race or handicap, and unable to extend counseling, testing, and placement services to substantial numbers of high school dropouts and to graduates in many rural communities.

Mr. FOGARTY. You are also requesting an increase of $500,000 for the Employment Service for demonstration projects and related costs. What kind of demonstrations?

Mr. GOODWIN. This is to provide larger and better supply of labor employers. This gets into some of the special item groups, occupational groups, where additional work needs to be done on the part of the local office and what we are asking for here is some demonstration

projects to see what can be done in this area. I think it might be well to ask Mr. Norwood, Assistant Director in Charge of the Employment Service, to comment further on this point if it is all right with you.

Mr. NORWOOD. There are five different types of demonstration projects in here. This first one was really an attempt to try to pick three areas and try a saturated attempt to serve not only unemployed workers but employed.

Frankly, this has been on the drawing boards for some time. But it would be a very significant attempt to try to step up informational programs and special activities in that given or those given areas.

I would like to comment on the others, if I may. There are five different types. Second was to pick one major metropolitan area and really to try to staff it up to a level we think that would make it an effective placement service in the community. Actually, in the request that will be before you later, this same approach would be tried, try to move ahead and do this on a wide-scale front in most of the major metropolitan areas. This particular one that is in this request would have been with respect to one area. Now, the third one is an attempt really to try to get a listing in selected areas—another demonstration project—try to get 100-percent listing of all orders of all employers. This would not be tried initially in a major metropolitan area but in a medium-sized community, something in the range of 100,000 to 200,000 to try to actually get all job openings listed with the public employment service, so-called 100-percent listing.

The fourth one would be an attempt to try to do something in the field of automation, to try to identify individual employers where dislocation was anticipated, try to work with the employer in identifying workers who might be dislocated because of technological changes. For instance, a change in process might dictate a move from one place in a plant to another.

Following this, for those that could not be moved within the plant to try to identify what skills and abilities they had that might be sharpened up by retraining for use somewhere else.

Mr. FOGARTY. Will that conflict in any way with some of the ideas of the Bureau of Labor Statistics? They mentioned yesterday that the Kaiser Co. and Armour and someone else have tried out plans that seem to have worked in this automation problem.

Mr. NORWOOD. At least those companies had anticipated the problem and tried to build up some funds to cope with it. Ours would be an operational phase whereas theirs would be largely a study of the causative factors. Ours would be an attempt, really, to try to assess the individual problem as it exists in that plant and for those workers, and try to render direct service to the extent that we could; evaluate the effectiveness of the service that was rendered so that we could profit by additional plants as dislocation occurred in other places.

Mr. GOODWIN. I understood from Mr. Clague, what they plan to do, they plan to select I believe it is five plants, and to select these from those where productivity data indicates that there may have been displacement because of automation. Then they would study what took place in the plant which would get right into whether or not there had been automation in the plant. Then, as far as the individuals are concerned, however, they would follow through on the small sampling of the individuals to see what happened to them. We

were discussing this yesterday while we were waiting our turn with the committee and I think both Mr. Clague and I felt that what we had in mind here for our projects and his would dovetail and there would be no duplication of any kind involved.

EFFECT OF THE BUDGET AMENDMENT ON THE PROPOSED INCREASE FOR THE EMPLOYMENT SERVICE

I would like to say, Mr. Chairman, that as far as this item and other items in the Employment Service are concerned, these will all be very substantially changed by the revised estimates that will be coming up. We know in broad terms what our program will be and what our proposals will be as far as the Employment Service is concerned. We had developed a statement based upon those objectives. I don't know how you care to analyze it.

As I understand it, it is going to be necessary for us to come back because you don't have the actual request before you, is that correct?

Mr. FOGARTY. If these requests get here in time. If they don't, you go to another committee.

Mr. DODSON. You asked us to submit the detail of just what we had requested in the way of amendments to the 1962 estimates.

Mr. FOGARTY. Yes.

Mr. DODSON. Mr. Chairman, we could make a statement now as to what we plan to do if you want to take the time.

Mr. FOGARTY. That might be the best thing to do.

DETAILS OF PROPOSED BUDGET AMENDMENT

Mr. GOODWIN. Well, as Secretary Goldberg told you yesterday, he has reviewed the nature and scope and program of the service. He has told you he has reached conclusions as to the actions which are required to achieve the President's purpose which was stated in the economic message.

Some of these actions involve a change in the Department of Labor policy; some involve a redirection of present resources; some involve additional resources to provide the needed additional staff; the President has, as you know, under consideration a budget, and we gave you what the tentative decision was as to the amount of that, $23,700,000 for grants and $1,420,000 for salaries and expenses for 1962.

Now, in terms of what that means as far as the emphasis on the public employment service is concerned, the most immediate significance it has is that it has relevance right now to the meeting of the present economic recession.

I indicated a while ago even when you have a recession there are many many jobs being filled. You have operating what we called frictional unemployment which means just a delay in getting in touch with the right job, or in selecting the right person to fit the vacancy. Every day lost in filling an available job is an irretrievable waste of that man's contribution to the economic recovery.

We would hope to launch immediately, in this fiscal year, if our plans are approved, a program for reducing that period of time. This would involve working with employers to a very large extent, in getting people placed in available jobs just as quickly as possible.

Now, beyond the immediate, there is an urgent need as I indicated a while ago, to regear the Employment Service to deal with the manpower changes, the very massive manpower changes and shifts which have taken place in the economy—automation in factories and offices and farms.

As Mr. Clague's figures indicated yesterday, automation has really gone further in farms than it has in any other part of the economy. All of this has an effect on the employment of older men and women. We have had an increase in persistent unemployment. We have had too many of our rural and urban areas that have been affected by this. The Employment Service has dealt before with seasonal and cyclical fluctuations in the labor market. Now it must deal also with this growth, redevelopment, and new uses to which the work force may be used.

The changes in agricultural-industrial technology, the uses of new techniques in production, the shifts in industrial location, while they all represent progress, do give rise to these many maladjustments.

The Employment Service is not now equipped to deal with that. What we are running into, in terms of the demands of the labor market, is the need for more education and more training; new occupations are appearing, while many more are becoming obsolete. Workers who lose their job because of these changes have difficulty in finding new employment, particularly if they are in one of the groups where there is discrimination because of race and age.

In terms of the objectives, we would hope to achieve in the Employment Service, one would be to get better results as far as national considerations are concerned. Many of the manpower problems now result from major changes in the national economy and even from the international developments that take place in the world. These national considerations have become increasingly important in determining the activities of the Employment Service. As a consequence, we believe that the Employment Service must give new emphasis to these nationally significant employment and unemployment problems. We think that the Employment Service needs to operate more as a manpower agency in working with community groups than merely as an employment exchange.

It has to take its proper role in dealing with training problems and these other problems we have talked about.

The proposal for a modernized employment service assumes that the action front will remain as it has been, as it is now, within the local offices operated by the States, but as an integral part of the national system of public employment offices.

It assumes further, however, the assertion of greater national leadership in the Federal-State partnership and it is based upon the assumption that unemployment is a national threat, that generally it is not created locally, and it is not cured locally.

A displaced man may have to carry his skills across State lines in order to get a job. Central leadership is as much a condition of efficiency and effectiveness here as in any nationwide enterprise.

I have indicated the Employment Service has not kept pace with developments. I think I also made clear that the 1,800 local offices in the last 9 or 10 years have lost some 2,000 employees. Now, the employment offices, particularly in the larger metropolitan areas, are overwhelmed by unemployment insurance responsibilities and

one of our specific objectives, as I indicated to you earlier, would be to meet this problem so that the Employment Service does not have to struggle with the unemployment insurance problems to the extent that it cannot get its job done of placing people. One of the things we need to do is to acquire more separate physical locations. We have done that in a few places.

I remember years ago it was done in Detroit where you had these tremendous layoffs and they all hit the local office at the same time. It was apparent there a number of years ago that you could not have an employment service and have it tied in with claims work. We have not done it in many other places because the results have not been as dramatic, the need has not been as dramatic, but the need is still there. Because of this kind of development, we have not been getting good results in the Employment Service in many of the other places.

HIGH PRIORITY AREAS OF NEEDED IMPROVEMENT

Now, we have listed a number of areas of improvement that we think need to be given the highest priority if this additional request which is coming up shortly, is approved by the Congress. First, the one I have stressed in this statement so far, within the national system of employment offices, to put greater emphasis on nationally significant employment and unemployment problems and achievement of national goals. This means tackling the problems like persistent unemployment, depressed areas, and automation. These are examples of the type of things that we would undertake to direct from a national basis to get the employment service dealing with these problems.

Second, expanded employer service activities to assure that a larger number of employers look to the employment service as a source for their manpower requirements. And that job applicants have access to a larger number of job openings. This is doing a better job of working with the employers and workers of the country. There are many facets in this particular objective.

Third, to strengthen and improve placement services to all employers and workers with resultant less need for specialized placement or specialized services.

Our thesis here is that the principal objective is to improve the quality of the local office operation and to staff it to the point where it can deal with all types of problems in its area, including the problems of the older worker, the problems of youth, and other specialized groups. We think that at least the psychology of the approach that has been used in the past has been wrong. We have talked too much about some of these specialized fringe groups and not enough about the strengthening of the main job that needs to be done in the local office. We are not detracting in any way from the importance of doing the job for the specialized groups, the older worker, the youth and others. We are merely saying that you can't do that job adequately until you have a stronger total local employment office. That is our objective on that one.

Fourth, establish clearly the prime functions of the employment office for providing placement and other job market services and lessen the orientation to unemployment insurance operations. I

think we have touched on this point several times and it is, of course, an extremely important point.

Fifth, introduce new administrative machinery and operating methods to facilitate geographic mobility of workers through intensified recruitment in areas of persistently fewer employment opportunities. This is dramatized by the areas we have in West Virginia, for instance, where we have many unemployed people with very little hope of employment opportunities developing at least in the near future in their areas. We need a more dynamic program to try to get employment opportunities for them in other areas.

Sixth is to improve the competence and professional capabilities of Employment Service staff and provide for more effective evaluation of the quality of program performance in local office operations. This is an extremely important point, particularly if you get into such things as counseling. This requires a high degree of skill. Actually, if a person doesn't know what he is doing in this area he can do a lot of harm. We have been working on this for years. But for the kind of program we are asking for approval of now we would certainly expect to do a better job.

This gets into the methods of selection of workers by the State and local offices. It gets into on-the-job training.

Seventh is to concentrate emphasis on improved services in the important local labor markets where greatest employment potentials exist and more labor market services to urban and rural persistent unemployment areas.

This is merely one way of saying that you put most of your resources where you have your biggest job. We have not always done that in the past. As a result, we are getting a relatively poor job done in our large metropolitan areas. Taking the country as a whole, there are some important exceptions to that, but this would give a redirection to our program in that respect.

Eighth is expand labor market research on such problems as changes in labor supply and requirements in local labor markets, shifts in occupational composition of the workload, reflecting automation and other technological changes, effect of population and labor force shifts on needed labor market services in major metropolitan areas. I think that there is a general recognition that we need to do more research than we have been doing to keep up with the changes, the rapid changes that have been taking place.

Now, Mr. Chairman, and members of the committee, this is a very brief outline——

Mr. FOGARTY. We shall place your justifications in the record when the request is actually submitted to Congress.

Mr. GOODWIN. Of the points that we expect to emphasize in this new program.

INCREASE IN STATE SALARY COSTS

Mr. FOGARTY. Your largest increase is $7,200,000 for an estimated increase in State salary costs?

Mr. GOODWIN. Yes, sir.

Mr. FOGARTY. Is that a firm figure?

Mr. GOODWIN. We think it is a good estimate, Mr. Chairman.

Mr. FOGARTY. Your estimate last year wasn't so good.

Mr. GOODWIN. Whenever you have a large expansion in the claims staff, this means we bring in lower paid people and it affects the average. Whenever we get a drop of that staff, it goes the other way.

INTERSTATE REFERRALS OF FARMWORKERS

Mr. FOGARTY. How are the regulations on interstate referrals of farmworkers working out? Is everyone happy about them now?

Mr. GOODWIN. The regulations? No, they aren't, although I would say that the terriffic opposition we got and the big furore that was created when we introduced them has not been borne out. I mean, all the terrible things that were predicted for the regulations have not happened. We have had some opposition to putting them into effect, but generally speaking they have been accepted and we have gone forward with them.

They made some improvement, as I think I indicated to the committee last year. These regulations were not revolutionary in character. All they were designed to do was to eliminate the worst kind of situations. They have done that, done it rather effectively.

COMPLAINTS

Mr. FOGARTY. Are you getting any complaints now?

Mr. GOODWIN. Oh, yes.

Mr. FOGARTY. Serious ones?

Mr. GOODWIN. Some of them, yes. You mean as to working conditions and this type thing?

Mr. FOGARTY. How about the requirement regarding transportation? Some people seemed to make a big issue of that last year, claiming that it involved exhorbitant expenses for the employer.

Mr. GOODWIN. The regulations there tie to what the prevailing practices, are, generally speaking.

Mr. FOGARTY. You remember how many complaints we had from some Members of Congress.

Mr. GOODWIN. Yes.

Mr. FOGARTY. Have any of their complaints stood up?

Mr. GOODWIN. I don't think so, Mr. Chairman, no. I don't think that the terrible things that were predicted on the transportation point, for instance, have developed. The regulations have resulted in the Employment Service refusing to recruit workers for some employers for a variety of reasons. Either their housing wasn't adequate or they were not willing to do what other employers in the area were doing on transportation, or for other reasons. But this has been a minority that has been affected by the regulations.

Mr. FOGARTY. Will you go through those charges made last year by Members of Congress and supply for the record a statement as to the validity of their charges?

(The statement referred to follows:)

Members of the Congress charged that the Department of Labor in proposing amendments to existing regulations relating to the interstate recruitment of farm labor was exercising authority not vested in the Department by the Wagner-Peyser Act. Further, that the Department was attempting to set a minimum wage for agriculture and that the proposed regulations were vague, unreasonable, arbitrary, and capricious.

With particular reference to the allegation to the charge that we were acting without authority, the Attorney General was requested to review our proposals

and give an opinion as to the propriety of the issuance of the proposed regulations. The Attorney General submitted his opinion to the effect that the Secretary of Labor was vested with the authority to issue such regulations under the Wagner-Peyser Act.

As you know, the Department held public hearings on these regulations, at which time all interested parties were given an opportunity to present their views. After these hearings were held, the Secretary issued amended regulations to become effective December 20, 1959.

In October last year we requested all of the State employment security agencies to supply information concerning the implementation of the Secretary's regulations on interstate clearance of agricultural workers. State agency reports indicated that the revised regulations were very well accepted by the growers and numerous institutions interested in farm labor. These new regulations resulted in improved migrant housing, better transportation facilities, and more accurate wage information. Many States reported that employment service personnel cooperated with State health department personnel in conducting housing surveys. These surveys resulted in many cases of improvements in migrant housing conditions and the elimination of inadequate housing. States reported that additional housing surveys would be made in the future. Many of the States that did not conduct prevailing wage surveys in the past have expressed intentions of doing so in the future.

Some growers have complained about the standards of the new regulations being too high. For example, growers have stated that these standards are allegedly higher than those to which the workers have been accustomed to in their own homes. Other growers have maintained that the Department of Labor is attempting to fix wage rates by requiring prevailing wage surveys to be conducted. A few growers stated that migrants do not take decent care of the housing, replacement of which is very expensive. However it should be emphasized that these comments occurred very infrequently among a small minority. In general, the over-overwhelming majority accepted the new regulations without complaint. I believe we have made a successful start in the implementation of the amended regulations within existing resources.

PLACEMENT OF OLDER WORKERS

Mr. FOGARTY. What progress is being made in placement of older workers?

Mr. GOODWIN. Well, what has been happening is that the placement of people by the Employment Service this past 6 or 8 months has been declining somewhat because of the economic situation. The placement of older workers has not been declining quite as much as it has for all placements, total placements. I would say that we have been making some progress in this field, Mr. Chairman. It has not been spectacular but we have been making a little progress. This is one of the areas where we would hope to make much more progress if we get the expansion in the public employment service.

Mr. FOGARTY. For the record, expand on that a little.

Mr. GOODWIN. Yes.

(The information requested follows:)

Placements of workers 45 years and over in calendar year 1960 decreased 2 percent from the preceding year. However, this was less than the decrease in total placements, which was 5 percent. We feel there is some slow but real progress being made in attitude of employers toward older workers. One of the more promising developments was the preparation and release by the National Association of Manufacturers with our assistance of a brochure entitled "Report on Employment of Mature Workers," which attacks the more commonly held myths about older workers' limitations.

The Department has also released four new materials. These are: (1) a community action guidebook, "Ability Is Ageless," (2) a factbook, "Meet the Over 40 Worker," (3) an exhibit, "Suggestions to Workers and Employers," and (4) a film, "Grey Hairs Wanted."

We plan to continue our promotional efforts to improve employee acceptance. Additional staff resources which will be provided by the amended request will

permit a greater degree of attention to individual applicants and job development efforts on their behalf.

PLACEMENT OF HANDICAPPED WORKERS

Mr. FOGARTY. What progress is being made in placement of the handicapped?

Mr. GOODWIN. Well, the picture there is similar to what it is for older workers. They also have been affected somewhat by the economic situation but not as much as for placements as a whole, I believe. So the situation is similar to what it is for older workers. Placements there are down but they are not down as much as——

Mr. FOGARTY. I have had some complaints about handicapped workers not being able to get employment.

It seems to me in general that you were, and rightly so, doing more for the older worker but the handicapped workers, especially the more difficult cases, weren't being given enough attention.

Mr. GOODWIN. We paid a lot of attention to them. I think virtually every State has a special setup for placement of the handicapped. They have a committee that is usually active in two things: one, their public relations promotional work for use of handicapped workers, and two, in working with the State employment services and State and local offices in getting better results.

Of course, in both these areas, they take a much longer period of time to get a result. It takes longer to place a handicapped worker. It takes longer to place an older worker. Not all older workers, but at least 30 or 40 percent of the older worker group.

Mr. FOGARTY. It also takes longer to find a job for a more severely handicapped than a less severely handicapped person?

Mr. GOODWIN. That is right.

Mr. FOGARTY. That is no reason why the more severely handicapped person ought to be forgotten.

Mr. GOODWIN. I agree. As a matter of fact, it means they should get more attention.

Mr. FOGARTY. I had a case brought to my attention last fall of a young lady who had Hansen's disease. From my source of information, she was cured, but she had been trying for a long time, and she had not been able to get a job. I know it is a very difficult case. Perhaps one of the most difficult of all to handle. It is the first one that has been brought to my attention.

Mr. GOODWIN. Of course the technique that we promote and urge the local offices to use is a sales job with employers to convince him for her that this person is capable of doing the job. You get this in a lot of handicapped situations. Mr. Norwood, do you want to comment on this?

Mr. NORWOOD. I would say that this particular disease is probably one of the oldest prejudices you have, fear of people to try to come to grips with it. It is somewhat parallel with the problem of placing a person who has a record of some mental disturbance which is another one that is real rough.

I would like to comment on this service for the severely handicapped. One measure of that would be the number of persons referred by the vocational rehabilitation agencies to the employment service for placement. Since all of these people presumably are severely disabled, or they wouldn't have had to have restorative effort

by vocational rehabilitation. On that there was some increase in the number of clients placed, even during calendar 1960. Of those that had been referred by vocational rehabilitation to the State agencies.

Mr. FOGARTY. This was a difficult case. I was in Hawaii a short time ago and visited their colony. They told me there that it is very difficult to find jobs for these people.

ASSISTANCE TO AREAS OF CHRONIC UNEMPLOYMENT

What about your program for assistance to areas of chronic unemployment?

Mr. GOODWIN. Well, we have been having activity in that, in working with the different areas. This is the program that will be expanded substantially if legislation now before the Congress is passed. We have had in some of the areas where we have been working on this problem, we have had some success during the past year, but they badly need the kind of help that is involved in the Federal legislation that is now before the Congress.

The problem here has been resources on the part of the State and local governments to do some of the things that they need to do. Legislation now before the Congress would help substantially in that. We have been in a position to help them in analyzing their labor force and this we would continue to do under this legislation now before the Congress.

CHANGES IN STATE UNEMPLOYMENT COMPENSATION LAWS

Mr. FOGARTY. Will you supply for the record what significant changes States have made in unemployment compensation laws during the last year?

Mr. GOODWIN. Be glad to.

(The information list of changes follows:)

Changes in benefit provisions

State	Maximum weekly benefit amount		Maximum weeks of benefits		Qualifying wage requirement	
	From	To	From	To	From	To
Georgia	$30	$35	22	26	40 to 45 times weekly benefit amount.	36 times weekly benefit amount.
Kentucky	34	37				
New York	45	50				
Virginia	28	32	18	20		

CHANGES IN TAXING PROVISIONS

Alaska.—Standard employer tax rate changed from 2.9 to 2.7 percent. Experience rating reinstituted October 1, 1960, with maximum rate of 4 percent. Wage increased from $4,200 to $7,200, effective January 1, 1960.

Georgia.—Tax schedule revised, penalty rates added effective January 1, 1963, for employers with deficit balances.

Maryland.—Tax structure revised, maximum "basic" rate raised from 2.7 to 3.6 percent. Annual additional tax may be levied on all employers to finance noncharged benefit costs, etc. Total maximum tax rate is 4.2 percent.

Virginia.—Tax schedules revised. Adjustment factor added when fund falls below specified amount.

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STATUS OF UNEMPLOYMENT TRUST FUND

Mr. FOGARTY. The balance in the unemployment trust fund is still going down?

Mr. GOODWIN. Yes.

Mr. FOGARTY. I think you told us last year it was going up?

Mr. GOODWIN. At that time, it was.

Mr. FOGARTY. What do you think about the future?

Mr. GOODWIN. It is scheduled to go down for the next 6 months at least. I think you can count on it going down for this full year. According to our estimates, it will reach its low about December 31 of this year. It will be at the lowest point since World War II.

LOANS TO STATES

Mr. FOGARTY. How many have loans outstanding and what are the amounts?

Mr. GOODWIN. We have loans out to three States—Alaska, Pennsylvania, and Michigan.

Mr. FOGARTY. You also still have money owed to you from the 1958 temporary program.

Mr. GOODWIN. The 1958 temporary extension.

Mr. FOGARTY. There are 17 States; aren't there?

Mr. GOODWIN. Seventeen States; yes.

Mr. FOGARTY. My State is one of those we owe $6 million. When are those payments supposed to start?

Mr. GOODWIN. 1963.

Mr. FOGARTY. I think the Secretary said yesterday that he might suggest that, because of the economic situation, these payments be postponed. If that isn't done, it would make it that much more difficult—with the kind of bill we recently passed, which raises the tax instead of the tax base—to pay off those old loans.

Mr. LOVE. That is right.

Mr. GOODWIN. This, of course, is one aspect of a much larger problem.

Mr. FOGARTY. Will you supply those States and the amounts owed?

Mr. GOODWIN. Yes.

(The list of States follows:)

Amounts to be repaid by participating States for the temporary unemployment compensation program of 1958 [a]

State:	Amount
Alabama	$9, 435, 417
Alaska	928, 166
Arkansas	2, 794, 931
California	54, 695, 509
Delaware	1, 578, 421
District of Columbia	1, 479, 702
Indiana	21, 330, 481
Maryland	12, 427, 327
Massachusetts	24, 866, 094
Michigan	76, 204, 742
Minnesota	8, 336, 492
Nevada	906, 214
New Jersey	45, 364, 812
New York	89, 141, 353
Pennsylvania	80, 962, 428
Rhode Island	5, 735, 918
West Virginia	9, 441, 531
Total	[b] [c] 445, 629, 538

[a] Estimated as of Dec. 31, 1960.

[b] Includes:

State benefits	$434, 917, 826
State administrative costs	9, 550, 775
Federal administrative costs	433, 818
Postage	727, 119
Total	445, 629, 538

[c] Excludes benefit and administrative costs of Federal unemployment insurance programs for Korean veterans, civilian workers, and ex-servicemen of $35,251,940 which do not have to be repaid.

Mr. GOODWIN. As you know, Mr. Chairman and the other members of the committee, the incidence of unemployment over a long period of time is much heavier in some States than others. This is now showing up in a very substantial way in the tax rates in those States. In my opinion, it is only a question of time until the Congress is going to have to address itself to this problem and give some relief to these States that have a very high unemployment rate.

Mr. FOGARTY. I hope that the permanent legislation that you are going to suggest would help in raising the tax base.

Mr. GOODWIN. I hope so, too.

Mr. FOGARTY. The committee will recess now until 1:30.

AFTERNOON SESSION

UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

Mr. MARSHALL. The committee will be in order.

We come to the item, "Unemployment compensation for Federal employees and ex-servicemen."

Mr. Goodwin, I see you have a prepared statement. We shall place that in the record at this point.

(Mr. Goodwin's general statement follows:)

Mr. Chairman, we are requesting $147 million for unemployment compensation payments to Federal employees and ex-servicemen in fiscal year 1962. This is a reduction of $32 million from the $179 million in such payments which we now estimate will be made in 1961.

The funds requested are solely for the payment of benefits required by title XV of the Social Security Act. That law provides for the payment of unemployment compensation to Federal employees and ex-servicemen under the same terms and conditions and in the same amounts as similar payments to employees of private

industry under the State laws. These benefits are paid by State employment security agencies under agreements entered into with the Secretary of Labor.

The unemployment experience of both groups of these workers, as reflected by claims filed for benefits, closely parallels trends in insured unemployment in the State programs. As you know, we estimate that insured unemployment in the State programs will decline from 2,300,000 per week in 1961 to 1,900,000 in 1962.

With the anticipated improvement in economic conditions we expect that the number of initial claims filed in both programs will decline by 50,000 in 1962 from the 560,000 estimated for 1961 and that claimants will receive payments under these two programs for a shorter period of time in 1962 than in 1961.

However, as the States increase the maximum weekly benefit amounts payable under their laws, we expect a small increase in the average weekly payments in these programs. For Federal workers we estimate the average weekly payments will increase $0.75 to $35.25 in 1962 and for ex-servicemen $0.25 to $31.25.

The net effect of these three factors is a decrease from 1961 of $32 million.

BASIS FOR ESTIMATE

Mr. MARSHALL. We note that the appropriation for 1961 was $107 million and the supplemental bill includes $70 million, or a total of $177 million. The 1962 request is for $147 million, or a decrease of $30 million.

Apparently you do not think things are going to get very much better for these people next year?

Mr. GOODWIN. Well, Mr. Chairman, this ties in with our estimates of improvement in the economy generally, and we think that there will be this much reduction growing out of less unemployment.

The estimates are based on several factors. One is the anticipated improvement in the economic conditions, and we expect that the number of initial claims filed in both our unemployment compensation for Federal employees and unemployment compensation for ex-servicemen programs will decline by about 50,000 in 1962 from the 560,000 that was estimated for 1961, that the claimants will receive payment under these two programs for a shorter period of time. We estimate that they will receive payments for about 10 percent shorter period of time than in 1961.

This is the trend we get whenever the economy is improving. And if we are right in our estimates that the economy will be improving, then these savings will follow.

On the other hand, the third element that goes into these estimates is the amount of the weekly benefit. And we estimate there will be a slight increase in that, amounting to about 75 cents per claim.

So these three factors add up to a net reduction of $32 million.

Mr. MARSHALL. When was the 1962 budget prepared?

Mr. LOVE. Late November.

Mr. GOODWIN. It was actually started last summer, but it was finished in late November.

Mr. MARSHALL. If you were to make that estimate today, would you make a change in it?

Mr. GOODWIN. I do not believe we would, sir; not on this.

I think that in our estimates, we anticipated these increases in unemployment, and so far they have been pretty close to the experience up to this date. So we would not make a change at this time, based on experience so far.

Salaries and Expenses, Bureau of Employment Security

Mr. Marshall. All right. We shall go on now to your appropriation for salaries and expenses.

Please place your prepared statement in the record at this point.

(Mr. Goodwin's general statement on this item was provided for the record as follows:)

Mr. Chairman, this request provides $8,338,000 for salaries and expenses of the Bureau in 1962. This is an increase of $402,000 over the $7,936,000 required in 1961. (The 1961 appropriation of $7,457,000, plus the $479,000 required to finance the Federal pay raise provided by Public Law 86-568.)

Of the increase, $385,900 is to strengthen the employment service activities of the Bureau. This amount will provide 41 additional positions for these activities, of which 31 will be professional, and 10 will be clerical.

As was true of the grants-to-States request, this budget was developed before the change in administration. The present administration has set goals of service to the American people which are far beyond those that can be accomplished with the resources provided in this budget. As a consequence, additional funds will be requested in the near future. The $385,900 increase in this request will provide only a small start toward staffing to meet the larger needs which this administration expects the employment service to meet.

The additional 31 professional positions will be used to shore up work in a number of areas where deficiencies are greatest.

Two would be used to bolster our counseling, testing, and placement services to youth. With this help we could make a start toward providing a greater degree of national leadership and technical assistance in the program of counseling, testing, and placement for the ever-increasing number of young workers entering the labor market—in both urban and rural areas.

Two would be used to support our efforts to provide services to older workers. As the committee knows, this is an area in which the need for help is urgent and increasing. Workers disadvantaged by age, physical handicap, or race have suffered unduly in the stiffer competition for jobs.

Eight will be used to strengthen our work with the States in improving local office management, particularly in the larger metropolitan areas. With their help we can begin the development of improved methods, techniques, and tools for State use, and the training of management specialists in the State agencies who are proposed to be added to State agency organizations in the grants-to-States request.

The grants-to-States request for 1962 describes demonstration projects that are most urgently needed to develop new and improved approaches and techniques for serving workers and employers. Ten of our requested professional workers would plan, coordinate, and evaluate these projects, and they would also supervise and provide technical assistance to those States undertaking the demonstration projects.

Four would be used to make a beginning at providing more effective placement services to professional workers and employers. The placement service actually provided in the professional occupations is proportionately far less than in other occupations. Yet, the need for service is, in some respects, greater.

Four would be used to support our efforts to help the States analyze the effectiveness of the services they now provide, in relation to the needs of the labor market, and determine how the services could be improved. Information would be developed on the channels used by workers to obtain jobs, on the recruitment methods used by employers, on the nature of labor demand, and the characteristics of the labor supply, particularly of the persistently unemployed group.

One will be used to support our efforts to keep up with the effects of mechanization and other technological advances on farm labor. These developments affect the use of local farm labor as well as migratory labor. We have not been able to keep abreast of these developments, nor to adjust our operations to meet the problems which they create.

As you can see, small as this requested addition is, in relation to the job to be done, we have tried to spread it to cover, at least on a token basis, as many as possible of the major problems in today's labor markets. These include: automation and other technological developments which affect professional and technical workers as well as other occupational groups; meeting the needs of the growing number of youth entering the labor market; the growing numbers of

older workers in the work force; and the employment problems created by our ever-expanding metropolitan areas. A part of our addition is directed at better management of local offices because better management improves the services they render.

An increase of $30,700 is required for the Veterans' Employment Service. Lapse experience has been below that estimated and, as a consequence, it was necessary in 1961 to leave some vacant positions unfilled until enough money could be saved to avoid overexpending the appropriation. This has been a cause for concern to us, the veteran's organizations, and to others. Mr. Omohundro has a statement on the Veterans' Employment Service and is available for any questions which the committee wishes to ask.

There are two technical adjustments in the estimates. The request has been reduced $25,200 because there is one less work day in1962. An increase of $10,600 is required to annualize the cost of the Federal pay increase, which I referred to earlier, and the new Federal health insurance program, both of which were effective for only 255 days in 1961. In 1962 we will have to pay for them for 260 days.

Mr. MARSHALL. Under the item of "Salaries and expenses," we note that the appropriation bill for 1961 was $7,457,000 and the supplemental bill includes $479,000 for pay costs, for a total of $7,936,000. The request for 1962 is $8,338,000, or an increase of $402,000, and 41 positions.

INCREASE FOR LOCAL OFFICE MANAGEMENT AND EVALUATION

Nine additional positions are primarily for "Local office management and evaluation."

Why is this increase necessary?

Mr. GOODWIN. This was part of our proposal, Mr. Chairman, for improving the Employment Service operation along the lines that I presented to the committee this morning, except that what we have asked for here would have permitted only a small improvement; and these figures will now be changed and increased by the proposal that the President has made, and the revised budget estimate that will be presented to the Congress in the very near future.

But even before that was made, we felt a need to bring the Employment Service up to date. We have gotten far behind in some of these areas, and that is what these increases were for.

Mr. MARSHALL. How many do you have doing that type of work now?

Mr. GOODWIN. This is on the category of "Local office operations" line.

Mr. LOVE. We have 11 professional people.

Mr. GOODWIN. Yes; we have 11 right now, and we propose to increase this by 8.

STUDY OF FARM MECHANIZATION

Mr. MARSHALL. We note you are requesting two more positions in connection with the impact of mechanization upon the agricultural labor market. What will those employees do?

Mr. GOODWIN. Well, they will be studying the changes that are taking place and trying to anticipate what can be expected to develop in the coming year, in order that we can make our plans and make changes in the program and our recruitment efforts.

This also has some impact on the foreign workers program. For instance, I believe Mr. Fogarty mentioned this morning the tomato picker. Now, this is in an experimental stage. They experimented with it to some extent in California last summer.

This is a crop in which we have a tremendous use of hand labor. A large part of it in some areas is Mexican labor. And if we suddenly should have a tomato picker that is practical and which would pick a large percentage of that crop, it would make a tremendous difference in our plans for recruitment and, of course, it would make a tremendous difference on our own people who depend upon this work for a living, who might be coming in from some other State for that type of work.

So by keeping abreast of these developments and anticipating the impact they may have on the labor market, we can adjust our program to meet those things.

Mr. MARSHALL. How much of this work have you done heretofore?

Mr. GOODWIN. Well, we have had just one professional person working on it up to now.

INCREASE TO MAINTAIN RELATIONS WITH PROFESSIONAL SOCIETIES

Mr. MARSHALL. We note an increase of four positions "for developing and maintaining relationships with the major professional societies." What will these people do?

Mr. GOODWIN. Well, this is one of the areas where the Employment Service, I think, has fallen behind more than in others. One of the major changes that is taking place in the labor force is the expansion in white collar jobs and professional and technical jobs.

I mentioned this morning that the jobs are requiring longer and longer education and more and more specialized training. And this means more of them, more of the people in the labor market, are tied in with the professional associations of one kind or another. And we have not kept in close contact and made plans with these groups. So that we are not giving these people the kind of service they ought to get from the Employment Service. And we hope to use these people to develop the program in that area.

Here again, we have had a very nominal staff working on this. As a matter of fact, we have only had three people working in this whole area of professional placement.

YOUTH SERVICES

Mr. MARSHALL. We also note an increase of three positions for "services to youth." Will you comment on that?

Mr. GOODWIN. On this one, we do not have—well, the additional staff here, Mr. Chairman, will be primarily engaged in promoting and assisting in the evaluation of the present local youth programs, and to stimulate additional activity in the employment offices in this area.

We, as I indicated this morning, have a big problem in school dropouts, and in the rural areas, where we have very meager facilities for dealing with the problem of youth coming out of school. Now, the people we have asked for here are to work with the States in developing this program so that we have a more adequate program in this area.

As you know, I am sure, the rates of unemployment are very high among the young people in the labor market. This is, in part, because they are getting adjusted to working. But there is need for more activity on the part of the Employment Service in this area.

Mr. MARSHALL. Does there seem to be a hesitancy on the part of many employers to hire young people?

Mr. GOODWIN. Well, I think, in general, there is less hesitancy on hiring young people than there is on older workers.

But, on the other hand, employers are getting more and more demanding as far as education is concerned, and training. So that for these young people, particularly those that drop out of high school before they complete it, they do have a difficult time getting good employment, because they are not adequately trained.

Now, in our counseling efforts, we urge many of those to go back to school and to go on in school. If they have the capacity for additional education, it is certainly very desirable that they go back to school.

Mr. MARSHALL. Does it appear much more difficult for young people to get work now than it was a year ago?

Mr. GOODWIN. Yes; decidedly more difficult.

And I think that for the group that is coming out of school this June, this will be even more pronounced for that group.

DEMONSTRATION PROJECTS

Mr. MARSHALL. We note that you are requesting 10 positions for demonstration projects. What do you expect these people to do?

Mr. GOODWIN. Well, we described in the "Grants request" for 1962 these demonstration projects.

They are needed to develop some new and improved approaches for serving the workers and employers. Ten of our requested professional workers would be used to plan, coordinate, and evaluate these projects; and also supervise and provide technical assistance to those States undertaking the demonstration projects.

You might want at this point to have Mr. Norwood give us a little bit more on just what would be involved in this project.

Mr. NORWOOD. We did describe the projects this morning, but it is particularly important that they be closely observed and the work evaluated so that this information would be passed on to other States. In other words, demonstration projects will be carried on in selected areas, and you would get information and experience out of those projects that you could actually introduce into other States.

So, for this reason, it is pretty important that there be a healthy complement of Bureau employees actually engaged closely with the States in carrying out the demonstration project.

ASSISTANCE TO MIGRANTS AND OTHER DISADVANTAGED WORKERS

Mr. MARSHALL. We note that you are asking for three positions for services to older workers.

Mr. GOODWIN. Well, in this we have five professionals now and two of these would be professional workers; one would be clerical.

Now, this is an area in which the need is urgent and which we never have been able to keep up with demands in this phase of the work. Workers who are disadvantaged by age or physical handicap or race have suffered unduly and have stiffer competition for jobs, and we need more people working in this area.

Mr. MARSHALL. What are you doing and what do you plan to do to improve the lot of the migrant worker?

Mr. GOODWIN. Well, in terms of what we are doing, we mentioned this morning the Secretary's regulations, which went into effect this last year. These were designed to deny the use of the Public Employment Service for substandard job orders.

In other words, this is the area in which the Employment Service tends to get many of its substandard job orders—agricultural labor.

We also have promoted the establishment of citizens committee in many of these States and communities to get more action on the part of local communities in dealing with some of these problems.

We have supported the legislative efforts that have been made to improve the situation. I think this is best illustrated by the series of proposals, bills, that have been introduced by Senator Williams of New Jersey. Most of these are pending now and in the Congress, but they do deal with some of the basic problems that we have with the migrant workers.

The basic problem of the migrant worker, as far as social programs are concerned, is that they cross State lines and they are denied access to many of the programs that are operated on the State and local level because they do not have residence.

The legislation that Senator Williams has proposed goes to the heart of this problem by making Federal funds available to support what local and State jurisdictions are trying to do for this group.

We have, in the Employment Service, provided a big service for this group in the operation of the annual worker plan, which is merely a program for trying to schedule the use of these workers. Normally, it operates on the migrant streams that go from the South to the North. There is one that starts in Florida and goes all the way up into New England. There is one that starts in Texas and branches out into several points in the Midwest and even in the Northwest.

By making plans with the growers in advance and with the workers, principally through crew leaders, we have been able to schedule their work so that there is a minimum amount of waste time, and the workers have been able to get more employment this way, and the growers have been able to have more reliance on a labor supply.

This is one of the big contributions we made through the Employment Service.

Mr. MARSHALL. The foreign worker is given some protection under law that the domestic worker is not entitled to, is that not correct?

Mr. GOODWIN. That is right, sir. And this is most unfortunate. But Public Law 78 does not include all of the protections that it should include.

And we are hopeful that in making the extension, if the Congress does make the extension this year, that these changes will be made in the law.

One of the examples of this is in the area of perquisites that go along with a job; such things as insurance, transportation, or three-quarter guarantee—the whole list of items that are available to the Mexican workers.

We proposed to the Congress some years ago that, in order to be eligible to contract Mexican workers, that growers would have to offer these same things to domestic workers. This was defeated and,

as a result of that action, our lawyers have told us that we cannot administratively make these same requirements.

Now, this would help a lot, if we could say to growers who come to us for Mexicans: Now, before we will entertain an order for Mexicans, you will have to offer to do the same thing for domestic workers. This means that you will have to pay the transportation costs. It means you will have to offer insurance. You will have to pay for housing, all of these perquisites that they have got in the Mexican program.

Mr. DENTON. Why should they not do that?

Mr. GOODWIN. They should; but, under present law, we cannot require it.

Mr. MARSHALL. How does the migrant worker of Indian heritage compare with the other American domestic workers?

Mr. GOODWIN. Well, I think the problem is similar, except where you get the Indians on the reservations; and there we have specialized programs to deal with that problem, and we work through the Indian Service.

Many of those reservation Indians are recruited to work on farm employment, some of them on track employment with railroads, and they come out to work for a period of time and then go back to the reservation.

Then there are many Indians who are not on the reservations, or even some of the Indians who are on reservations that come off on their own initiative and as individuals, and join up with some of these migrant groups.

OCCUPATIONAL ANALYSIS PROGRAM

Mr. MARSHALL. I notice that you have several psychologists listed in your position schedules. What do they do?

Mr. GOODWIN. This is in connection with our testing program. We have a testing program, an occupational analysis program. And this is a Civil Service Commission title and for which examinations were held.

Mr. MARSHALL. How many do you have?

Mr. LOVE. We have 5, and we are asking for 1 more.

Mr. MARSHALL. What do these people do?

Mr. NORWOOD. This is in connection with our aptitude testing program.

What these people do is developmental work, standardizing test batteries which are appropriate for selection for workers, depending upon different qualifications that are needed for workers of different aptitudes.

For instance, it can be a question of general intelligence, manual dexterity, finger dexterity, these kind of things.

These people are engaged in actually standardizing tests so that you can get good results in their use and application.

Mr. LOVE. I might point out, in the Employment Service there are more than 1½ million tests given each year. And these are the people that do the basic work in leading the program.

STUDIES OF ECONOMIC TRENDS

Mr. MARSHALL. I notice on page 11 you plan to make four studies of significant economic trends in selected States. Is this a new activity?

Mr. GOODWIN. No, this is not a new activity. This is a basic part of the research and analysis work that we have been doing in the program for a good many years.

Do you want to comment fully on this, Mr. Levine?

Mr. LEVINE. I take it this is on the four additional professional and six clerical employees for the manpower studies group that is being asked for in 1962.

These people are going to direct their attention exclusively to these types of problem situations: First, the different channels through which people are hired and the extent to which the Employment Office can participate more effectively in the variety of hiring channels. People get jobs through a variety of ways, only one of which is the Employment Service.

A secondary that they are getting into will be the placement potential in these local areas in terms of job orders that might be gotten from certain size hiring establishments, size of firm, and type of industry. If they could detect more certainly where the fluctuations in employment, replacement, and growth possibilities are, employment offices could direct their efforts more effectively to getting job orders for placement of workers.

A third type of study that they are going to engage in is what is done with the orders that come from the employers, how many of these employers are getting good service, how many of these orders have to be canceled because hiring specifications are either too rigid or the wage or working conditions are not competitive in that local market.

All of the research is then geared to providing the other thing that was discussed earlier—improved local office services to workers and employers by local area.

SKILL SURVEYS

Mr. MARSHALL. What are the area skill surveys mentioned on page 12?

Mr. GOODWIN. Do you want to comment on that too, Mr. Levine?

Mr. LEVINE. Several years ago, largely as the result of the changing character of occupations in industries and the emergence of a group of new occupations with higher skilled technical know-how implications, there began to develop shortage occupations in the very highest skilled categories and some of the technicians' occupations. As a result of that, the employment offices were asked to make surveys with employers in the local area. And working with the schools and with industry generally to analyze, occupation by occupation, what is the supply and what is being trained or educated, trained in industry or educated in vocational schools to add to that supply, and what are the requirements in these occupations that employers foresee. And each of these studies has disclosed pretty serious gaps between supply and the demand.

In other words, demand is expanding in these highly skilled technical occupations. Supply is not keeping pace.

The result of that is that as an outgrowth of these area skill surveys, they are introducing in junior colleges and vocational schools more

of this technical institute kind of training, post high school 2 year, and introducing more math and science in some of the schools because this is fundamental to building some of these technical know-how occupations.

The response has been very, very gratifying. Indeed, the pressure is far more than the States and ourselves have resources to do in this area.

Mr. GOODWIN. I think the point should be made, in connection with this, that we, on this, join in a much wider community effort. This brings in the schools.

I went to one of these out in the State of Arizona a few years ago. That particular one was held at the University of Arizona. And the people they had participating in it were—they had the employer organizations, all the major employer organizations in the State; they had the major labor organizations in the State; they had the representatives of all levels of schools and the universities and colleges; and a number of important public officials in the State.

The point I want to make is that we played only one part in that development. It was principally giving the group an analysis of what the labor market situation was, what the available manpower was, what the skills were of that manpower, and then working out with them an analysis so that the community groups could reach conclusions on what needed to be done in order to meet the problems they are going to be faced with 10 years from now or 20 years from now.

And, as Mr. Levine has indicated, these have been highly successful. It, among other things, has been one of the best means of getting acceptance of employment service operations in the State.

We have had about, what? Close to 30 of them?

Mr. LEVINE. Now it is running over that. It is about 45.

Mr. GOODWIN. Most of them have been on an area basis. A few of them have been on a statewide basis, as the Arizona one was.

SURVEY FOLLOWUPS

Mr. MARSHALL. We note "reports on implementation action." What are those? That is on page 12 too.

Mr. LEVINE. We were very much concerned that these studies and surveys not just gather dust and go on a shelf somewhere, and someone say: Here is a nice survey report with a pretty cover. So we decided to follow up this survey. What did the community do? Having gotten the facts, now what did the schools do, what did the industry and labor associations do?

We got reports back indicating, for example, the expansion of apprentice training. It is rather interesting that even in some of the industries that had a high degree, a large volume of Government business, national security business, they still had shortage occupations and had not enough apprentice training in some of them.

We found a number of instances where vocational schools or technical institutes had been established.

In other words, we do not regard this research as an end in itself; it is only a means toward implementing action in the community to do something about skill shortages. And that is where the implementation comes in.

Veterans Employment Service

Mr. Denton. Mr. Omohundro, do you have any statement to make?

Mr. Omohundro. Mr. Chairman, if I may, I would like to file a formal statement.

Mr. Denton. All right.

(The statement follows:)

Mr. Chairman, I appreciate again this opportunity to appear before your committee and give you a statement on the plans of operation of the Veterans' Employment Service for the fiscal year 1962. Activity No. 1 on page BES 6 of the justification of appropriations estimates provides for an increase of $30,700 for 1962. This increase is required to provide for a realistic lapse rate in the staffing of the Veterans' Employment Service.

As provided for by the amended GI bill of rights, the Secretary of Labor is responsible for carrying out the intent of Congress that there be an effective job counseling and employment placement service for veterans and for promulgating and administering policies which will provide them with the maximum of job opportunity in the field of gainful employment.

By specific statutory authority a veterans' employment representative is assigned to the staff of the public employment service in each State, Puerto Rico, and the District of Columbia.

In 1962 State veterans' employment representatives will continue to aid and improve services furnished veterans through the local employment offices by—

1. Advising and assisting State employment service staff members in the development, preparation and review of policies, procedures, and information to carry out veteran employment programs.

2. Evaluating effectiveness of local offices in furnishing veterans, especially disabled veterans, adequate job counseling, registration, and placement services. Actual evaluation of local office service to veterans will be made by—

(*a*) Personal visits to local offices;
(*b*) Review of local and State office narrative reports;
(*c*) Analysis of local office and State statistical records;
(*d*) Discussions with State field supervisory staff.

Veterans' employment representatives will increase their efforts to furnish information on available job openings and employment opportunities to local veterans organizations, posts and chapters at regular intervals. They will continue to assist individual veterans with employment problems and those referred to the Veterans' Employment Service by all agencies of the Government at the local, State, and Federal levels, veterans organizations, and community groups.

To aid in placement efforts of the increased veteran applicant load now being experienced in the local offices, veterans' employment representatives will increase their efforts to promote the interest of employers in employing veterans by initiating and participating in informational, educational and public relations activities designed to develop more job opportunities and to stimulate the employment of veterans, particularly disabled veterans.

They will continue to visit employers to encourage them to adopt hiring policies and establish procedures favorable to the employment of disabled veterans; to create better relationships between employers and local employment offices and to develop a better understanding of employment problems peculiar to veterans. In 1962 they will step up employer visitations. They will prepare and deliver talks before employer organizations, service groups, labor unions, community organizations, etc., to develop interest in the employment of veterans.

They will actively participate in National Employ the Physically Handicapped Week, Hire the Older Worker Week, and other organized promotional programs. They will cooperate with State agency personnel in preparing materials and in obtaining newspaper, radio, and TV time to promote greater job opportunities for veterans and disabled veterans.

The Veterans' Employment Service will continue to maintain cooperative relationships with the Veterans' Administration, Bureau of Veterans' Reemployment Rights, U.S. Civil Service Commission, Office of Vocational Rehabilitation, other Federal and State agencies, and interested community groups to insure prompt placement of rehabilitated disabled veterans and to assist all veterans in problems related to employment. It will continue to facilitate the placement

of patients ready for release from Veterans' Administration hospitals. It will assist the Veterans' Service Section of the U.S. Civil Service Commission to acquaint veterans with opportunities for employment with the Federal Government and procedures for applying for jobs, as well as their rights and benefits under the Veterans' Preference Act.

Veterans' employment representatives will provide an informational and referral service for veterans interested in or with problems dealing with employment in the Federal Government. They will also make personal contacts with officials of Federal, State, county, and community agencies and organizations in the interest of assisting veterans in the field of employment. They will cooperate and maintain close working relationships with elected and paid officers of veterans' organizations to keep veterans advised of opportunities for employment and to encourage and assist these organizations to establish employment programs. In addition, they will participate in employment programs on National, State, and local levels as sponsored by the American Legion, AMVETS, DAV, and VFW. They will give special assistance to the veterans' organizations in selecting the employers and employees to receive recognition as to their outstanding efforts in the hiring of or securing jobs for older and physically handicapped veterans.

The Veterans' Employment Service prepares reports on current labor market conditions and facts relating to the employment of veterans for delivery at the State and National conventions of the four major veterans' organizations, as well as the State and district conferences. It also prepares an annual report for all State and National offices of veterans' organizations on employment services provided veterans. Veterans' employment representatives will continue to serve in an advisory capacity to veterans' organizations committees and commissions on interpretation of existing laws and regulations affecting veterans in the field of employment.

Mr. OMOHUNDRO. However, I do have three or four points on which I would like to elaborate.

EFFECT OF RECESSION

First of all, the veterans are feeling the impact of our economic recession. The active files of the local offices are showing a steady increase in new applications and a decrease in placements. Veterans' employment representatives are increasing their visits to employers in attempts to develop job opportunities for those unemployed veteran applicants. Cooperative programs with veterans organizations are being stepped up. Our efforts in behalf of the older veteran continue. Increased efforts for individual job placement as well as dissemination of educational material on availability of skills and abilities of older veterans in the files of the local offices represent our current emphasis. May I remind you that the average age of World War I veterans is now 67 years and 42 years for World War II veterans.

The typical veteran jobseeker today is in a different position than he was a few years ago. He has full family obligations, he is no longer an entrant to the labor market. He is beginning to encounter the age barrier and is facing increasing competition for job openings. For these reasons we find it imperative to continuously evaluate the local employment offices to insure proper service to veterans.

LAPSE RATE

Mr. Chairman, lack of a realistic lapse rate has made it necessary for us to leave vacant positions unfilled until enough money could be saved to avoid overexpenditure Actually, this has involved some eight positions in the field, ranging from 30 to 120 days, respectively, this past year (Alaska, Wisconsin, New York, Wyoming, Pennsylvania, Kentucky, Hawaii, and North Dakota).

The position of State veterans' employment representative should not be left vacant at any time except in cases of dire emergency

Approval of the increase of $30,700 will allow us to provide for immediate filling of vacancies as they arise. Incidentally, Mr. Chairman, some 18 State veterans' employment representatives will reach the compulsory retirement age within the next 4-year period. We should like to be in a position to be able to make appointments immediately upon retirement of current incumbents.

In conclusion, Mr. Chairman, I am very pleased to again report to you that the major veterans organizations—the American Legion; American Veterans of World War II and Korea; Disabled American Veterans; and the Veterans of Foreign Wars have expressed their confidence in the accomplishments of the Veterans' Employment Service, Bureau of Employment Security, and the State employment services by passing resolutions at their last national conventions which endorsed the principle of special employment efforts for veterans.

INCREASE REQUESTED FOR REDUCTION OF LAPSE, 1962

Mr. DENTON. Now, there is $1,340,600 available for 1961.

Mr. OMOHUNDRO. Yes, sir.

Mr. DENTON. And you have budgeted for 1962 the sum of $1,369,000. Now, that is an increase of $28,400, which is for reduction of lapses as you put them?

Mr. OMOHUNDRO. That is right, sir.

Mr. DENTON. What did you say the rate of lapse was for 1961?

Mr. LOVE. The actual percentage?

Mr. DENTON. Yes.

Mr. LOVE. We have reduced that to about two-tenths of 1 percent for 1962.

We have had to run about 3 percent now in 1961.

Mr. DENTON. Now, if you have this $28,400 increase, will that reduce this rate of lapse?

Mr. LOVE. Yes, sir.

Mr. OMOHUNDRO. Yes, sir.

Mr. DENTON. You will not have that lapse problem?

Mr. OMOHUNDRO. No, sir.

Mr. DENTON. Do you have figures to tell me what is the lapse rate for other stable activities of the Department, like the Bureau of Veterans' Reemployment Rights, the Women's Bureau and the Bureau of Labor Standards? Do you have those figures?

Mr. LOVE. No, sir.

Mr. DENTON. Will you put them in the record?

Mr. LOVE. Yes, sir.

(The data requested follows:)

Lapse rate included for 1961 in the 1962 budget estimate

	Percent
Office of the Secretary	6.8
Bureau of Labor-Management Reports	13.7
Bureau of International Labor Affairs	3.2
Office of the Solicitor	4.8
Bureau of Labor Standards	2.2
Bureau of Veterans' Reemployment Rights	2.1
Bureau of Apprenticeship and Training	3.5
Bureau of Employment Security:	
Salaries and expenses	2.7
(Veterans' placement service)	2.9
Grants to States	6.9
Salaries and expenses, Mexican farm labor program	4.9
Compliance activities	3.1
Bureau of Employees' Compensation	2.5
Bureau of Labor Statistics	3.1
Women's Bureau	2.4
Wage and Hour Division	3.0

Mr. DODSON. Mr. Omohundro talked about retirement problems. Each of these retirees will have an amount of terminal leave coming to them.

Mr. DENTON. This increase will take care of that?

Mr. OMOHUNDRO. Yes, sir.

WORLD WAR I VETERANS

Mr. DENTON. Now, you said the veterans of World War I were an average age of 67 years?

Mr. OMOHUNDRO. Yes, sir.

Mr. DENTON. Do you not have a great deal of difficulty getting employment for them?

Mr. OMOHUNDRO. Yes, sir, we do.

As of the end of December, Mr. Chairman, there were a little better than 18,000 World War I veterans registered for work in the local State employment offices. Many of those men are on a part III pension and they are trying to supplement their income.

Mr. DENTON. What do you mean, a part III pension, $79 a month?

Mr. OMOHUNDRO. Yes, sir; that is right.

To develop a job for a veteran of that age is becoming increasingly more difficult.

Mr. DENTON. What percentage on the labor market have that pension?

Mr. OMOHUNDRO. I do not have those figures.

Mr. DENTON. Do you have the figures about how many are on social security?

Mr. OMOHUNDRO. No, sir; I do not.

Mr. DENTON. Of course, it looks to me like it is about time the veterans of World War I got a pension. The veterans of every other war got one after a much shorter lapse of time following the war. I think the Spanish-American War went 17 years; the Civil War 24 years. The longest, I think, was the Mexican War. They were about 39 years.

Mr. OMOHUNDRO. That is right.

Mr. DENTON. The Revolutionary War was about 36 years.

The World War I has been over 43 years.

Mr. OMOHUNDRO. That is right.

There are 2,164,000 World War I veterans left today.

Mr. DENTON. That is, over 2 million have passed away.

Mr. OMOHUNDRO. Yes, sir; that is right.

Mr. DENTON. I do not know; I have had a bill in for years on that. I never get much of a hearing on it.

Well, Mr. Goodwin, let me ask you a couple of questions.

TEMPORARY EXTENSION OF UNEMPLOYMENT INSURANCE

About this unemployment insurance bill we passed—and I spoke to you about that on the telephone.

Mr. GOODWIN. Yes.

Mr. DENTON. If a man's benefits were exhausted by July 1960, he is not eligible for unemployment benefits under this new law; that is right, is it not?

Mr. GOODWIN. If it is before July 1, 1960, that is right.

Mr. DENTON. In part of the district I represent there has been serious unemployment for well over 2 years. Now practically all the unemployed people there are out of luck on trying to get any unemployment benefits, are they not?

Mr. GOODWIN. Unless they were—well, I would assume so, yes. Some of them might have received benefits for a long enough period that they would be eligible, but not very many of them.

Mr. DENTON. I had one man in particular to complain. The man I talked to you about who had complained to me, we found, was eligible for benefits.

Mr. GOODWIN. Yes.

If the information we got is correct as to the time he was released, we were told that he was released last October.

Mr. DENTON. Of course, he must have been on a maintenance job or something like that.

Mr. GOODWIN. I wondered about that when I got it. But that was the information we got, that he was released last October. If that is true, then he would be eligible under this proposal.

Mr. DENTON. What do you think can be done for those people who had been out of work for so long?

Mr. GOODWIN. Well, the only proposal which the administration has made which would help this group is the aid to dependent children law.

Mr. DENTON. Here is the difficulty about that. That would take State legislation. And many State legislatures will be adjourned by the time they ever start voting on it down here.

Mr. GOODWIN. My understanding was they did not think it would take State legislation in all States, but it may in Indiana. I am not sure.

Mr. DENTON. I talked to the Ways and Means Committee, and they thought it would take legislation in practically every State.

Mr. GOODWIN. Practically every State?

Mr. DENTON. They were talking about——

Mr. GOODWIN. I understood that some States had—their laws were sufficiently broad that they could make this kind of an extension without changing the law. But I frankly do not know what the total situation is there.

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KANSAS STATE COLLEGE LIBRARY DEPARTMENT MANHATTAN, KANSAS

Mr. DENTON. Here is another thing. Do you have anything to do with the depressed areas bill?

Mr. GOODWIN. Well, the depressed areas bill would have—if it goes through as proposed in the Senate proposal and also in the House proposal now, would put additional responsibility on the Bureau of Employment Security and the State employment security agencies. We would have responsibility, one, for the information which is used in the classification of areas. We would make a classification of areas.

We would also have responsibility for determining training needs under the training provisions of the law and for selecting the trainees.

Let me see, there is a third point. What is it?

Yes, we would pay benefits to those that were found eligible to receive this training. We would then administer the program for paying them benefits, training benefits.

Now, this applies only in the areas of substantial labor surplus—"substantial and persistent labor surplus."

Mr. DENTON. Do you determine whether an area is a depressed area?

Mr. GOODWIN. Yes. The legislation itself, of course, sets up the criteria.

Mr. DENTON. The sole criteria.

Now, the district I represent in Indiana contains 11 counties, and 4 are in a depressed area. I cannot find anybody who can tell me whether the remaining seven counties are in depressed areas or not.

Now, how can I find that out?

Mr. GOODWIN. Do you want to talk to this, Mr. Levine?

Mr. LEVINE. Well, Mr. Congressman, what we have been doing is classifying the urban labor markets, such as Evansville.

Mr. DENTON. Yes.

Mr. LEVINE. Or in the situation where a county happens to be across the river from Louisville, and it represents a single labor market.

Mr. DENTON. Yes, that is what I mean.

Mr. LEVINE. That comes under that classification.

However, in this area assistance legislation, the proposed legislation, there is provision for designating rural areas.

Mr. DENTON. Yes.

Mr. LEVINE. And I would assume that these areas would come—the areas of the counties you have in mind, with no central location of a hub of employment establishments in the urban kind of center, would come within those rural—review of rural designation, whether they qualified for low income assistance.

Mr. DENTON. Have you made any survey to get an indication of which counties are depressed or which are not?

Mr. LEVINE. Not under the purpose of this legislation.

Mr. DENTON. Will they have to wait until they pass the bill before they decide the question?

Mr. LEVINE. I suppose I am talking more or less off the record.

But we have been speculating what would happen on some of this and, undoubtedly, if legislation were enacted, a couple of areas which for some time have been suffering a good deal of economic distress

would be bringing that to the attention of the Government pretty quickly and asking for surveys in the examination of their economic conditions there.

Mr. DENTON. Let me ask this question about it.

Now, Evansville is a distressed area and has been that way for a long time. But the labor market has decreased because people have left to get jobs. And the rate of unemployment there, the record they sent in the other day is about 7 percent. But the other end of my district is the Indiana side of the Louisville area, and is 8.3 percent. Now, they did not have an unemployment problem a year or two ago. Towns like South Bend and Lake County, and places like that have a higher rate than Evansville does now.

Mr. LEVINE. That is correct.

Mr. DENTON. Now, what can you do for those communities that have such a high unemployment rate but it has not been in existence for some time?

Mr. GOODWIN. Of course, the formula that is written in the law will take care of this, if it is high enough.

Maybe you ought to describe what that formula does.

Mr. LEVINE. I think the Congressman is familiar with the criteria, and I think your question is, what do you do about areas which have very high rates of unemployment but do not qualify for assistance.

Mr. DENTON. That is right.

Mr. GOODWIN. But my point is that, as the rate goes up, the time decreases.

Mr. DENTON. It would have to be a year, at least, Mr. Goodwin.

Mr. GOODWIN. Yes, that is right.

Mr. DENTON. You see, these communities have not had it for a year.

Mr. GOODWIN. It has to be at least a year, that is right.

Mr. DENTON. But South Bend is in a much worse condition than Evansville is in, for example. That is not my district. And as I say, I notice in the eastern part of my district, the Louisville area is much worse than Evansville right now.

But it seems to me you are not giving them any relief under this bill, and there is a lot of unemployment.

Mr. LEVINE. This legislation is specifically restricted to the persistent areas which, by definition, are areas which have suffered for a long time.

Mr. DENTON. This distressed area bill would have been a beautiful bill last year when we had distressed areas. But now you have got no end of distressed areas for a short time.

Mr. LEVINE. But very few of them will qualify under the provisions.

The Government's program as announced by this administration, and as increasing evidence becomes available among the executive, among the branches and agencies, is to concentrate on those activities, whether it be in public works, and so forth, that can go to these areas.

Mr. DENTON. Now, Clark County is in that area, and they cannot understand why they are not considered a distressed area when they have got 8.3 percent unemployed.

Mr. LEVINE. Well, we designated it as an area of substantial unemployment.

Mr. DENTON. I know it.

Mr. LEVINE. But not as an area of substantial and persistent unemployment, because they do not meet these criteria, of the length of time over which they have had this very high unemployment.

Mr. DENTON. Of course, the unemployment insurance will take care of those people for a time in that area, for about 6 months.

Mr. LEVINE. That is right. And hopefully, all of us now hope that the county will be recovering.

CONSTRUCTION UNDER THE TRUST FUND

Mr. MARSHALL. In this Federal unemployment trust fund, as I understand that, you were given quite a wide latitude in the manner in which you can spend money out of it.

Mr. GOODWIN. No, we cannot spend anything out of that that is not approved by the Congress.

Mr. MARSHALL. Are you planning any construction work?

Mr. GOODWIN. That fund is not available for construction work as such. The money that has been used for construction in the past few years has been the so-called Reed Act money, which, if there is a surplus in this and if there were a distribution of the surplus, the States then would be able to use that money for construction purposes.

There has been no distribution of surplus now for 2 years, and the prospects are that there will not be any for the next 8 or 9 years. So there is not likely to be any construction based upon that particular fund.

Now, the States can utilize money given to them for rental purposes under so-called rental purchase arrangements, which makes it possible for them to construct buildings. One of the requirements of those arrangements is that the costs be no more than they would be for the rental of comparable property.

NEW BUILDING FOR DISTRICT OF COLUMBIA

Mr. MARSHALL. Are you planning any building for the District of Columbia Unemployment Compensation Board?

Mr. GOODWIN. Yes, there is a building planned for the District. The planning has been underway now for a year or two.

Mr. DODSON. Yes, 2 years.

Mr. GOODWIN. I think the current problem has to do with the clearance of the title of the land.

Mr. DODSON. The District of Columbia is to transfer land without cost. And the Department of Justice and the Department of Labor and the District are trying to work out the language that will go into the deed.

Mr. MARSHALL. Have you acquired a site for this building?

Mr. DODSON. The site has been decided upon.

Mr. MARSHALL. And where is that?

Mr. DODSON. Sixth and Pennsylvania Avenue.

Mr. MARSHALL. Sixth and Pennsylvania Avenue.

How are you going to pay for this—at once, or out of rental under lease-purchase?

Mr. DODSON. This will be under the plan Mr. Goodwin indicated—rental. It will be built and will be amortized so that the cost of the building will not exceed the comparable rental charge for like space.

Mr. MARSHALL. How many people will this house?

Mr. DODSON. It will house over 500, I believe.

This building will house here in the District both the employment and unemployment insurance operations of the District of Columbia.

Mr. MARSHALL. How many people are employed by this Unemployment Compensation Board now?

Mr. DODSON. I do not have those figures.

Mr. GOODWIN. It is in the neighborhood of 200, as I understand it, or a little more. And we have about 170 that are in the Public Employment Office.

Mr. MARSHALL. How many of these will go into the new building?

Mr. GOODWIN. Both these groups, that is, in the neighborhood of 400 will eventually go into the new building.

Mr. MARSHALL. What are you doing now? Are they in a rented building?

Mr. GOODWIN. The Employment Service is in a rented building, and I think the other one would be—I am not familiar with that. Is that also?

Mr. DODSON. The unemployment insurance operation is in a Government-owned building.

Mr. MARSHALL. I wonder if you would put in the record at this point the number of people that you would expect to locate in this new building, the amount of space that you will have available for these people, the rent that you are paying now, and what you would expect to pay under an amortization plan to pay off the cost of this building?

Will you do that?

Mr. DODSON. Yes, we can do it.

Mr. GOODWIN. Yes, we will be glad to do it.

(The data to be furnished follows:)

In accordance with authority contained in the Appropriation Act for grants to States for the administration of employment security for the fiscal years 1960 and 1961, the Department of Labor has been negotiating through the General Services Administration for the construction of a building in the District of Columbia, for use in the administration of employment security in the District of Columbia. The construction costs of the building are to be handled through conventional financing and amortized over a period of 20 years by annual payments, in lieu of rental payments, from funds appropriated for grants to the States for administration of employment security. Similar arrangements are provided to all State employment security agencies. The building is to be constructed on land provided at no cost by the District of Columbia at 6th and Pennsylvania Avenue, NW. The architects' drawings have been completed. The General Services Administration is prepared to advertise for bids on construction of the building, including private financing arrangements, as soon as title to the land is transferred to the Federal Government. In the District of Columbia, unemployment compensation is administered by the District Government, and the U.S. Employment Service is administered by the U.S. Department of Labor.

Present quarters

Location	Net square feet of floor space	Annual costs				Present number of employees
		Rent	Building service and maintenance costs	Total occupancy costs	Per square feet costs	
U.S. District of Columbia Employment Service:						
1724 F Street, NW. (Federal Government owned)	36,205	----------	$110,425	$110,425	$3.05	118
Solar Building, 1000 16th Street, NW. (privately owned)	3,300	19,800	----------	19,800	6.00	17
General Accounting Office, 441 G Street, NW. (Federal Government owned)	2,500	(1)	(1)	(1)	(1)	35
District of Columbia Unemployment Compensation Board:						
4th and Pennsylvania Avenue, NW. (District of Columbia Government owned)	30,000	----------	28,800	28,800	.96	212
Total	72,005	19,800	139,225	159,025	2.21	382

[1] No charge by General Services Administration.

New quarters

6th and Pennsylvania Avenue, NW.[1] (will be Federal Government-owned): Cost of new building:	
Estimated construction costs under general contract	$3,800,000
Estimated cost of architectural drawings, and specifications, professional space utilization survey, interest during construction, General Services Administration costs and contingencies	814,000
(Of this amount $337,137 has been advanced to the General Services Administration from funds appropriated for grants to the States for administration of Employment Security.)	
Estimated cost of financing construction costs under general contract over a period of 20 years	2,080,000
Total estimated cost of building	6,694,000
Net square feet of floor space, total	129,222
Space required for garage and fallout shelter	[1] 17,841
Net space available for operations (square feet)	[2] 111,381
Annual cost per square foot for operations	$3.00
Additional estimated cost for building services and maintenance	1.45
Total estimated annual cost per square foot	4.45

[1] The garage, which will contain 12,862 square feet, plus an additional 4,979 square feet in the basement, or a total of 17,841 square feet, will be constructed in accordance with requirements and specifications of the Office of Civil and Defense Mobilization, for a fall-out shelter. Also, the garage is mandatory under the code of the District of Columbia requiring provision for off-street parking in the construction of any new building.

[2] The present square footage of 72,000 feet is totally inadequate for present operations.

ADVANTAGES OF NEW BUILDING

1. Administration of employment security in the District of Columbia will be housed in one building.

2. The building at 1724 F Street NW. is old and was not constructed to serve the public. Maintenance costs are excessive. The building is grossly inadequate for present employment service operations. It is understood that the General Services Administration plans eventually to condemn the buildings located in this area for use of the land to construct new Federal buildings.

3. The building at Fourth and Pennsylvania Avenue NW. is old. The government of the District of Columbia is considering condemning the building. The building is inadequate for present unemployment insurance operations.

4. Savings in administrative costs will be achieved by the consolidation of administrative services such as custodial, joint stock and supply rooms, receptionists, guards, and watchmen.

5. At the end of 20 years the Government will own a new building free of encumbrances. After 20 years the only costs will be for building services and maintenance.

6. Building maintenance costs will be considerably reduced.

7. More efficient service will be available to the public. Adequate reception and waiting space will be provided for unemployment insurance claimants and job applicants, particularly during periods of high unemployment.

8. The new building will contribute to relief of the serious shortage of available office space for Government operations in the District of Columbia.

9. General Services Administration advises that the estimated annual cost of $4.45 per square foot in the new building is well within the prevailing cost of office space in the District of Columbia.

STATUS OF PLANS

Mr. MARSHALL. How far along are you with the plans for this building? When do you plan on starting construction?

Mr. DODSON. The construction of this could start within a couple of months, if we can get the agreement on the language for the transfer of the land from the District of Columbia to the Federal Government.

The point in discussion is whether or not the Department of Justice can include in the deed a statement to the effect that this is for the exclusive occupancy of these two activities, without having congressional authorization. We are saying that in the language we have there is sufficient for them to write such a deed.

By the way, the value of that land that the District is transferring is about $1.5 million, without cost.

Mr. MARSHALL. What is the overall cost of this building going to be?

Mr. DODSON. I do not know. I think it will be somewhere between $3 million and could be as high as $4 million; but construction costs are down right now, and some time back I would have estimated $4 million. It could be something around $3 million to $3.5 million, I would think.

Mr. MARSHALL. Well, this permits you to make arrangements for quarters. What department makes the request for funds for the building?

Mr. DODSON. Well, the funds for the building would come out of this grants appropriation, and it would be in lieu of paying rent for the two buildings that they are in now. It would go toward paying for the building.

Mr. GOODWIN. That is what we mean when we say a rental-purchase arrangement. We merely apply the rental over a period of time and purchase a building.

Mr. DODSON. But we use as our guide that comparable space would cost us so much a square foot and that we are not amortizing at a cost that would be greater than what we would have to pay for the comparable space that we are going to occupy.

Mr. MARSHALL. Mr. Goodwin, you may recall that it was discussed with you before that in some of the States it is possible for a Federal employee to retire and draw unemployment compensation at the same time.

Mr. GOODWIN. Yes. That is right. It is.

Mr. MARSHALL. In how many States?

Mr. GOODWIN. Well, there are a variety of provisions in State law on this point, Mr. Congressman. I can furnish that for the record.

But you get into a number of different situations. Some of the States do not permit a person who is receiving a retirement benefit to get unemployment insurance at all. Some say that he cannot get it if his retirement was paid for by his employer.

In other words, they make a distinction. They say that, if his retirement comes from his own contribution or if it comes from his contribution, in part, then he can get both at the same time. And some have a disqualification for a period of time, and then permit him to get benefits after that time.

Now Forest L. Miller, Assistant Director for Unemployment Insurance Service, might want to expand on this.

Maybe you have the figures, Mr. Miller. Do you?

Mr. MILLER. I do have some of the figures that the Congressman has asked for. And we can supply them for the record in detail, or we can give you this offhand.

Mr. MARSHALL. Yes, that will be satisfactory if you would supply that for the record, and an estimate as to how much Federal funds are going for that purpose.

Mr. MILLER. All right, sir.

(The information requested follows:)

PROVISIONS OF STATE UNEMPLOYMENT INSURANCE LAWS

Eleven States consider some type of "benefits under title II of the Social Security Act or similar payments under any act of Congress" as disqualifying income. All except West Virginia provide for paying the difference between the weekly benefit and the monthly old-age and survivors insurance benefit prorated to the week.

Twenty-two States list payment under an employer's pension plan as disqualifying income. The provisions usually apply only to retirement plans, but Nebraska and South Dakota include also employers' payments in case of disability. The laws specify that the compensation for retirement which is deductible must have been paid for, wholly or partially, by the employer or provided for by an employer contract or agreement. Alabama and Arkansas do not reduce benefits if the payments are based entirely on wages from employment other than that from which retired, nor does Arkansas reduce benefits if the worker contributed to the fund; and Missouri reduces to the extent that such pensions are paid from funds not provided by the claimant. Illinois deducts the total prorated amount if the employer paid all the cost, and one-half the amount if the employer paid only part of the cost. Maine reduces benefits by the employer's pension payment only if the individual is receiving both old-age and survivors insurance benefits and an employer's pension. Minnesota and South Dakota reduce benefits if the employer contributed over 50 percent of its cost, and Tennessee reduces benefits if employer paid 50 percent or more of cost. The Indiana and Michigan provisions for reduction apply only if some or all of the benefits otherwise payable are chargeable to the experience-rating account of an employer paying such pension. Retirement payments are deductible from benefits in Colorado, Louisiana, Pennsylvania, and West Virginia if a base-period employer contributed on behalf of the claimant. North Dakota reduces benefits if the employer contributed substantially to retirement plan, or if plan is supported wholly or in

part, by public contributions, or supported by both. In Wisconsin a claimant is disqualified for retirement payments received under a group-retirement system to which the employer has contributed substantially or under a government retirement system if he left his employment with the chargeable employer to retire before reaching the employer's compulsory retirement age; if he left or lost his employment with that employer at the compulsory retirement age, his weekly benefit is reduced by the weekly rate of such retirement payments less $5.

Montana's provision on employer-financed pensions differs from those of other States in that the deduction is made from the wage credits on which benefits are based rather than from the weekly benefit payment. In this State the wage credits earned from an employer by whom the claimant was retired are not used in the computation of benefits due him after such retirement.

FEDERAL CIVIL SERVICE RETIREES CLAIMING BENEFITS

Regular statistical reports submitted by the States do not identify either Federal civil service or private industry retirees who are claiming unemployment insurance benefits. Therefore this estimate of the number of Federal civil service retirees who are drawing benefits is based on the findings contained in a nationwide study made in 1959. This study dealt with Federal civil service retirees who claimed benefits in calendar year 1958 which was a year of limited opportunities for those retirees who were seeking employment to supplement their retirement income. Since the number of Federal workers who will retire in fiscal year 1961 cannot be obtained at this time, this estimate is confined to fiscal year 1960 benefit operations.

During fiscal year 1960, 45,161 Federal employees retired. It is estimated that 16 percent or 7,226 of those retirees claimed and 13.5 percent or 6,097 received benefits for 1 week or more of unemployment.

It is estimated that of the 7,226 retirees who claimed benefits—

Fifty-three percent were mandatory and disability retirees.

Forty-seven percent were voluntary retirees.

Twenty-six percent [1] of the mandatory and disability retirees who filed claims were initially disqualified or did not receive benefits.

Sixty-three percent [1] of the voluntary retirees who filed claims were initially disqualified or did not receive benefits.

It is estimated that of the $53,216,499 paid in benefits to all UCFE claimants in fiscal year 1960, $4,842,700 was paid to Federal civil service retirees of which $2,554,400 was paid to mandatory and disability retirees and $2,288,300 to voluntary retirees.

Based on the 1959 study of retirees who received unemployment compensation for Federal employees benefits—

5.9 percent received civil service annuity of less than $10 per week.

23.8 percent received civil service annuity of less than $20 per week.

44.5 percent received civil service annuity of less than $30 per week.

51.2 percent received civil service annuity of less than $35 per week.

Mr. GOODWIN. I would like to make a couple of points, if I may, since the question has been raised, Mr. Congressman.

One is that, in all cases, in every State, the person must be available for work as one of the conditions. Now this works so that most of these people are disqualified. There is only a very small percentage of those who retire who prove to be eligible for benefits, and this availability for work is one of the reasons why it is a very small percentage.

The other point I would like to make is this, that there are a certain number of people who retire who must stay in the labor market. In other words, their retirement benefit is not large enough that they can live on it.

[1] In all States in order to get benefits the retiree claimant must be—

A. Physically and mentally able, willing, and ready to accept suitable work.

B. Not disqualified under State law for quitting without good cause.

(1) Four States cancel wages of persons who quit without good cause.

(2) Eighteen States suspend benefits of a person who has quit without good cause until he has had subsequent employment for specific periods.

(3) Thirteen States reduce the amount of benefits a claimant who has quit without good cause may receive by the number of weeks disqualified.

I saw some figures the other day on the amount of the benefits for Federal workers; and this showed, as I recall, about 20 percent of them were less than—is it less than $25?

Mr. MILLER. Yes. And I think the figure is even larger, Mr. Goodwin—51 percent of the Federal civil service retirees drew $35 a week or less. This is 51 percent.

Mr. GOODWIN. And some 20 percent, 20 or 25 percent, got $20 or less.

Mr. MILLER. That is right, $20 or less.

Mr. GOODWIN. Now many people are not able to live on those amounts, and they must seek work, and they must supplement their income.

Now it has always seemed to me that, under those circumstances, it is a bit difficult to argue against their entitlement to unemployment insurance.

Now I know we occasionally get presented with the kind of dramatic case where a person may be receiving retirement from the Federal Government, he may be getting unemployment insurance, and he may be getting old age and survivors insurance. I have had cases like this presented to me.

All the evidence we have would indicate that this is a most unusual type of situation, and that we do not have very many cases of duplication where it would be contrary to good public policy.

ELIGIBILITY REQUIREMENTS FOR FEDERAL EMPLOYEES UNEMPLOYMENT BENEFITS

Mr. MARSHALL. Now, is a Member of Congress eligible for unemployment compensation?

Mr. GOODWIB. My recollection is, "No." Is that correct?

Mr. MILLER. That is correct. Elective officers are not.

Mr. MARSHALL. Would you supply for the record the citation that shows where he is not eligible?

Mr. MILLER. Yes, sir, I can give you that, sir.

(The information requested follows:)

PROVISIONS OF TITLE XV OF THE SOCIAL SECURITY ACT EXCLUDING FROM COVERAGE CERTAIN TYPES OF FEDERAL SERVICE

SEC. 1501. When used in this title—

(a) The term "Federal service" means any service performed after 1952 in the employ of the United States or any instrumentality thereof which is wholly or partially owned by the United States, except that the term does not include service (other than service to which section 1511 applies) performed—

(1) by an elective officer in the executive or legislative branch of the Government of the United States;

(2) as a member of the Armed Forces of the United States; (This provision nullified by enactment of legislation in 1958 covering ex-servicemen.)

(3) by foreign service personnel for whom special separation allowances are provided by the Foreign Service Act of 1946 (60 Stat. 999);

(4) prior to January 1, 1955, for the Bonneville Power Administrator if such service constitutes employment under section 1607(m) of the Internal Revenue Code of 1939;

(5) outside the United States by an individual who is not a citizen of the United States;

(6) by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is paid on a contract or fee basis;

(7) by any individual as an employee receiving nominal compensation of $12 or less per annum;

(8) in a hospital, home, or other institution of the United States by a patient or inmate thereof;

(9) by any individual as an employee included under section 2 of the act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U.S.C. 1052);

(10) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency;

(11) by any individual as an employee who is employed under a Federal relief program to relieve him from unemployment;

(12) as a member of a State, county, or community committee under the Production and Market Administration or of any other board, council, committee, or other similar body, unless such board, council, committee, or other body is composed exclusively of individuals otherwise in the full-time employ of the United States; or

(13) by an officer or a member of the crew on or in connection with an American vessel (A) owned by or bareboat chartered to the United States and (B) whose business is conducted by a general agent of the Secretary of Commerce, if contributions on account of such service are required to be made to an unemployment fund under a State unemployment compensation law pursuant to section 1606(g) of the Internal Revenue Code of 1939 or section 3305(g) of the Internal Revenue Code of 1954.

For the purpose of paragraph (5) of this subsection, the term "United States" when used in the geographical sense means the States, the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands.

Mr. MARSHALL. As I understand—and I do not mean to single out Federal employees—in these States where they are paying unemployment compensation to Federal employees who are also drawing their retirement, they are also paying unemployment compensation, in those cases that are eligible, to other people receiving retirement, is that correct?

Mr. MILLER. That is right.

Mr. GOODWIN. That is correct; yes.

These provisions apply across the board in the States, and they apply to people receiving a private pension, as well as unemployment compensation.

Mr. MARSHALL. Do you have any information that would indicate how many people in these States are getting retirement and unemployment compensation at the same time?

Mr. GOODWIN. The private retirement, no; we do not have that, sir.

Mr. DENTON. Mr. Michel.

UNEMPLOYMENT SURVEYS

Mr. MICHEL. Mr. Goodwin, on page 4 of your prepared statement and testimony, you made mention that there are going to be studies every 30 days instead of every 60 days in 150 major metropolitan areas. What additional cost will this come to?

Mr. GOODWIN. Well, we do not have an estimate on that right now.

What we have done, Congressman, is to take emergency measures in order to meet this. In other words, we had to curtail other work and transfer some of our people into this activity. The Secretary felt that this was very important because the classification of these areas does determine whether they are entitled to certain preferences in the allocation of contracts, and he felt that this was an important thing for us to do.

Mr. MICHEL. So quite frankly, you are really just absorbing any additional costs that may be involved?

Mr. GOODWIN. Temporarily, that is correct; yes, sir.

And we are trying to borrow people from wherever we can get them. We are trying to borrow people from other places in the Department.

Mr. MICHEL. Would you anticipate that this would be permanent or is this an exceptional case for an emergency such as the one we are in?

Mr. GOODWIN. I would think that this is not, so long as the unemployment emergency exists.

STATUS OF THE LOAN FUND

Mr. MICHEL. Then on page 11, on the two points relative to the loan fund.

Mr. GOODWIN. Yes, sir.

Mr. MICHEL. While we changed the law, is this your prerogative or at your discretion as to how much will be actually put in this administration account? You mention here $250 million, and it does not look like the States will be getting anything until 1962.

Mr. GOODWIN. Well, this is prescribed by the law.

Mr. MICHEL. This is prescribed by the law?

Mr. GOODWIN. Yes.

Mr. MICHEL. I got the impression——there are some of us, I am sure, got the impression when we were discussing this thing on the House floor——that some of the States might very well get some of this, get some overage returned within the foreseeable future. But according to your figures and your calculations here, it is going to be a long month of Sundays before they get anything back. And so they should not be planning on it.

Mr. GOODWIN. Well, according to our estimates, it will be 1969, fiscal 1969.

Mr. MICHEL. Now, on this point 1, I think earlier you said something to the effect that the loan fund was depleted or that there was only $7 million.

Mr. GOODWIN. Yes.

Mr. MICHEL. You owed $10 million. Would you elaborate on this a little bit?

Mr. GOODWIN. Yes.

This statement here is not sufficiently clear. I apologize for that.

But in the old law there was a provision for a $200 million loan fund. That has now been raised to $550 million, or four-tenths of 1 percent of the taxable wages, whichever is higher. That is what this should have spelled out.

In other words, it is an increase right now; in effect, it is an increase from $200 million to $550 million.

Mr. MICHEL. Yes.

Mr. GOODWIN. Now, the other point which you touched upon is the condition of the loan fund now, the amount of money that is in it. And we have in it now, I have been informed, in the neighborhood of $18,000 and we owe $2.6 million.

Mr. MICHEL. And you singled out the State of Pennsylvania. Just what——

Mr. GOODWIN. Well, they are the State that we did not have money to pay off; in other words, we owe them money.

Mr. MICHEL. So you just simply owe the State of Pennsylvania, then?

Mr. GOODWIN. Yes.

Now, we also mentioned that the State of Michigan has received a loan and the State of Alaska received two or three loans—three loans.

Mr. MICHEL. How about the State of Illinois?

Mr. GOODWIN. No, the State of Illinois has not received a loan. And Illinois had made some changes in its law and fiscal provisions of its law in the last session of the State legislature, as I recall, and strengthened somewhat the position that they are in.

INITIATING EXPANSION OF THE EMPLOYMENT SERVICE

Mr. MICHEL. In your other statement on salaries and expenses, on the first page, the $22,900 in this request will provide only a small start toward staffing to meet the larger needs which this administration expects this Employment Service to meet.

Now, what part of a small start is this?

Mr. GOODWIN. Well, this refers to the request the President made for the Employment Service. The tentative figure, the tentative approval which we received, was for $1,420,000 on our expenses.

Now, in that we expect to be coming back to the committee to justify the $1,420,000.

Mr. MICHEL. Would you care to render any prognostications as to how much more this would increase in the next year?

Mr. GOODWIN. Such pronouncements would be dangerous, I would think, at this point in time.

Mr. MICHEL. I am just simply taking your statement for the words that are in it—"small start"; and I wonder how small.

Mr. GOODWIN. Well, now, that refers to $385,900. Now, what I had in mind there is that we will be coming in for this larger amount. Now, the larger amount is $1,420,000.

RECRUITMENT METHODS FOR NEW POSITIONS

Mr. MICHEL. Now, on these new positions which you anticipated, where do you recruit these men from, or are they promoted from within the Department?

Mr. GOODWIN. Some of them are promoted from within the Department. A great many of them come from the State agencies. The States agencies represent the natural recruiting ground for any Federal personnel that we employ.

Mr. MICHEL. In what grade will most of the new positions be here, these 31 professional positions?

Mr. GOODWIN. Most of them will be Grade 11; some higher and a few lower.

Mr. MICHEL. Would that recruiting ground out in the State areas be paying comparable salaries?

Mr. GOODWIN. They would tend to be a little bit lower. They would almost have to be a little bit lower in order for us to be successful in recruiting.

But we have real trouble on recruitment, because some of the States—and particularly some of the more forward States in this

program, have salary scales that are as good or better than the Federal salary scale.

You take both California and New York; they have many classifications where the salaries are higher than the Federal Government's. That is true of Michigan as well.

Mr. MICHEL. You anticipated my next question: What problems do you encounter in actual recruitment of people with enough experience?

Mr. GOODWIN. I should mention this, too.

Mr. MICHEL. Yes.

Mr. GOODWIN. But these lower grades that we refer to here, we do recruit out of the colleges for them. We get some of the young people coming in directly from colleges, some of them with graduate work, some of them with just a bachelor's degree.

MEXICAN FARM LABOR

Mr. MICHEL. Turning, very briefly, to migrant farm labor, did I understand you to say earlier in your remarks that that force had diminished since 1958 from something in excess of half a million to 315-or-some thousand in this past year?

Mr. GOODWIN. This was the number of Mexicans we brought in, not domestic migrants, but Mexicans.

We have brought in, this last calendar year, 315,000. The year before we brought in, I believe it was 425,000. We have been as high as 450,000, I guess.

Mr. MICHEL. How do you account for that decrease?

Mr. GOODWIN. Well, there are several reasons for it. One of the major reasons is the increased mechanization, a tightening down of our own administration, of our own regulations has quite a bit to do with it, and I think the increased activity to organize the workers in portions of California also has something to do with it.

THE HARVEST OF SHAME

Mr. MICHEL. Are you acquainted with the film that was produced in the fall of last year, "The Harvest of Shame"?

Mr. GOODWIN. I have seen it; yes, sir.

Mr. MICHEL. Did Edward R. Murrow or the people from CBS make any inquiry of your Department relative to figures and information that they might use in producing that show?

Mr. GOODWIN. They got some information from the Secretary.

Of course, the Secretary had a rather lengthy interview with Murrow in connection with that program, and it was shown in the show.

Now, beyond that, I do not know. To my knowledge, they made no direct application to us for information.

Mr. LEVINE. They had access to employment information.

Mr. GOODWIN. Mr. Frank E. Johnson, who is assistant director for farm labor service, may want to respond to that.

Mr. JOHNSON. Mr. Congressman, at the initial stages of doing the preparation before they went into the field, David Lowe came to Washington and he visited a lot of different people. Amongst them was our office. And he left our office to go to the American Farm Bureau office, I recall, as his next appointment. During that time we did familiarize him with some basic data we thought would be helpful.

For instance, our farm fact book. And we also gave him some basic information about our annual worker plan, how it functioned, particularly on the east coast, where he seemed to be interested in at that time. So we did give him some basic information, telling him where he could get some other facts.

Mr. MICHEL. Then when they went out in the field, did they get any particular leads as a result of information they had received here in Washington?

Mr. JOHNSON. Well, amongst the data that they accumulated by Mr. Lowe's discussion with us later, they accumulated a lot of information that they did not use in the film.

For instance, we were quite interested, and still are, as Mr. Goodwin mentions, in the achievements of our annual worker plan. They did interview individuals such as Ralph Moss in Florida, where the recruitment of that particular activity began. It just so happened some of those interviews were not included in the finalized film.

Mr. MICHEL. Did you, incidentally, see the film yourself?

Mr. GOODWIN. Mr. Johnson?

Mr. JOHNSON. Yes; I saw it.

Mr. MICHEL. Did you feel it was a factual attempt to picture conditions as they are today?

Mr. JOHNSON. I thought it reflected the plight of the migrant worker. I think you would always have considerations, if you made a film yourself, what you would put in it, what you would embellish. I felt personally it would have been nice if we had had something on the annual worker plan.

The film "Bitter Harvest," which was developed in the Northwest, happened to get some of that particular aspect of our own contribution to the migrants system.

COMPLIANCE ACTIVITIES—MEXICAN FARM LABOR PROGRAM

Mr. FOGARTY. Do you have a statement that you want to make on the Mexican labor program?

Mr. GOODWIN. I think it might be well to give this statement on compliance activities and then I can read the one on salaries and expenses or place it in the record as the committee chooses.

Mr. FOGARTY. All right, you may proceed.

Mr. GOODWIN. Mr. Chairman, I should like to highlight some of the most significant developments within and affecting the Mexican farm labor program during the past year. These developments have a direct impact on our budget request.

As the committee knows, the past year has been one of great public interest in the problems of hired farm workers. This interest necessarily involved the problems of supplemental foreign workers from Mexico.

REDUCTION OF BRACEROS ENTERING THE UNITED STATES

Perhaps the most significant single development in the Mexican labor program in the past calendar year was a major reduction in the number of braceros brought in for temporary farm work. The number declined sharply from 437,643 in 1959 to 315,846 in 1960, a reduction of 28 percent. The decline in average monthly employment, however,

was somewhat smaller, from 135,900 in 1959 to 113,200 in 1960, or 17 percent.

This decline in the number of Mexican workers brought in for seasonal agricultural work was the result of a number of factors.

There was an increased use of machines which reduced the need for hired labor, particularly in cotton harvesting activities which account for a sizable part of agricultural employment. According to a preliminary estimate of the U.S. Department of Agriculture, 50 percent or more of the 1960 cotton crop was expected to be machine harvested in the United States, compared with 43 percent in 1959. In some of the major cotton producing areas the proportion of the crop harvested by machine was estimated to be as high as 60 to 75 percent.

Another factor contributing to the decline reflected changes in seasonal timing, adverse weather, or lower production in a number of fruit, vegetable, and cotton producing areas.

Still another factor which encouraged mechanization and thus reduced the number of Mexican workers in Texas was an increase in the prevailing wage rates for harvesting cotton in the lower Rio Grande Valley and Llano coastal areas. This increase, coupled with a brief halt by the Mexican Government in the contracting of braceros during the transition to the higher wage rate, is believed to have induced growers in the lower valley and other areas to increase the use of machines in order to control costs and to guarantee against crop loss through labor shortages.

Higher wages in some areas of California were reported to have contributed to a reduction of demand for supplemental foreign labor by increasing the domestic labor supply, particularly in the fruit harvests.

A final factor contributing to lower foreign-worker employment was the increased emphasis placed by the Department on the use of domestic farmworkers, and the efforts of State employment security agencies to improve their administration of the program. These efforts resulted in an increased use of the domestic labor force. For example, employers were made increasingly aware that foreign workers could be obtained only if intense and sincere efforts to recruit domestic workers failed to locate the number required; better direction by State employment security agencies of migrant workers to areas of agricultural labor needs resulted in better utilization of the domestic work force; more attractive terms of employment and better transportation arrangements in job offers contributed to the increased use of domestic workers; and field compliance activities tended to assure that foreign workers were not used out of contract, or in activities for which domestic workers were available.

STRIKES AND OTHER EVENTS FOCUSING ATTENTION ON PUBLIC LAW 78

Last year the San Joaquin and Sacramento Valley areas of California were the center of intensified organizational activity by the Agricultural Workers Organizing Committee, AFL–CIO. About 90 labor disputes were reported to the Bureau of Employment Security during the year, and they involved some 2,300 workers who went on strike. About 170 Mexican nationals were removed from farms as a

direct result of strike activity. By the end of the year labor disputes had spread to the lettuce harvest in the Imperial Valley.

Another development which consumed considerable time within the Department as well as in the Bureau involved legal actions related to the Mexican labor program. In Texas, the Department's policy against bringing in Mexican workers for jobs paying wage rates producing earnings of less than 50 cents per hour was challenged by injunction proceedings still pending in the New Orleans court of appeals.

Other litigation involved the denial of Mexican workers to employers who failed to fulfill contract obligations under the migrant agreement with Mexico.

California growers instituted actions in California courts challenging the validity of the Department's referral regulations and successfully obtained court orders requiring the employment service in California to make referrals in spite of the existence of labor dispute situations. The intermediate appellate court in California recently dismissed one such challenging action. No final decision has been rendered in any of these court proceedings.

These and other developments have increased the Nation's interest in the problems of the farmworker. Many church and other groups evidenced intense interest during 1960 in the Mexican labor program and in the improvement of conditions for the migrant farmworker. Several bills were introduced in the Congress embodying recommendations made by the Secretary's Public Law 78 consultants.

Although the number of Mexican farmworkers declined, the problems surrounding the program increased. Demand upon staff resources are, therefore, greater than ever.

REQUEST FOR 1962

For compliance activities of the Mexican farm labor program in 1962 we are requesting $1,149,000. This is a reduction of $19,700 from the amount which we estimate is required for 1961. The reduction results primarily from an increased lapse rate used in the 1962 request.

You will recall that the Congress authorized 28 additional positions for these compliance activities during 1961. With these added positions we have been able to make some much-needed improvements in the program, and I believe the committee will be interested in some of the results.

PAYROLL INVESTIGATIONS

Employer payroll investigations were made to determine that wages paid Mexican nationals do not affect adversely the wages and employment opportunities of domestic farmworkers. In making these payroll inspections, we also check to assure that the Mexican worker is being used, as well as paid, in accordance with the contract specifications. With the new positions given us, we had planned to make a total of 24,000 such record checks in 1961, a workload of 4,000 above that accomplished in 1960. At our present rate of accomplishment, we estimate that we shall make 25,000 record checks in 1961, and we propose making this same number in 1962.

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FOOD SERVICE INSPECTION

Compliance employees are also responsible for inspecting employer food service installations and records. These investigations are made to determine (1) that Mexican workers are charged the cost of the meals served to them, and not more than $1.75 a day for three meals; (2) that the quality and quantity of the food served are adequate; and (3) that meals are served under sanitary conditions. At current rate of accomplishment we will meet our workload estimate for 1961, and for 1962 we are increasing the workload estimate by 400 inspections, which we hope to achieve with the same staff.

With further respect to our obligation for inspecting feeding records, we commenced this year an examination and evaluation of food service profit-and-loss statements. These statements are submitted every 3 months by employers who provide central food service to 100 or more Mexican nationals. Inasmuch as this is an entirely new type of compliance activity, installed this year, we did not include it in our 1961 workload estimates. With the procedure now developed and tested to our satisfaction, we estimate that in 1962 we shall receive and examine approximately 600 such statements each quarter. From experience thus far, we anticipate that this review will require full field investigations in approximately 20 percent of the cases.

HOUSING INSPECTION

Housing inspections are another responsibility of the compliance employees. This responsibility gives us a continuing problem because the condition of housing does not remain static. Experience shows that many of the temporary-type housing units used to shelter Mexican farmworkers deteriorate rapidly. When we appeared before you last year, we estimated that in 1961 we would make 8,800 housing inspections. Based on accomplishment thus far in 1961, we estimate that by the end of the year we shall have made 12,000 such inspections, and we are increasing the 1962 estimate to 12,500. In addition, in certain areas where substandard housing continues to exist, specific inspection drives are being planned next year to bring employer housing up to minimum standards.

As a result of our agreement with the Government of Mexico which provides for the deduction from the workers' wages by employers for nonoccupational life insurance, we have developed a considerable workload activity not previously reported. This activity consists of contacting employers to effect settlement of delinquent payments by employers to the Mexican Government. These amounts are due the Mexican Government as contributions to the Mexican social security plan.

During 1961 we have increased our activities related to the inspection of vehicles used for short-distance transportation. As you know, a number of serious accidents occurred in previous years in the course of short hauls, resulting in the issuance of departmental safety standards. Compared with 1,000 vehicle inspections made in 1960, our 1961 estimate of accomplishment is 2,500, and we expect to retain the same level in 1962.

I shall not go into further detail about the workload performed by the compliance employees, but it gives me satisfaction to report to

you that we are meeting or exceeding the workload estimates we indicated we would perform if we were given the additional staff.

As I indicated to you last year, we believe that a considerable number of violations of work contract provisions and the regulations of the program are the result of a lack of information on the part of both workers and employers. We have conscientiously tried to provide workers and employers with better information and understanding of their obligations.

We take seriously our responsibility for assuring that the employment of these Mexican workers who are brought in does not have an adverse effect on the wages and employment opportunities of available American workers, and we appreciate the support of this committee in meeting this responsibility.

Salaries and Expenses, Mexican Farm Labor Program

Mr. Fogarty. Thank you. We will place your prepared statement on salaries and expenses in the record at this point.

(The statement referred to follows:)

Mr. Chairman, for the Mexican farm labor program we are requesting $1,519,000, an increase of $22,900 above the amount authorized for 1961. This increase will provide $24,000 for a field office in El Paso, Tex., to coordinate program activities between the reception centers and migratory stations, and to provide staff services for certain liaison activities which we have found to be in need of improvement. Other changes involved in the request are: an increase of $1,900 to cover the annualization of pay increases and health benefits for 5 days in 1962; and a decrease of $3,000, to account for 1 less workday in 1962.

As the committee knows, the entire $1,519,000 being requested is to be charged against the farm labor supply revolving fund which is accumulated from contracting fees paid by employers who use the Mexican agricultural workers brought into the country. From this special fund are met such expenses as those involved in recruiting, transporting, examining, contracting, and repatriating the farmworkers brought in under the international agreement with Mexico. The fund also supplies the money for housing and feeding the workers while they are awaiting action on contracts, and for performing certain types of administrative activities related to the Mexican labor program.

Public Law 78, the basic legislation for the mexican farm labor program, expires on December 31, 1961. The request for funds, however, is based upon a full-year operation since proposed legislation provides for extension of the law.

Our records show that in fiscal year 1960, some 427,000 Mexican workers were contracted compared with our best estimate of 332,000 in 1961. Concern for the impact of this program on employment opportunities, wages, and working conditions of domestic farmworkers resulted in administrative action to improve the certification process and the method of making prevailing wage surveys. The 1961 decline in the number of contracted workers can be at least partially attributed to these improvements, although other factors certainly contributed to the condition, such as increased mechanization of operations, weather conditions, and labor organizational activities. In fiscal year 1962 we expect to contract 332,000 Mexican workers, the same number as is now estimated for 1961. It is forecast that international conditions will result in the planting of an additional 100,000 acres of sugar beets, and an additional 1,300,000 acres of cotton in 1962. However, we believe that the resulting increase in labor requirements will be offset by the continued expansion of mechanization.

I should like to explain the increase of $24,000 in our 1962 request for the establishment of a field office. In 1959 we undertook a management study of operations in the reception centers and migratory stations. This study brought to light some deficiencies in the coordination, control, and liaison functions related to the Mexican national program field operations. The location of administrative responsibility for these functions in Washington so far from the activity area, was found to cause a problem. To resolve this problem, we propose establishing a field office in El Paso, Tex., the hub around which these operations revolve.

I want to draw the committee's attention to the fact that in the 1961 appropriation the Congress provided an additional $60,000 for the operation of the recep-

tion centers. This amount was used to correct certain unsatisfactory conditions involving the preparation and serving of food, custodial and protective services, sanitary services, and worker transportation. The improvements effected did not involve temporary or one-time costs, but rather costs which will continue.

Mr. FOGARTY. Mr. Goodwin, your 1961 appropriation was $1,404,100, and the supplemental bill includes $92,000 for pay costs, or a total of $1,496,100. The request for 1962 is $1,519,000, or an increase of $22,900, and two positions.

And this legislation runs out at the end of this calendar year; does it not?

Mr. GOODWIN. That is right.

Mr. FOGARTY. December 31.

INCREASE FOR COORDINATION OF CENTER OPERATIONS

The increase is "for coordination of reception center and migratory station operations." What do you mean by that?

Mr. GOODWIN. Well, we have these centers that are located at or near the Mexican border, and this is an office for supervisory purposes located at El Paso to supervise the work of these centers.

Mr. LOVE. One professional.

Mr. GOODWIN. One professional, one clerical person.

Mr. FOGARTY. Just two people?

Mr. GOODWIN. Yes, sir.

Mr. FOGARTY. How have you gotten along without these positions in the past?

Mr. GOODWIN. Well, the supervision has been done from here, and it requires a lot of travel, and we think——

Mr. FOGARTY. It is a long way to supervise something, too; is it not?

Mr. GOODWIN. Yes, it is.

Mr. FOGARTY. Southern California to Washington?

Mr. GOODWIN. It is a long way.

And it is still a lot of territory for one man to cover. But the closer he is to what is going on, he gets into the field and he picks up information that we are not likely to pick up by just sending the man into these offices occasionally.

We had an example of that last fall, when this man went down there and picked up information about the use of Mexicans on cotton-picking machines that we had not known about here, and we were able then to take action to stop the use of Mexicans on cotton-picking machines; this, because we were able to get into the field and see firsthand what was happening.

Mr. FOGARTY. The number of imported workers has been going down, but your number of positions has been going up?

Mr. GOODWIN. Yes. On compliance activities.

And I think that our problem here is one of the biggest responsibilities we have in this program, Mr. Chairman—to protect the wages and working conditions of domestic workers. So that in one sense the better job we do, the lower the number of Mexicans who come in.

Actually, the only part of our activity which is related to—rather, let me put it this way: The principal part of our activity which is related to an increase in workload is the processing of these Mexicans at the centers.

Now, there we have our regular complement of workers, our full-time workers, and that does not fluctuate very much, even though there may be a fluctuation of 25 or 30 percent in the number of braceros coming in.

So that we do not get much fluctuation there except in the temporary employees.

The total amount of money we spend for temporary employees is what, in the neighborhood of forty or fifty thousand dollars?

Mr. LOVE. In the reception center, $129,000 and $22,000 in the migratory station.

Mr. GOODWIN. So this is the area in which we get some savings according to the volume. We can lay off some of these employees and get some savings on the volume.

But the compliance men, for instance, they do not tie into that. We have about the same number of employers, even though the number of braceros is down.

Mr. FOGARTY. That expense you are talking about now is for compliance. I am talking about the other program.

Mr. GOODWIN. You are not talking about compliance?

Mr. FOGARTY. No.

STATUS OF REVOLVING FUND

What is the condition of the revolving fund from which this appropriation is paid?

Mr. GOODWIN. Let me just check that figure.

Mr. LOVE. There is more than $2 million in the fund.

Mr. FOGARTY. Well, supply it for the record how much we had a year ago at this time, and now.

(The data requested follows:)

Farm labor supply revolving fund balances:

February 1, 1960	$2, 979, 461. 45
February 1, 1961	2, 516, 379. 19

Mr. FOGARTY. What fees are charged growers currently?

Mr. GOODWIN. Mr. Johnson.

Mr. JOHNSON. $10 for contracting and $5 for recontracting.

Mr. FOGARTY. Is that the same as last year? It was $15 for a while.

Mr. GOODWIN. The maximum in the law is $15. But we are to charge only the costs, the actual costs, and those change whenever the level of the fund warrants a change. We have been as high as $15, and we have been as low as $3 and $1, I guess.

BRACERO LABOR ON SURPLUS CROPS

Mr. FOGARTY. Will you place in the record the number of Mexicans, by State, contracted to work in crops that were in surplus in the calendar year 1960, and another for the five States that are the heaviest users, showing the number of Mexicans used in each State during the last calendar year and the average number of unemployed U.S. citizens in each of the same States during the same period?

Mr. GOODWIN. Yes, sir.

(The information requested follows:)

The only basic price-supported crops on which Mexicans are employed in large numbers is cotton. A substantial number are utilized for cotton chopping, but most employment is in harvesting. Peak employment in cotton occurred in October when 133,500 were employed. The table below shows employment in this activity by State. A little over 1,000 braceros were reported by State agencies to have been employed in corn and wheat last year.

Employment of Mexicans in cotton harvest, calendar year 1960

State	Peak employment of Mexicans in cotton harvest	Date of peak
California	2,650	October.
Texas	81,787	Do.
Arkansas	31,296	Do.
New Mexico	9,456	Do.
Arizona	6,986	Do.
Missouri	468	Do.
Tennessee	607	Do.
Kentucky	179	Do.
Georgia	1,264	September.
Nevada	18	October.

Source: State employment security agency reports.

Under the U.S. Department of Agriculture's surplus disposal programs (sec. 32, Agricultural Act of 1935, as amended; sec. 416, Agricultural Act of 1949, as amended), commodities may be purchased when marketing difficulties are experienced. In 1960, for example, the Department of Agriculture purchased canned olives and date pieces among other crops under this program. About 1,000 Mexican nationals had been employed in the production of olives and dates last year, according to reports of the California employment service agency.

Under the Sugar Act, producers are protected by tariffs, and production payments are made to producers for compliance with quotas. About 17,000 Mexican nationals were employed in this crop at the height of the chopping season in 1960.

Contracting of Mexican nationals for agricultural employment, compared with average unemployment, selected States, calendar year 1960

State	Mexican nationals contracted	Monthly average unemployment	
		Insured unemployment	Total unemployment
Arizona	19,324	8,262	21,100
Arkansas	27,413	16,653	39,800
California	112,995	206,781	332,500
New Mexico	10,404	6,488	(1)
Texas	122,755	54,027	179,900

[1] The New Mexico employment security agency does not prepare statewide unemployment estimates.

Sources: Bureau of Employment Security; State employment agencies.

CRITICISM OF PROGRAM BY SECRETARY'S CONSULTANTS

Mr. FOGARTY. And will you tell us about the main criticisms contained in the unanimous report of Secretary Mitchell's consultants and what you have done about each?

Mr. GOODWIN. The consultants concluded that the use of Mexican workers was having an adverse effect upon the wages and working conditions of our own domestic workers. They concluded that this was to some extent inherent in the use of a foreign labor supply, what they referred to as a "captive labor group," and that it would take additional authority in Public Law 78 if this were to be minimized.

The consultants had disagreement among themselves as to whether the program ought to be continued or whether it ought to be discontinued. What they came up with, however, was a unanimous report to the effect that it should be continued for a temporary period of time and that changes should be made; the law should be strengthened to give the Secretary of Labor additional authority.

Now they pointed to several specific areas in which the law should be strengthened. They said that the Secretary should be given authority to deny the use of Mexican workers in skilled work. They said he should be given authority to deny the use of workers in year-around work, whether skilled or not. They said that the Secretary should have authority to limit the number in order to create a situation in which there was competition for domestic workers available. On this point they were taking note of the fact that has happened in a good many situations, that is, by stabilizing the supply of workers by making Mexicans available for any shortage of domestic workers, there was no incentive to raise rates.

The general pattern where Mexican workers have been used has not been that the wages of domestic workers have gone down but that they have not gone up with other wages in the economy. This has been the problem. So they concluded that the Secretary should have authority to deal with this particular problem.

Let me see if I have missed anything.

Mr. JOHNSON. Did you mention the same conditions as to domestic workers?

Mr. GOODWIN. Oh, this is a very important one, yes. And I mentioned it several times today.

And that is that they took note of the fact that the Secretary could not require, under existing legislation, that the growers offer domestic workers these same perquisites that are required to be given to the Mexican workers. This includes transportation and insurance payments and three-quarter guarantee, and items of this kind. And they said the law should be amended to specifically authorize the Secretary to require that growers offer these benefits to domestic workers before they are eligible to have Mexican workers.

Mr. FOGARTY. Does the legislation that you have under consideration for the extension of this act take care of all these criticisms in the consultants' report?

Mr. GOODWIN. Well, the final decisions have not been made.

As to what the Department will recommend, I would say that all of these items have been given serious consideration and are in the drafts that have been under preparation.

DOMESTIC MIGRANT WORKER PROBLEMS

Mr. FOGARTY. I have had two or three visits from the members of the National Council of the Churches of Christ in my State, on this problem of domestic migrant agricultural workers, and I think I should read the last letter I received from them on December 24, 1960. This is a letter from the director of the migrant ministry, northeastern area:

DEAR CONGRESSMAN FOGARTY: Knowing your interest in the health problems of domestic migrant agricultural workers, I appreciate the opportunity to bring to your attention some current developments in this area which point to a need

for national leadership and action in cooperation with the States and local communities. As a staff member of the Migrant Ministry of the National Council of Churches of Christ during the past two decades it has been my privilege to work directly with the migrants and their families in the Atlantic seaboard States from Florida to New England. This experience has led to a growing concern for the still unmet health needs of this large labor force due to the paucity of health facilities and services available to them. Reports of studies of this problem in numerous sections of the country confirm my observations and indicate that the exclusion of this group of our citizens (approximately a million) from normal health services is general the country over. Low income status and inability to meet residence requirements are obvious barriers to the migrant workers' use of health and medical services, but beyond this, and of immediate concern, is the sheer physical inaccessibility of such services to people whose way of life is determined by the mobility and remoteness from centers of population inherent in seasonal farm employment.

There is need, then, to work out methods and procedures—perhaps new or unfamiliar—of making available to migrant people the health services that are extended to other segments of the population as a matter of course. Would it be feasible to provide mobile clinics? Decentralized medical and dental facilities? Afterwork consultation hours? Scheduled nurse visitations? Coordination of private and public services? These and other possible approaches should be explored in depth with sufficient financial resources and technical personnel in a number of areas where migrants serve.

In view of the interstate character of the farmworker migration, we face here a national responsibility and yet the actual services must be rendered at scattered local sites. The situation obviously calls for Federal and State cooperation if improvement in the migrant health situation is to be attained. As you are aware, there is widespread concern about this matter in the States, as evidenced by the resolution unanimously voted by the Association of State and Territorial Health Officers at its recent meeting (October 1960) recommending that the U.S. Public Health Service reappraise the priority assigned to the health problems—including problems incident to the provision of medical care—arising from the presence of domestic agricultural migrants in both homebase and work areas, and seek additional funds and authority to provide technical and financial assistance to the States, including project grants.

I wish, therefore, to urge that the subcommittee of the Appropriations Committee, dealing with matters of public health, under your chairmanship, give vigorous support to an appropriation adequate to carry out the intent of this recommendation of the Association of State and Territorial Public Health Officers. Those of us who are in direct and daily touch with the migrant health problem feel that action in this matter is past due and that no time should be lost in implementing such a program for safeguarding the health and safety of our domestic migrant farmworkers whose labor is essential to our agricultural economy. Upon them is imposed, by the nature of their employment, more numerous and drastic health hazards than fall to the lot of the generality of our citizens.

Sincerely yours,

MARGARET H. EKSTROM,
Mrs. C. Emanuel Ekstrom,
Director, Migrant Ministry, Northeastern Area.

What do you say about this complaint?

Mr. GOODWIN. Without any question, there is a very great need along the lines that that letter indicates. The bills that have been introduced by Senator Williams would get at some of the problems that are involved there.

The thing that I am not sure of, Mr. Chairman, is to what extent this is a need for basic legislation and to what extent it can be dealt with under existing programs with additional appropriations.

I am under the impression that most of the problems that she is talking about would require basic legislation for very much stepped-up participation by the Federal Government.

Mr. FOGARTY. Well, will you make that determination and supply for the record just what is needed, and will you get in touch with the

Public Health Service and get a statement on what they are doing so that the record will be complete.

Mr. GOODWIN. I will be very glad to.

In answer to Mr. Fogarty's question as to whether basic legislation will be required to provide migrants with needed health services, I am informed that basic legislation will be necessary to give scope to the needed health services for migrants. As you requested, I have inquired of the Public Health Service what is being done in the area of health services for migrants and have been provided with the following information:

"The Public Health Service and the Children's Bureau have consistently encouraged State and local public health agencies to extend health services to migrants on a continuing basis, whether at home or in work areas away from their homes. A number of State health departments have named specialists to assume responsibility for information and consultation on migrant health problems. In a few States and localities, public health nurses, sanitation workers, and health educators have been given special assignments to improve migrant health. In some cases these persons were added to the regular staff in order to meet peak seasonal needs.

"Within the scope of existing funds, emphasis has been placed by the Public Health Service and the Children's Bureau on assistance to States and localities in adjusting services to the needs of migrants. With this in mind, the following activities, all of which have been endorsed by the President's Committee, have been emphasized:

"1. Greater extension of immunication programs to migrants.

"2. Initiation of interstate projects to explore the problems of communities in providing health and rehabilitation services to migrants in both their home base and migratory areas.

"3. Experimentation with the use of individual health record cards for migrants and their families.

"4. Demonstration projects dealing with health services for migrant families."

In addition to the foregoing, the following bill has been prepared by the Surgeon General's Office in cooperation with the Senate Subcommittee on Migratory Labor. It is our understanding that a member of the Public Health Service has been loaned to the subcommittee to work on legislation to improve health services for migrant workers.

IMPROVED HEALTH FOR MIGRATORY WORKERS

A BILL To amend title III of the Public Health Service Act to authorize grants for improving domestic agricultural migratory workers' health services and conditions

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Title III of the Public Health Service Act (42 U.S.C., Chapter 6A, Subchapter II) is amended by inserting at the end of Part A thereof the following new section:

"GRANTS FOR IMPROVING DOMESTIC AGRICULTURAL MIGRATORY WORKERS' HEALTH SERVICES AND CONDITIONS

"SEC. 310. (a) There are hereby authorized to be appropriated for the fiscal year ending June 30, 1962, and for each fiscal year thereafter, such sums, not to exceed $3,000,000 for any year, as may be necessary to enable the Surgeon General (1) to make grants to public or other nonprofit agencies, institutions, and organizations for paying part of the cost of special projects to improve health services for and the health conditions of domestic agricultural migratory workers and their families, including training persons to provide health services for or otherwise improve the health conditions of such migratory workers and their families, and (2) to conduct studies, investigations, and demonstrations, to train Federal or other personnel for providing such services or otherwise improving such conditions, and to encourage and cooperate in intrastate or interstate programs, for the purpose of improving health services for or otherwise improving the health conditions of domestic agricultural migratory workers and their families.

"(b) The Surgeon General is authorized to appoint an expert advisory committee to advise him in connection with the administration of this section, including the development of program policies and the review of grant applications."

Compliance Activities, Mexican Farm Labor Program

Mr. Fogarty. Now, for "Compliance activities," the appropriation for 1961 is $1,105,700, and the supplemental bill includes $63,000 for pay costs, or a total of $1,168,700. The request for 1962 is $1,149,000, or a decrease of $19,700.

Mr. Goodwin. This last has to do with a change in the lapse rate.

Mr. Fogarty. How many other decreases are there in the budget for the Department of Labor?

Mr. Dodson. Not many.

LAPSE ADJUSTMENT

Mr. Fogarty. The decrease is occasioned mainly by $18,000 for "increase in lapse." We just finished an item where there was an increase of $30,000 that was justified on the basis of a "reduction in lapse."

You can use these lapses just about any way you want to, can you not, up or down, whichever is the most convenient? Is that the way you work?

Can you, Mr. Love, answer it; or are you familiar with these lapses, too, Mr. Goodwin?

Mr. Goodwin. To some extent. But you had better answer this one.

Mr. Love. Sometimes we do not make the choice.

Mr. Fogarty. Oh, I see. What was this, the Bureau of the Budget's decision? Or the Department's?

Mr. Love. It was outside the Bureau that is all I can say.

Mr. Dodson. Bureau of the Budget.

Mr. Fogarty. Do your findings so far this year indicate that compliance is going to be so good by the end of the year that you can start cutting down?

Mr. Goodwin. No; I do not think that statement would be warranted, Mr. Chairman.

Investigation by Committee Staff of Mexican Farm Labor Program

Mr. Fogarty. This committee, last summer, ordered a staff investigation of this program. We have the report from the committee surveys and investigations staff and it does not indicate that this work should be curtailed. I have never met and I do not know the names of the men who made the study, but it looks like they did a pretty good job. Have you seen this?

Mr. Goodwin. No; I have not.

Mr. Fogarty. Well, I will just refer to a few paragraphs that summarize the deficiencies they found.

EXTENT OF USE OF MEXICAN LABOR BY STATE

They say:

Of 506,000 Mexican worker contracts in 1959, 93.3 percent were in Texas, California, Arkansas, Arizona, and New Mexico.

Mr. Goodwin. Yes.

Mr. FOGARTY. That is, nearly all of these workers were used in just five States; is that right?

Mr. GOODWIN. It sounds about right, yes.

EFFECTS ON LOCAL WAGE LEVELS

Mr. FOGARTY. And under "Wages," they say:

In addition to the problem of insuring that Mexican workers receive the wages guaranteed, BES must determine that the employment of Mexican workers will not adversely affect the wages of domestic workers. The Secretary's consultants in 1959 reported, and BES agreed, that there were indications of adverse effect.

Mr. GOODWIN. That is right.

Mr. FOGARTY. What have you done about it?

Mr. GOODWIN. Well, our contention is that the law is not adequate at the present time to eliminate all phases of adverse effect, that we need some changes in the law to do it.

Mr. FOGARTY. Do you propose those changes in the legislation that you are going to submit to Congress?

Mr. GOODWIN. The Department will present its recommendations to the Agricultural Committee on Friday of this week.

Mr. FOGARTY. I see.

Mr. GOODWIN. The prior administration, Mr. Mitchell, before he left office, made recommendations for changes in the law which followed very closely the recommendations made by the consultants.

Mr. FOGARTY. I see.

WAGE VIOLATIONS

They say:

Payroll inspections in 1959 and 1960 disclosed a high percentage of violations of the regulations relating to the Mexican program. This would seem to be a serious reflection on the effectiveness of enforcement.

Mr. GOODWIN. Well, I am afraid I would have to study that in order to comment adequately upon it.

Mr. FOGARTY. Well, I will give you a chance to comment adequately upon it.

They say:

No provision exists for BES to make payroll inspections to insure that domestic workers receive the prevailing wage in the area.

Is that right?

Mr. GOODWIN. We have no authority to require the submission of payrolls for domestic workers. We have obtained cooperation in situations where the employer has Mexican workers. But what we do is limited pretty much to those situations.

We have gotten some payroll data, some reports, on a voluntary basis beyond that, but we do not have legal authority to require the reports.

Mr. FOGARTY. Will this legislation that you are proposing to Congress give you that authority?

Mr. GOODWIN. No. That particular authority is not requested.

Mr. FOGARTY. Why not?

Mr. GOODWIN. Well, other authority is requested which I think would make this particular authority not necessary.

In other words the authority that is being requested would give us the opportunity to put the burden of proof on the employer, and I think we could meet many of these problems that we cannot do because of this.

INADEQUATE HOUSING

Mr. FOGARTY. Now, they say under "Housing":

Prior to the staff's visit to Arkansas in October 1960, only 10 percent of the housing for Mexican workers had been inspected. Some deficiency had been found in 98 percent of the units inspected. As a result of the staff's visit, BES caused 105 additional inspections and found 78 units with deficiencies. Nineteen of the seventy-eight units were unacceptable for housing Mexican workers.

Is it actually that bad in Arkansas?

Mr. GOODWIN. Well, I did not realize it was actually that bad. I have been down there and seen it, and it is bad; there is no question about it.

Mr. FOGARTY. Is there any other place in the country any worse than Arkansas?

Mr. GOODWIN. I think as of now the answer to that would probably be "No."

Mr. FOGARTY. Most of the Mexicans used in Arkansas are used for picking cotton, are they not?

Mr. GOODWIN. Yes, most of them.

Mr. FOGARTY. And the Government pays a subsidy on it.

Mr. GOODWIN. That is right.

About half of all the Mexicans used are used on picking cotton.

Mr. FOGARTY. Someone said two-thirds, a year ago.

Mr. GOODWIN. Well, at certain times it has been; but overall it has been at least half.

Mr. FOGARTY. And so in Arkansas it would be way over half, I guess.

Mr. GOODWIN. Oh, Arkansas would be; yes, sir, way over half.

Mr. FOGARTY. And here we are importing Mexicans to work on surplus crops.

Mr. GOODWIN. This determination as to whether Mexicans will be used on a given crop activity is a decision that, under the existing law, is made by the Secretary of Agriculture.

Mr. FOGARTY. Well, we were attempting last year to get an amendment to the bill that no Mexican labor could be used on any crop if it was in surplus.

Mr. GOODWIN. Yes, I know.

Mr. FOGARTY. That is a reasonable amendment; is it not?

Mr. GOODWIN. I think it has much to support it.

Mr. FOGARTY. Are you going to suggest anything in the legislation that is coming up here Friday?

Mr. GOODWIN. On this point?

Mr. FOGARTY. About using Mexican or foreign workers on surplus crops?

Mr. GOODWIN. I do not know whether there will be anything on that point or not.

Could I say this, Mr. Chairman?

On this housing situation in Arkansas, for this coming season there will be no Mexicans used there until along about May or June. They are brought in then for cotton chopping. They will not be approved this year until we have an individual certification on the housing and are sure that the housing meets the minimum standards.

EFFECTIVENESS OF ENFORCEMENT

Mr. FOGARTY. Now on the "effectiveness of enforcement," they say that:

BES officials stated enforcement activities relating to these programs are not satisfactory and will not achieve a reasonable level of compliance in 1961.

Mr. GOODWIN. They said that we stated that?

Mr. FOGARTY. BES officials stated it; yes, that is the way it reads.

Mr. GOODWIN. Well, I do not know who stated that, but I can understand why they said it, because we, although we have been improving, it takes a lot——

Mr. FOGARTY. You were not satisfied a year ago when we were out in southern California, were you?

Mr. GOODWIN. No, and I still am not satisfied. And we are still working very hard on improving this phase of the program.

DEPLOYMENT OF PERSONNEL

Mr. FOGARTY. On "deployment of personnel," they say:

BES officials believe the present deployment of farm labor service representatives is satisfactory as they are concentrated in areas with the greatest number of Mexican workers. However, the staff believes the existing level of compliance should be a more important criterion. Enforcement activity should be concentrated in those areas which have the greatest need for improvement.

Mr. GOODWIN. Well, I think they make a good point on that—and we have operated on that to some extent—now, take, for instance, this problem we have had in the Imperial Valley in the last few weeks. We have transferred in compliance personnel from other places, and we have done this a number of times in order to put on a special drive. We did it in Arkansas just recently, to make a special drive on housing and to inspect the maximum amount of housing. So this is one of their recommendations that I want to take a very careful look at. I think, although we have done some of this thing, we have not done enough.

WAGE SURVEYS

Mr. FOGARTY. Now they say:

The only field wage surveys made in 1960 were in connection with foreign or Puerto Rican contract workers. BES has indicated at regional meetings that the States should adopt this procedure in making wage findings related to the domestic program. The staff feels that, having reached the decision that field wage surveys are essential to a satisfactory wage finding, BES should take further steps to insure that this procedure is followed in the domestic as well as the Mexican program.

Mr. GOODWIN. I think it is a good point, and I want to check this a little closer. But this has been a matter of adequate resources, and we have tried to concentrate where we thought we had our greatest need, and this is where the foreign workers are. That is where we have our greatest need.

INSPECTION OF WAGE RECORDS

Mr. FOGARTY. They also said:

BES made a study of over 7,000 wage records of Mexican workers in Arkansas for the calendar year 1959 and ascertained employers had in a number of cases not made proper changes in wage rates in line with determinations periodically made by FLS on prevailing wage rates. This study resulted in the recovery of $43,027 in wages due Mexican workers. No similar studies have been made with regard to the wages of domestic workers.

Mr. GOODWIN. Well, we do not have authority to do it on the domestic workers.

Mr. FOGARTY. Well, since you do not have any authority, it is probably much worse in the area of domestic workers than it is in the Mexican workers.

Mr. GOODWIN. That is true; it is in some areas. And we have enough information that we know that is true that actually domestic workers are paid less than Mexican workers.

Mr. FOGARTY. The report continues:

The facts developed by the Staff disclosed that BES does not have sufficient personnel to conduct an adequate number of payroll inspections. Moreover, the inspections conducted in 1959 and 1960 disclosed an extremely high percentage of violations (15 percent in 1959 and 19 percent in 1960). This high percentage of violations would seem to be a serious reflection on the effectiveness of the enforcement activities of FLS under the treaty and on the corrective action taken to prevent such violations.

Mr. GOODWIN. Well, I would want to analyze that, Mr. Chairman.

Mr. FOGARTY. You will be given an opportunity. We shall expect you to take a good look at this situation and we will be asking you about it next year, if this program is extended.

Mr. GOODWIN. I think there may be a selectivity factor there. In other words, with limited staff—and you have always got something of a limited staff on this sort of operation—you tend to select the situations where you think there is trouble, and you do get a higher percentage that way.

In other words, I do not think these percentages were on the basis of a random sampling; they may be, but I want to check into that.

HOUSING INSPECTION

Mr. FOGARTY. You do not have any provision for the Federal inspection of housing for migratory domestic workers?

Mr. GOODWIN. No, we do not.

Mr. FOGARTY. Do you not think we should have?

Mr. GOODWIN. There are a good many State authorities now that have something to do with this area. And of course these Secretary's regulations that we talked a little bit about this morning operate to help in this situation. It means that the services of the Employment Service cannot be used to recruit workers where there is substandard housing.

Now, if an employer wants to recruit his own workers or recruit them through some other source, there would be nothing we can do to stop him. And the only authority that would operate in that area would be State authority and State health regulations or, in some cases, State housing codes that apply to rural areas.

Mr. FOGARTY. This report says:

> The staff was advised by a representative of a local employment service office in Arkansas that in 75 percent of the cases the employer's word is accepted as to the condition of his housing and no inspection is normally made to confirm this condition.

That is in connection with the State housing agency's certification.

Mr. GOODWIN. I would have no comment on that. I would want to check into that one.

Mr. FOGARTY. It is a sorry situation, is it not, if that is so—and I assume that it is so.

Mr. GOODWIN. If that is true, I would be very much surprised. I have been down there and have taken a look at it. I have talked to the people involved, and I would be surprised if that is true.

Mr. FOGARTY. Well, I would be surprised if this report is wrong. I am sure these people were pretty careful that what they reported as facts really were facts.

Mr. GOODWIN. Well, yes; but, of course, what the staff is doing in this case is merely passing on the comment of a State official.

Mr. FOGARTY. They say:

> Generally it appeared that the housing available for domestic workers was inferior to that provided the Mexicans.

That makes them at least a second- or third-class citizen, then, does it not?

We shall give you a copy of the report, and if you feel that anything they set forth as a fact is not correct we shall appreciate your advising us.

Mr. GOODWIN. Well, we appreciate that opportunity, Mr. Chairman.

Now I would like to say this. I have no doubt but that they have run across things that represent inadequacies on our part. And sometimes you get these by merely having people take a look at what you are doing, and they do not have their nose too close to the grindstone; and they can get more perspective.

Mr. FOGARTY. I remember Mr. Mitchell making a trip to California and closing up places on the spot while he was out there.

Mr. GOODWIN. That is right.

Mr. FOGARTY. And some places have been closed under Mr. Goldberg; have they not?

Mr. GOODWIN. He has not gotten into it yet, no.

Mr. FOGARTY. When people like that go out, it is so obvious that conditions are bad in many areas. It was obvious to us on our recent trip, but we did not think the people were making too great an attempt to show us the worst they have in southern California. They took us around to some of the better camps that you had.

Mr. GOODWIN. No, that was not true, in my opinion, Mr. Chairman. We had run into an area where we had already done a lot to clean it out in southern California.

Mr. FOGARTY. Mr. Denton.

Mr. DENTON. I believe you said that about half of this Mexican labor was used to pick cotton.

Mr. GOODWIN. Yes. The percentage varies, but over a period of about a year it would be about half.

Mr. DENTON. Now take the State of Arkansas. The Negroes used to pick cotton there. Have these Mexicans supplanted them in that work?

Mr. GOODWIN. Yes, many of the Negroes have left that area to go to other types of employment, to other States, go to industrial employment of different types.

Mr. DENTON. And many of them are unemployed in the cities.

Mr. GOODWIN. I think that would undoubtedly be true now; yes, sir.

Mr. DENTON. And, of course, bringing in this Mexican labor has caused these Negroes to be displaced people and be out of work?

Mr. GOODWIN. Yes. But this points up one of the problems we have in this whole program, Mr. Congressman, and that is the short-time nature of some of this employment, one of the reasons why the Negroes have left down there. They did not exist entirely upon cotton picking; they had other work. They had something that they could exist on for the entire year. Now one of the——

Mr. DENTON. Why could they not continue to do that?

Mr. GOODWIN. Well, because other opportunities have been—the length of period in which they can get employment has been shortened.

Mr. DENTON. We started this program during Korea because there was a shortage of labor. And when we have over 5½ million unemployed in this country, I cannot see how that reason holds good and why you have this shortage of labor so that you need to bring in this kind of labor.

Mr. GOODWIN. Well, actually, this started on an informal basis before Korea. In the period after the end of World War II and until this program started, we did have a lot of illegal labor.

Mr. DENTON. Because there was not as much enforcement on the border as there is now?

Mr. GOODWIN. There is better enforcement now. But the ability to enforce is also related to whether there is a supply of Mexican labor under contract.

Mr. DENTON. We did pass this foreign labor law during Korea when those conditions held true. But that same condition does not prevail now that prevailed then.

Mr. GOODWIN. No; that is right.

Mr. DENTON. We often hear that you cannot use this 5 million unemployed because it is stooping and lifting.

Mr. GOODWIN. Yes.

Mr. DENTON. Has any effort been made to try to get some of this 5 million to undertake this work?

Mr. GOODWIN. Oh, yes. Many efforts, and some of them do take it.

Now you get a period of unemployment like we are experiencing now and we will get more domestic workers than we had before. For the most part, they are people who have recently left the farms, who

have recently done this type of work. And we will get more of them now.

Again I come back to one of the basic problems we have, though, and that is the fact of distance. And we have these pockets of unemployed or underemployed at a considerable distance from where the work is, and unless we can require the employer to do something about transportation, make an active effort to recruit those workers, as a practical matter you just cannot get them to do it.

Mr. DENTON. Well, I hate to see that Mexican labor brought in here, because it looks too much like peonage to me. I saw them contracted off down at El Centro. I saw the whole picture, and I did not like it.

MECHANIZATION OF HARVESTING

Now of those who pick cotton, which is half of them, you could do that by machines now, could you not?

Mr. GOODWIN. Well, you can do more of it than is being done now. The growers will tell you that there are certain conditions under which they cannot use machines. There are certain kinds of soil. While these machines are quite heavy, on extremely light soil they have difficulty in them bogging down.

Mr. DENTON. Has Ford not got a very light cottonpicker?

Mr. GOODWIN. Well, I am not familiar with the Ford cottonpicker. I do not know whether Mr. Johnson is or not.

Mr. JOHNSON. I do not happen to be.

Mr. GOODWIN. But even these are problems which I think they will meet. Maybe they have met them already. I do not know. I am not aware of it.

Mr. DENTON. Out in the Imperial Valley, the head one of the farmers associations had a machine that dug potatoes and beets and packed them and carried them and did all that work. So that could be done by machine too.

And I was rather surprised at what some farmers who were in my office today said. They were raising tomatoes in a part of the district which I represent. They said that there was a machine to pick them too.

Mr. GOODWIN. That one is far from perfected as yet. They used it experimentally in California last summer, and I do not know; it is not in production as yet, is it, Mr. Johnson?

Mr. JOHNSON. No. It is going to be on an experimental basis another year. But they are improving models, and they inevitably will have them.

Mr. DENTON. I gather the way they talked, it was in operation.

Mr. GOODWIN. Only on an experimental basis, I think. Of course, on the tomatoes they are depending upon, they are also developing a particular type of tomatoes. They cannot use it on the kind that mature at different times. They have to get one that matures all at the same time.

Mr. DENTON. I spoke about this before, but in California, we heard many people tell us that there was sufficient domestic labor to do all the work that machines could not do, and that the Mexican labor depressed the price paid domestic labor; which, of course, the Mitchell report also verified.

Now, I wish we could get some kind of a report—just take those five States—that would show just how much need there was for this labor, just how much domestic labor is available, how much could be done by machinery, and how important it is a bring these Mexican laborers in. I think this machinery is an item too, because manufacturing it puts Americans to work too; and when you bring Mexicans in to do this work and displace machines, you are putting the men who make those machines out of work too.

Mr. GOODWIN. The reason why the answer to the question you are posing is not an easy one to find is because we are dealing with not—well, whether you can get the fellow to come out to Arizona or Texas or California to do this depends on whether you are going to pay him transportation, depends on whether you are going to give him decent housing.

Mr. DENTON. We saw a lot of domestic labor out there in California. I think the growers should have to give these domestic laborers the same protection that you give these Mexicans. That is, I believe before a man can hire a Mexican, he ought to show that he has given the same rights to domestic labor.

Mr. GOODWIN. I agree with you completely. But the present laws do not authorize us to require that.

Mr. DENTON. Do you have any recommendations how the law should be changed?

Mr. GOODWIN. The Department will submit its recommendations on Friday of this week. Actually, the final decisions have not been made as to what those recommendations will be, but they will be made this week.

Mr. DENTON. I guess that is all.

Mr. FOGARTY. Mr. Marshall.

EMPLOYMENT FOR CUBAN REFUGEES

Mr. MARSHALL. Mr. Goodwin, it seems that there are a number of Cubans they are getting out of Cuba to Florida. Is that going to have any effect on this Mexican labor problem?

Mr. GOODWIN. Well, I do not think much, if any. Most of the Cubans that are coming in are—well, there are a good many professional people, white-collar people, among the Cubans. There are people who are leaving Cuba, many of them, for political reasons, and a very high percentage of professional people among them.

Now, Mr. Norwood has been working with the Department of Health, Education, and Welfare on this problem. We have been giving some assistance through the Public Employment Service in trying to get jobs for some of those workers. And a few of them, I think, have taken farm employment. But I understand there are not very many.

Mr. NORWOOD. Very few. They tend to be white-collar people by way of background.

Mr. GOODWIN. We are not getting the farmworkers out of Cuba.

Mr. MARSHALL. I suppose that this is a little beside the point; but what are those people going to find to do to keep themselves employed?

Mr. GOODWIN. Well, maybe Mr. Norwood would like to talk to this point. He has been closer to it than I have. Mr. Norwood?

Mr. NORWOOD. Yes. The Health, Education, and Welfare people probably have something to say on this point. But there has been a special center established in Miami—Cuban Emergency Relief Center there, and with the assistance of the volunteer agencies, such as National Catholic Welfare Conference, who were used in the same capacity in assisting in the resettlement of the Hungarian refugees, an attempt is being tried to be made on moving them out on a family basis, out of the Miami area where the deconcentration efforts are. We are supporting this effort by trying to point to places where the particular skills of these people can be utilized in the present labor market.

But employment opportunities are few and far between. Language barriers exist. And there is some reluctance on the part of these people to leave Miami. And these are going to be real roadblocks to getting these things done quickly.

EFFECT OF REDUCED IMPORTATION OF BRACEROS ON BES WORKLOAD

Mr. MARSHALL. In your statement that you presented to the committee, you say:

> Perhaps the most significant single development in the Mexican labor program in the past calendar year was a major reduction in the number of braceros brought in for temporary farmwork. The number declined sharply from 437,643 in 1959 to 315,846 in 1960, a reduction of 28 percent.

And then over on another statement which you supplied to the committee today, on page 2:

> Our records show that in fiscal 1960, some 427,000 Mexican workers were contracted.

Now, what is the reason for the difference there?

Mr. GOODWIN. One of them is a fiscal year, and the other one is the calendar year. The first figure you read reflects the most recent experience of the calendar year.

Mr. MARSHALL. I note that you say that you are going to have 12,000 housing inspections as compared to 8,000.

Mr. GOODWIN. Yes.

Mr. MARSHALL. Now, I am wondering if that additional 4,000 inspections would offset the employees that would be required to service a reduction of about 25 percent in the number of workers coming to the country?

Mr. GOODWIN. I have not made that kind of correlation on this. I do not know whether Mr. Love has or not.

Mr. LOVE. I think the problem is the one you spoke about before, Mr. Goodwin, the total compliance problem—that is the appropriation to which you are referring—is still a very real problem, despite the reduction in the number of workers contracted.

And there is one more point. And that is that the number of employers, and employing establishments that have housing, is not greatly decreased. A man who may have had 500 workers in the year when we did 425,000 contracts may only have 400 this year. Well, you can readily see that, while he has a smaller number of contracts, the same type of problems could exist as in the previous year.

Mr. MARSHALL. What would happen to this program if this committee saw fit to reduce this fund by about 20 percent? What would it do?

Mr. GOODWIN. You mean reduce the appropriation?

Mr. MARSHALL. Yes.

Mr. GOODWIN. I think we would do a less effective job on compliance, and I think this would have an adverse effect upon our own domestic workers. In other words, a good deal of what we do, major part of what wo do here, in operating the Mexican program, is not in the interest of the Mexicans so much as it is in the interests of domestic workers and protecting their situation.

WITHDRAWAL OF BRACEROS DURING THE CALIFORNIA STRIKE

Mr. MARSHALL. I note that you had a problem in the Imperial Valley or San Joaquin Valley in connection with the lettuce harvest. How was that finally settled?

Mr. GOODWIN. The Secretary of Labor took an action day before yesterday which removes the Mexican workers from 18 employers in the Imperial Valley who are harvesting the lettuce. Now, this was done at the repeated insistence of Mexico, the Government of Mexico, because they fear that their workers were, in effect, being used as strikebreakers and were also in danger of violence because of the unsettled labor conditions out there.

So this action was originated by the Bureau in Imperial Valley. We sent to the Imperial Valley about 3 weeks ago Mr. Lee Williams. He took actions out there denying the use of Mexican workers on 17 farms, I believe it was, where there was a strike situation existing. The action that the Secretary took was on appeal from Mr. Williams' decision. And in the meantime we added one additional employer. They appealed from Mr. Williams' decision and asked for a hearing. The Under Secretary, Mr. Wirtz, conducted the hearing, and that lasted for 2 days. They were given full opportunity to present their case. And after the hearing was over, the Secretary made the decision to remove all of the Mexican workers on these 18 farms.

Mr. MARSHALL. Thank you, Mr. Goodwin.

Mr. FOGARTY. Mr. Michel.

NUMBER OF MEXICAN AND DOMESTIC FARMWORKERS

Mr. MICHEL. Earlier, Mr. Goodwin, in the letter that the chairman read into the record from the representative of the National Council of Churches, the figure of a million migrant farmworkers was mentioned. The staff report mentions 500,000-plus. Edward R. Murrow's show, "Harvest of Shame," mentions 3 million. Now, how many are we really talking about?

Mr. GOODWIN. Well I think we are talking about different things. One of the figures, the one that you and I were discussing a while ago, had to do with the number of Mexicans who are brought in. That is one distinct figure. The—

Mr. MICHEL. Is that the figure now that has decreased from 1958, from 525,000 down to 315,000?

Mr. GOODWIN. That is correct.

Mr. MICHEL. These are actually Mexicans?

Mr. GOODWIN. That is correct. They are Mexican nationals.

Mr. MICHEL. All right.

Mr. GOODWIN. Now, a second figure is the number of domestic migrant workers. These are the ones that move from one area to another.

Now, this figure, as I recall, is about half a million.

Mr. LEVINE. 500,000.

Mr. GOODWIN. 500,000.

There is still a third figure which is the number of farmworkers.

Mr. LEVINE. Hired workers, hired farmworkers.

Mr. GOODWIN. Hired farmworkers. And this is about 3 million; is that right?

Mr. LEVINE. 2,200,000.

Mr. GOODWIN. A little over 2 million.

There has been controversy over the figures used by Edward R. Murrow on this point. I think that there may have been some error in this area. I am not sure.

But, at any rate, these are the three different groups that are involved, and sometimes they do get mixed up.

Mr. DODSON. There is another factor, too. Sometimes, when the social organizations are religious organizations, they think in terms of the families.

Mr. GOODWIN. The 500,000 I mentioned, if you include all the members of the family, is a larger figure. I do not know what that is, but it would be considerably higher.

Mr. MICHEL. But your official figure as a potential reservoir of migrant domestic labor, then, is a half million?

Mr. GOODWIN. Half-million workers.

Mr. MICHEL. Actual workers?

Mr. GOODWIN. Actual workers.

Mr. MICHEL. And their families would be over and above that?

Mr. GOODWIN. Yes.

Mr. MICHEL. Now, in the peak of the harvest season——

Mr. GOODWIN. That is September.

Mr. MICHEL. All right. Is this domestic force utilized to the fullest?

Mr. GOODWIN. Well, I would say that there is little, if any, unemployment in the peak of the season.

Mr. MICHEL. And would that then give rise to the need for the utilization of these, well, 300,000-plus Mexican workers then?

What I am driving at, or what I am trying to get at is, Do we have the labor force that would be inclined to do this kind of work?

Mr. GOODWIN. Well, if you were asking that question at a given point of time, I think that the answer would have to be "No; we do not have it." But of course some of the things that need to be done to change the basic situation would expand the labor market you might draw.

I mean we have thousands and thousands of people leaving agriculture every year and going into industry; and they do it whether the opportunities there are particularly good or not, because you can take the lowest wages in nonagricultural work and they are about double what they are in agriculture. So you have got this pull all the time of taking people out of agriculture and going into other types of work.

So that there is still a tremendous amount of change that has got to take place before agriculture is on a par with any other type of work. If you get that done, then I think that much of the labor supply—well, I will put it this way: We could have a big increase in the domestic labor supply.

Mr. MICHEL. Now, of these domestic migrant farmworkers, what is involved in paying those people unemployment compensation?

Mr. GOODWIN. They are not covered.

Mr. MICHEL. They are not covered at all?

Mr. GOODWIN. No. The only area where they are at the present time—the only State where they are at the present time is Hawaii. Hawaii does cover them. A few of the States cover fringe areas—agricultural processing, a few States.

HOUSING STANDARDS FOR BRACEROS

Mr. MICHEL. Now, in the area of housing, there has been considerable discussion about substandard housing for these migrant farmworkers. What is the minimum standard that you people use as a criterion?

Mr. GOODWIN. Well, we have drawn up minimum standards for the Mexican program. They are quite detailed and quite extensive. They get into the square footage; they get into provisions for sanitation.

Mr. MICHEL. How does it compare with the minimum standards of ordinary American workers?

Mr. GOODWIN. Well, the only source we have there is some of the provisions in State laws and also the standards that have been recommended by the President's Committee on Migratory Labor.

Now, we used these recommended standards in drawing up the standards for the Mexican workers.

Mr. MICHEL. You are not using as a minimum standard for the migrant workers that which would normally be used for American cities, would you?

Mr. GOODWIN. Well, there are certain slum conditions that are in cities that are worse, but what we have as the minimum standard is certainly not a high standard. We would be glad to furnish copies of these standards so you can take a look at them.

Mr. MICHEL. I would like to see them.

That is all, Mr. Chairman.

Mr. FOGARTY. Do you have anything else you would like to say?

Mr. GOODWIN. Well, merely that I appreciate the opportunity given us, Mr. Chairman, for full discussion of our problems.

Mr. FOGARTY. Thank you very, very much.

Mr. GOODWIN. Thank you, Mr. Chairman.

AMENDMENTS TO THE 1962 BUDGET

NOTE: Subsequent to the hearings the proposed budget amendments for the Bureau of Employcent Security were submitted to Congress. At the request of the committee certain details concerning these amendments were submitted for the hearings record. These details follow:

Bureau of Employment Security, Grants to States

Budget page	Heading	Original estimate	Revised estimate	Increase
825	Limitation on Grants to States for Unemployment Compensation and Employment Service Administration (trust fund)	$368,000,000	$391,700,000	$23,700,000

Limitation on Grants to States for Unemployment Compensation and Employment Service Administration (Trust Fund)

Program and financing

[In thousands of dollars]

	1962 original estimate	1962 revised estimate	1962 increase
Program by activities:			
1. State unemployment insurance service	201,383	201,383	----------
2. Federal unemployment insurance service	7,634	7,634	----------
3. Employment service	109,983	132,183	+22,200
4. State administration and management services	34,000	35,500	+1,500
5. Contingency fund	15,000	15,000	----------
Total obligations	368,000	391,700	+23,700
Financing:			
Limitation available from subsequent year	−18,924	−18,924	----------
Limitation available in prior year	18,924	18,924	----------
Limitation	368,000	391,700	+23,700

NEED FOR EXPANSION OF THE U.S. EMPLOYMENT SERVICE

The President in his state of the Union message and, particularly in his economic message to the Congress, emphasized the need for a better and expanded nationwide employment service system. He instructed the Secretary of Labor to proceed immediately to meet this need. This budget request, now before you, is an amendment to the budget request for fiscal year 1962. It reflects a new course of action and emphasis, and a different concept of how the national employment service system can more effectively deal with labor market problems growing out of the present recession and provide better manpower services in the years ahead.

An improved and expanded U.S. Employment Service and the State and local offices associated with it, capable of achieving the President's objectives, will require an additional $25,120,000 for fiscal year 1962 for annualization of increases provided for in 1961. Of this amount $1,420,000 would be added to the U.S. Employment Service to provide the necessary national leadership and guidance for the program. Increases in funds for the State employment services would amount to $23,700,000. The action front in the employment service will remain, as it is now, in the State and local employment offices. Approval of this request will provide a level of staffing in the State agencies comparable to that of 1948, with allowances for the economic growth and added responsibilities since that year.

In order that we may better understand the manpower problems with which a modernized employment service must deal, it is necessary to briefly review some of the important economic changes in recent years. Many of these problems do not have their origin in local conditions, but result from major changes in the national economy, and even from international developments involving our role in world affairs. As a consequence, the employment service must give a new emphasis to nationally significant employment and unemployment problems. In other words, national considerations have become increasingly important in determining the activities and services of the Federal-State system.

We are confronted now and will be for the coming years with the most challenging manpower problems in our history. The economy of the postwar years has been characterized by many conflicting and complex developments. At the same time that we have been experiencing expansion in our production

capacity and rapid advances in automation and other technological changes, we have also had three economic recessions and are now in the midst of another. Along with tremendous growth in population and labor force, we have had increasing employment, but job opportunities have not been keeping pace with labor force growth. The volume and rate of unemployment has been rising over the past 10 years, with the level of unemployment higher after each recession than in the preceding years.

These developments are having important effects on our work force, on hiring requirements, and the functioning of our labor markets. Changes in industrial and agricultural technology, use of new techniques and methods of production, shifts in industrial location, while they all represent progress, give rise to many maladjustments. Scientific and technical advances place a higher premium on skills and technical knowhow in our work force and demand more education and training. New occupations are appearing while many occupations are becoming obsolete. Workers who lose jobs because of these changes have difficulty finding new employment. Industrial relocations, closing down of less-efficient plants, and turning to more modern equipment, frequently result in stranded communities and displaced workers exposed to persistent unemployment.

The employment service, in dealing with these problems, must take into account the fact that every day lost in filling an available job is an unretrievable waste of a man-day of employment which could contribute to strengthening the economy. Each such day also adds to the drain on unemployment insurance reserves. The employment service must also reorient its activities to the manpower changes and shifts which are concomitants of automation, chronic rural underemployment, depressed areas, record numbers of new entrants to the work force, and the employment needs of older workers.

Despite growing needs for labor market and manpower services, and increasing demands on the employment offices, the staff resources of the employment service have not kept pace with the requirements of a modern manpower agency. It is not able now to deal adequately with the complex labor market problems of our highly industrialized and urban economy. Nevertheless, the basic structure is in being. The nationwide employment service system, of more than 1,800 full-time local offices and another 2,000 part-time locations can be rapidly expanded to provide improved services to workers and employers.

Apart from the need for increasing staff resources and providing for better located and more modern office facilities, there is a need for overcoming the great disparity in effectiveness of services provided as between local offices and between State employment services. Their activities must be better directed to achieve nationl goals. The resources of the U.S. Employment Service must be expanded to provide the necessary leadership, technical assistance, and functional supervision to the State employment services.

The employment offices, particularly in the larger metropolitan areas, in providing services to both unemployment insurance claimants and other job seekers are overwhelmed by unemployment insurance responsibilities. The employment service function must be asserted as a separate function from that of unemployment insurance. In larger offices and major metropolitan areas, new divisions of administrative responsibility and separate physical location may be warranted. It is important to establish the fact that registration of an unemployed worker, only as an incident to the filing of an unemployment insurance claim, is not the basic or prime employment service function. The activities of the employment service must establish in the public mind that the primary function of the employment office is to find jobs for workers and to render needed job market and manpower services.

There is national awareness and widespread public concern regarding the need for better development utilization of our manpower resources. Our objective is to promote the full use of our workforce at its highest skills. In our free enterprise system we place a great responsibility on labor and management to develop and employ the skills of our people. Nevertheless, the Federal Government, together with the States and local communities, cannot escape the responsibility to assure that concerted efforts are being made to maintain and improve the high quality of our manpower. To meet this manpower challenge, the employment service must be revitalized and its activities redirected.

The labor market experience of the postwar years clearly demonstrates that the objectives and responsibilities of the employment service system need to be broadened and its resources expanded so that it may function both as an employment exchange and a manpower agency. In each locality, the employ-

ment office must serve as a community manpower center working cooperatively with individual workers, employers, education and training institutions, community groups, professional associations, and government agencies. Its placement and other labor market services require competent, conscientious, and trained staff members whose activities will better assure the achievement of national goals—minimum unemployment, employment stability and economic growth, skill development of the work force and maximum and effective utilization of our manpower resources.

Our budget request for improved and expanded employment services takes account of the postwar economic and labor market changes and the new emphasis on required services. It also provides for greater program direction and for evaluation of program effectiveness. The following areas of improvement would be given highest priority:

1. Within the national system of employment offices, greater emphasis on nationally significant employment and unemployment problems and achievement of national goals.
2. Expanded employer service activities to assure that a larger number of employers look to the employment service as a source for its manpower requirements and that job applicants have access to a larger number of job openings.
3. Strengthen and improve placement services to all employers and workers with resultant less need for specialized placement or specialized services.
4. Establish clearly the prime functions of the employment office for providing placement and other job market services and lessen the orientation to unemployment insurance operations.
5. Introduce new administrative machinery and operating methods to facilitate geographic mobility of workers through intensified recruitment in areas of persistently fewer employment opportunities.
6. Improve the competence and professional capabilities of employment service staff and provide for more effective evaluation of the quality of program performance and local office operations.
7. Increase and improve program actions to identify changing occupational requirements and to anticipate the impact of automation and other technological changes on employment.
8. Concentrate emphasis on improved services in the important local labor markets where greatest employment potentials exist and more labor market services to urban and rural persistent unemployment areas.
9. Expand labor market research on such problems as changes in labor supply and requirements in local labor markets, shifts in occupational composition of the workload, reflecting automation and other technological changes, effect of population and labor force shifts on needed labor market services in major metropolitan areas.

JUSTIFICATION FOR INCREASE OF THE U.S. EMPLOYMENT SERVICE

This amendment to the grants to States request includes an additional $23,700,000 for fiscal year 1962 for expanding and strengthening the U.S. Employment Service begun in 1961. The State agencies will recruit about 1,250 persons during May and an additional 1,250 during June. This request provides for the annualization of the 2,500 positions and for an additional 1,300 people to be added in July making a total increase of 3,800 people during 1962.

Specific proposals for improving employment services follow:

Few local employment offices have enough staff to contact all the employers who have job opportunities, to acquaint them with the advantages of using the public employment service. These offices have access to the largest labor supply both local and national; they do scientific matching of employer requirements with workers' qualifications, using tests where appropriate; and they contribute to the fastest possible reemployment of unemployed workers with consequent savings of unemployment compensation funds. While the number of employers has increased substantially, personal contacts with employers to find job vacancies have decreased from 2,195,000 in 1950 to 1,182,000 in 1960. Some magnitude of reaching the maximum number of employers may be estimated by recalling that there are approximately 3 million nonagricultural employers in the areas served by local employment offices. Last year only 850,000 employers placed orders for workers with the employment service.

In order to contact all employers doing any significant volume of hiring, the number of local office staff doing this work will be substantially increased. The wider occupational range of job openings thus obtained will permit more work-

ers to be placed, and more promptly. More staff will be trained in order taking so as to obtain specific job requirements for matching purposes. If employers need assistance in developing job specifications, this type of help will be given. In attempting to secure job orders from employers, full use will be made of personal contact, telephone, and mail solicitation, newspaper stories and advertising, radio programs and television spot announcements. A continuing program of employer relations will be maintained, and every attempt will be made to see that the kind of service rendered encourages employers to continue using the employment service.

The present high volume of applicants visiting employment offices combined with the serious understaffing in those offices has not only reduced the efforts to get employer orders but has required shortcuts in the applicant interviews and has produced applicants records that are inadequate for placement purposes. By augmenting local office staffing, placement services will be individualized, and sufficient interviewing, counseling, and testing time allowed for a full exploration of workers' knowledges, skills, and abilities. With proper staffing, full information can also be obtained on changes in job content and new methods of production, to assure proper matching of worker and job. With a better picture of the workers' qualifications and more complete job information, the placement service rendered both workers and employers will be faster and more effective.

Proper local office staffing will also mean that interviewers will be able to give the necessary attention to the movement of workers from one community to another, where changes in labor markets require this. Applicants in areas of declining employment opportunities will be assisted in finding jobs elsewhere. Employers who are unable to fill their needs in specific occupations locally will be provided information on where qualified workers are, and be given assistance in recruiting in the areas of supply. More use will be made of telephone and teletype service to provide the rapid communication needed for intercity placements.

Employment problems such as the displacement of workers by automation, particularly of older workers, many of whom are veterans, the underutilization of large minority populations, and the job adjustment difficulty of untrained youth and handicapped workers are becoming more severe. Workers with these special employment problems require more individualized and more time-consuming employment counseling assistance than they are now receiving. The added staff provided for in this request will make this assistance possible, and will enable these workers to compete on a more equal basis for such job opportunities as the labor market offers.

While the additional staff described above is needed in almost all local offices to provide appropriate job finding, placement and counseling services, the greatest staff deficiencies are in the larger cities. This has come about through the more rapid growth of the urban centers combined with a net loss in employment service staff that has been felt more heavily in the larger cities. The sheer size of the larger communities makes it more difficult for an unemployed worker to know where there may be opportunities for employment; the employer has similar difficulty in locating qualified workers, without the help of an efficient employment service. Thus, a major share of the added resources will be used to bolster local office staff in the larger communities. In addition to staff, properly located and more modern local office quarters, separate from unemployment insurance offices, are needed in some cities. The request includes funds for this purpose.

To achieve these needed improvements in basic local office operations, additional positions are needed in State administrative offices to provide necessary direction and supervision of local office activities. The additional State office positions are scheduled to be added in fiscal year 1962.

Employment impact of automation

One of the major problems of today is the unemployment which frequently accompanies the introduction of automation and technological changes. This is an area in which the employment service has only limited knowledge and experience. Yet the transfer of workers displaced by automation and technological change to other jobs and the prompt reemployment of those who are laid off for this reason must become a major objective of labor, of management, and of the Government. The local employment offices need additional resources and guidance if the employment service is to make a significant contribution to resolving these problems. It is proposed to establish within the U.S. Employment Service a new unit that will provide leadership, coordination, and direction to all activities that can contribute to the solution of this problem.

To meet the problems of automation additional occupational analysts and labor market analysts are needed to strengthen basic technical staff resources. With this additional technical staff State agencies will establish and maintain an organized method of identifying occupations that are undergoing change locally and of determining skill transfer possibilities and training needs. In the States where this problem is significant a small specialized staff unit will continuously follow labor market trends in the State, to foresee and analyze the employment impact of technological advances and identify occupations with expanding opportunities. Both the jobs and the workers affected by automation will be the subjects of intensive study, to find out all the skills and abilities associated with the obsolete job that the worker could bring to another job. Analysis of occupations with the greatest transfer possibilities will then point to the possible need for specific retraining arrangements and eventually lead to satisfactory placement.

In addition to this basic program for recognizing and coping with the employment problems arising from automation, experimental demonstration projects will be conducted in cooperation with selected employers to determine how employment service techniques, community training resources and careful advance planning by management and labor can best be applied to reduce the shock of worker displacement. It is expected that these projects will produce tangible results through which the employment service can demonstrate to all employers its usefulness in this serious new problem area.

Services to areas of persistent unemployment

Local offices participate wherever possible in local industrial development efforts by supplying manpower information, advice and assistance. As the employment exchange for the labor market area, the local office has a unique contribution to make to the community's economic-employment planning, in supplying and interpreting information on employment, unemployment, occupational characteristics, and industrial structure of the local economy. In many areas this contribution has been limited by shortages of staff. In only half the areas of substantial surplus is the Employment Service actively participating in community manpower planning now. The additional positions requested for this activity would be used to support the local economic development efforts that are being undertaken in the communities with the most serious and persistent unemployment problems.

Extension of Employment Service to rural areas

Additional positions are needed to provide manpower planning along with counseling and placement services to rural communities too small to have a full-time local office. This will be accomplished through stationing an Employment Service representative in an existing local office and giving him responsibility for manpower planning assistance in several nearby counties or communities. He will also be able to call in a small mobile staff, that would be used anywhere in the State, to provide counseling and placement services. The testing-counseling activity will yield an occupational inventory of both acquired and potential skills of each area's job seekers, for use in manpower planning and economic development as well as information needed to refer individuals to suitable job openings as they can be found.

While primary emphasis will be given to finding jobs for rural residents displaced from agriculture, greater attention must also be given to improving placement service for farm employers and farm labor. Agriculture, more than any other industry, relies on the public employment offices for its work force. The manpower problems of agriculture are unique and result, in part, from its extreme seasonality. Because this does not require a regularly employed work force, employers must take an added risk on the availability and reliability of labor. Seasonal farmworkers, on the other hand, are confronted with problems of unemployment, underemployment and, if they migrate, with additional problems of housing, transportation, health, and education.

The farm placement services of the Employment Service will be expanded so that farmers' labor needs in shortage areas can be matched with farm labor surpluses, often thousands of miles distant. The present Employment Service program of maximizing employment opportunities by providing for a succession of farm jobs over a migratory route will be extended to serve workers in all major migratory paterns.

The Employment Service will keep abreast of the constant mechanization changes which affect the employment of farmworkers and, where necessary, will locate alternative seasonal job opportunities as machines displace hand labor.

Bureau of Employment Security, Salaries and Expenses

Budget page	Heading	Original estimate	Revised estimate	Increase
824	Limitation on salaries and expenses (trust fund)	$8,338,000	$9,758,000	$1,420,000

Limitation on Salaries and Expenses (Trust Fund)

Program and financing

[In thousands of dollars]

	1962 original estimate	1962 revised estimate	1962 increase
Program by activities:			
1. Veterans placement service	1,369	1,369	
2. Farm placement service	367	367	
3. Collection and interpretation of labor market information	955	1,265	310
4. Assistance in maintaining public employment services	1,272	1,882	610
5. Unemployment insurance service	1,043	1,043	
6. Field guidance, financing, and auditing of State operations	2,640	3,140	500
7. Administration and management services	694	694	
Total program costs	8,340	9,760	1,420
8. Relation of costs to obligations: Costs financed from obligations of other years, net (−)	−2	−2	
Total obligations	8,338	9,758	1,420
Financing: Limitation	8,338	9,758	1,420

Object classification

[In thousands of dollars]

		1962 original estimate	1962 revised estimate	1962 increase
11	Personnel compensation:			
	Permanent positions	6,700	7,750	1,050
	Positions other than permanent	4	4	
	Other personnel compensation	20	20	
	Total personnel compensation	6,724	7,774	1,050
12	Personnel benefits	506	589	83
21	Travel and transportation of persons	488	623	135
22	Transportation of things	13	22	9
23	Rent, communications, and utilities	167	205	38
24	Printing and reproduction	182	232	50
25	Other services	62	72	10
	Services of other agencies	84	84	
26	Supplies and materials	80	94	14
31	Equipment	32	63	31
	Total obligations	8,338	9,758	1,420

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	831	979	1,020
Average number of all employees	792	825	996
Number of employees at end of year	796	979	1,020
Average GS grade	8.9	9.0	9.0
Average GS salary	$7,324	$7,790	$7,787

JUSTIFICATION FOR INCREASE OF THE U.S. EMPLOYMENT SERVICE

This amendment for $1,420,000 will provide for the annualization of the 142 positions added in 1961 for improving, strengthening, and expanding the U.S. Employment Service.

Program evaluation

A major aspect of the new course of action and emphasis reflected in this budget request is the recognition of the national responsibility for program leadership, development, and evaluation of employment service activities. The Bureau's staff resources in recent years have permitted only spotty and sporadic attempts at evaluating the performance of the national system of employment offices. The lack of any continuous, firsthand appraisal and the need to depend largely upon a statistical reporting system to evaluate program performance has greatly limited the Bureau's effectiveness in influencing the direction of local office activities and in assuring the attainment of national goals. In addition to these considerations, with substantial staff increases being made to strengthen local office operations, it becomes all the more important that the Bureau have enough personnel to assure that the additional resources are effectively employed to accomplish the purpose intended.

A principal and continuing responsibility of the staff added in both the national and regional offices is to work with State agency representatives in conducting studies in each labor market area, of the occupational and industrial characteristics of the area and of the nature and scope of employment service facilities appropriate to the continuing needs of workers and employers in the area. Bureau staff must be skilled in the techniques of labor market analysis as well as in the overall employment service program. These studies are particularly important in the largest metropolitan areas, where the most complex labor market problems exist. Following up such studies, the Bureau's regional office staff provides assistance to the State agencies in correcting deficiencies found and in taking any steps necessary to assure acceptable performance.

This request contemplates a continuing surveillance of the direction and quality of employment service activities by the regional offices. The 21 additional professional positions added in 1961 provided an average of 1 regional employment service representative for each State agency. Also, the one labor market analyst assigned to each regional office in 1961 will stimulate, guide, and assist in the making of local labor market studies necessary for sound manpower planning by the employment service, by employers, by training agencies, and other community groups. These studies comprise an important part of our total plan for easing the employment impact of automation. For national direction of the evaluation process and development of policy and standards for the management and organization of local offices seven professional positions were added to the national office in 1961.

Program leadership and development

The Federal partner in the Federal-State employment service system has certain clear and basic responsibilities with respect to each employment service program area. These responsibilities are: (1) providing guidance on how the program should operate, in the form of policy and procedure; (2) providing standards of performance through which State and local offices will know the level of quality and efficiency expected; (3) helping States train their staff, through development of written materials and through field visits and personal contacts; and (4) appraising performance and results against national standards and goals.

These responsibilities are not now being met in several important program areas, owing to insufficient staff. In 1961, four professional employees were added to the community employment development unit which guides the program of local employment office cooperation in community efforts to expand employment opportunities. The need for this type of activity in depressed areas—both urban and rural—has become much greater in recent months. Five more professional personnel were added to the small staff responsible for the employment counseling activity and for employment services to older workers and youth. An additional six professional positions were included to give national leadership and guidance to the local office placement activity.

Staff for the new organizational unit on automation was provided for in our original request for 1962. This unit supervises the demonstration projects referred to in the discussion of the grants request, and also provides functional

supervision and assistance to the small technical staff units established in the States for the purpose of detecting and analyzing the employment impact of impending technological change, and coordinating employment service actions to help workers affected.

National operating responsibilities

While the responsibility for operation in the nationwide placement system is basically that of the States and the 1,800 local offices, certain operating responsibilities must be carried out at the national level. These arise from the national character of the labor market, particularly for the professional and technical occupations, and from the multi-State organization of many large corporations. Like local office staffing, the resources of the national office for placement operations activities had fallen far behind the needs. Five professional workers were added in 1961 to the staff that is responsible for directing the operation of the nationwide system for interstate recruitment of workers.

In recent years this unit was given the additional responsibilities of providing convention placement services to professional societies and for supervising the professional office network in addition to its basic job of coordinating interstate placement work. In 1961, another two-man team was added to the one two-man team that was available for making personal visits to the top management of large multistate business organizations to acquaint them with the advantages of using the employment service in all their branches. This unit also maintains relationships, for recruitment and placement purposes, with major professional societies and with Defense Department procurement officials. All of these activities have proven their effectiveness in supporting and enhancing local office work. Their proper staffing is essential.

Research

The Bureau's occupational analysis staff is giving functional supervision to a nationwide program of occupational research covering all American industries and occupations being conducted by State employment service staff in 19 States. The national office unit also necessarily has the responsibility for analyzing, comparing, and classifying data turned in by the States and for converting it into usable occupational information tools, such as the Dictionary of Occupational Titles, the occupational classification structure, industry job descriptions, and brochures on various families of jobs. While State occupational analysis activities have been stepped up in the last few years in an effort to identify job changes and new jobs resulting from accelerating technological advance, the national office staff had not been increased and was becoming the bottleneck in the production of occupational materials. The 11 occupational analysts and 4 clerical personnel added in 1961 were needed to provide a proper balance with field staff activity and to avoid delays in making occupational materials available to the local employment offices and users in industrial, educational, and other governmental activities.

The development of aptitude tests used in employment counseling and in selection and placement activities is also accomplished through a Federal-State effort. On-the-job research is done by trained occupational analysts and psychologists in State employment services, coordinated and guided by a small group in Washington. The demands of employers for test-selected workers in more and more occupations has required considerable expansion of this program, three more technicians, badly needed in the national office, were added in 1961 to keep up with the increased field activity.

In order to stimulate and coordinate the development of labor market information essential for the strengthening of employment service effectiveness, it was necessary for the Bureau to increase the depth and scope of its research activities. The 10 professional employees added in 1961 provide technical assistance through the development of manuals, research techniques, and procedures, as well as by direct consultation with State and local office staffs. It is necessary to establish regular and uniform reporting of the additional activities in the areas where the Employment Service is expanding its programs, and to assemble, process, summarize, and analyze the resulting State and local office data.

More specifically, the staff develops an expanded and more comprehensive program of local occupational labor market research. Local studies of the available labor supply and future job requirements are needed for each major metropolitan area and for areas of persistent unemployment. These studies directed by the Bureu and conducted by State agencies provide the necessary

information to indicate the type of training and experience required for the full utilization of the available workforce and for meeting the changing needs of employers. In addition, studies to develop essential information on the organization of the labor market, hiring channels, and commuting patterns, to determine where workers live in relation to where they work, were undertaken to guide the agencies in locating and staffing local offices and in adjusting operating procedures to fit current local needs.

The effects of automation in displacing workers and the information required to develop the programs necessary for the retraining and job placement of such workers necessitated a marked increase in research studies in this field. Because automation has a differing impact among areas, industries, and establishments, particular emphasis was placed on the specific developments and problems within the individual local labor markets. Attention also must be given to this problem on a national basis since automation has obvious interstate effects. Technological changes in a particular industry in one area affects employment in other industries and areas. Moreover, technologically displaced workers frequently move from one area to another in order to find new jobs.

The collection and analysis of data on the manpower effects of automation, the development of a method for identifying specific plants, areas, and occupations where automation is underway, and the development of comprehensive studies designed to guide local employment service offices in tailoring their programs to the needs of displaced workers, as well as the changing occupational requirements of employers required the addition of 10 professional staff members in the national office in 1961.

The increase requested will provide for travel and other related costs.

THURSDAY, MARCH 7, 1961.

BUREAU OF APPRENTICESHIP AND TRAINING

WITNESSES

EDWARD E. GOSHEN, ACTING DIRECTOR
JOHN S. McCAULEY, CHIEF, DIVISION OF RESEARCH
ANSEL R. CLEARY, SPECIAL ASSISTANT TO THE DIRECTOR
JAMES E. DODSON, ADMINISTRATIVE ASSISTANT SECRETARY OF LABOR

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1960 actual	1961 estimate	1962 estimate
11	Personnel compensation:			
	Permanent positions	3,194	3,505	3,572
	Other personnel compensation	26	14	
	Total personnel compensation	3,220	3,519	3,572
12	Personnel benefits	225	272	277
21	Travel and transportation of persons	303	307	314
22	Transportation of things	5	5	5
23	Rent, communications and utilities	102	100	105
24	Printing and reproduction	65	32	53
25	Other services	20	9	42
	Services of other agencies	26	29	44
26	Supplies and materials	40	46	47
31	Equipment	41	10	17
	Total obligations	4,047	4,329	4,476

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	493	492	502
Average number of all employees	471	474	484
Number of employees at end of year	488	474	484
Average GS grade	8.4	8.4	8.4
Average GS salary	$6,795	$7,385	$7,364

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Training promotion and service to industry	3,426	3,753	3,834
2. Training research and technical services	294	317	335
3. Administration and management services	275	309	307
Total program costs	3,995	4,379	4,476
4. Relation of costs to obligations:			
Costs financed from obligations of other years, net (−)		−50	
Obligations incurred for cost of other years, net	52		
Total obligations	4,047	4,329	4,476
Financing: New obligational authority	4,047	4,329	4,476
New obligational authority:			
Appropriation	4,047	4,061	4,476
Proposed supplemental due to pay increases		268	

Mr. FOGARTY. We will now take up the Bureau of Apprenticeship and Training. Mr. Goshen, we will be pleased to hear your statement.

GENERAL STATEMENT

Mr. GOSHEN. Mr. Chairman and members of the committee, the estimate for the Bureau of Apprenticeship and Training for fiscal year 1962, is $4,476,000. This represents an increase of $147,000 over funds estimated to be available in 1961. The 1962 estimate includes program increases totaling $155,200, offset in part by a net decrease of $8,200. The decrease includes an increase of $5,650 for annualization of pay increase costs and Federal employees health insurance costs, offset by a decrease of $13,850 for 1 less day of pay in 1962. The basic program increase provides $140,000 for 10 new positions to strengthen field offices and research activities, and to make available a color film and other promotional media for use of the staff.

This increase we request, of which 85 percent is for the field offices, will strengthen all program areas. Better than one-third of the increase requested is for promotional media and equipment. The major item is for 15 copies of a 27½-minute color film which will explain the key role of craftsmen as a manpower resource. This will be a documentary film, and the Bureau will encourage unions, management associations, and educational and civic organizations to purchase copies for their own use. The new positions proposed will provide five GS–11 field representatives and three GS–4 secretaries in field offices, and a GS–12 research assistant and GS–4 secretary for the Division of Research in the headquarters office.

We should now like to discuss our work in the five program areas into which we have divided our overall program.

PROGRAM AREA 1—NATIONAL INDUSTRY PROMOTION

This involves bringing together National, State, and local units of industry for the development of unified apprenticeship and training efforts; working with 221 national trade associations and 77 international unions; encouraging and participating in management and labor multistate conferences; participating in providing exhibits for national conventions and urging the holding of national apprenticeship contests.

One of the more significant aspects of this program area is the conduct of promotional projects in specific industries. Such projects usually span several years. Currently, three projects—electrical contracting, contract tool and die, and aircraft manufacturing—are in the stage of promotional work in the field. Three others—masonry contracting, compositor JAC's, and carpenter JAC's—are in the factfinding phase. Two others—electronic manufacturing and pulp and paper are in phase 3—obtaining industry support. The success of this technique of industry projects has already been demonstrated. The contract tool and die industry association, as a result of information developed in the factfinding phase, is planning a 5-year program to improve the quality and volume of training in that industry.

PROGRAM AREA 2—STRENGTHENING JOINT APPRENTICESHIP COMMITTEES IN THE CONSTRUCTION INDUSTRY

This involves working with 3,800 joint apprenticeship committees which administer apprenticeship and training for employees of 76,000 contractors. The Bureau of Apprenticeship and Training here is encouraging and assisting in the employment of apprenticeship coordinators, improvement in selection of apprentices, improvement in the assignment of apprentices, and the development of journeyman training to keep abreast of technological changes.

Significant progress has been made in stimulating industry to employ apprenticeship coordinators. As of August 1960, there were 22 national and 209 local apprenticeship coordinators, about half of whom were full time with staffs. Some of the publications issued to help joint apprenticeship committees accomplish their mission are: a kit to aid in selection and training of apprenticeship coordinators; pamphlets or leaflets on "Selection of Apprentices," "Mr. Contractor—Skill Is the Cornerstone of the Construction Industry," "Mr. Journeyman—Here's How You Can Invest in Job Security," "Mr. Union Officer—Advanced Training for Journeymen Pays Dividends." These documents have been well received, and we have indications that they are helping joint apprenticeship committees to improve their administration of apprenticeship and journeyman training.

PROGRAM AREA 3—COMMUNITY LEVEL PROMOTION

This encourages community interest and action in the development of manpower among employees, local unions, schools, and civic organizations. Typical activities include promotion of manpower resource committees, establishment of training materials centers, presentation of radio and television programs, arranging exhibits and displays, apprenticeship completion ceremonies and contests.

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One of the most widespread activities in this field was the presentations made by Bureau of Apprenticeship and Training staff on the Department's "Manpower—Challenge of the Sixties." As of October 31, 1960, a total of 1,153 presentations had been made to management, labor, civic, and educational groups involving about 72,500 people. Reception has been enthusiastic and interest in need for apprenticeship and training has been aroused repeatedly. Followup work on this interest is being carried forward, and a portion of the new field staff proposed will assist in this work.

PROGRAM AREA 4—LOCAL INDUSTRY PROMOTION

Here the Bureau works directly with those local businesses and industries in which special industry projects are not in progress, to determine training needs, to develop and improve training programs, test and selection procedures, and to effectively utilize educational facilities. Approximately 43,700 consultations will be made in this area in 1961 and about the same number are estimated for 1962.

PROGRAM AREA 5—STRENGTHENING WORKERS' TECHNICAL KNOWLEDGE

This phase of the Bureau's work is designed to assist industry in motivating individual workers to invest more time and effort in developing their technical capabilities by availing themselves of apprenticeship training and educational opportunities. Information and techniques to help industry encourage workers to participate in company apprenticeship and training and outside training and educational courses are provided.

Working with Pennsylvania State University, the Bureau has collected information on techniques used to encourage employees to participate in training activities. A series of studies in cooperation with the university on encouraging worker development of skills is scheduled. About half of the proposed increase for research will be devoted to this program area.

NATIONWIDE STUDY OF TRAINING

This phase of the Bureau's activity does not fall within the above five program areas, but, rather, provides a backdrop for all its work. You will recall that during fiscal years 1960 and early 1961 experimental studies were conducted aimed at determining the status of apprenticeship and training first in Mercer County, N.J., and then in the entire State of New Jersey. In the last half of fiscal year 1961 collection of data for a nationwide survey will be undertaken to measure what industry is doing in an organized way to improve the skills of workers and develop new skills. This should enable the Bureau better to direct its efforts into areas of need and will provide a benchmark against which we can judge the effectiveness of our promotional efforts. The analysis work will occur in fiscal year 1962. About half of the proposed increase for research will support this work.

Mr. FOGARTY. Thank you, Mr. Goshen.

SUMMARY OF BUDGET

The 1961 appropriation was $4,061,000, and the supplemental bill was $268,000 for pay costs, or a total of $4,329,000. The request for 1962 is $4,476,000, or an increase of $147,000, and 10 positions.

Is there any budget amendment pending for this program?

Mr. GOSHEN. Additional to this?

Mr. FOGARTY. Yes.

Mr. GOSHEN. No.

Mr. FOGARTY. Where will these new employees be located, and what work is planned for them?

Mr. GOSHEN. We expect to put the eight in the field; in New York, Newark, Atlanta, Chicago, and Phoenix; that is five technical and three clerical, and the other two will be in the Washington office.

STUDY OF TRAINING IN INDUSTRY

Mr. FOGARTY. What is this "planned nationwide study of training in operation in industry" you mention on page 7?

Mr. GOSHEN. I wonder if Mr. McCauley can explain that?

Mr. FOGARTY. Surely.

Mr. MCCAULEY. Congressman Fogarty, this is the first time it has been attempted to make a sample study of what is actually being done throughout the economy. All industries are being included in this study, all parts of the country. And by using sample techniques in cooperation with the Bureau of Labor Statistics, we are getting this picture of what is going on in industry.

We think that this will be a great help to us in directing our promotional activity; and then, by repeating this study in 3 or 4 years, we will be able to see what progress has been made in these various industries.

We have experimented with our technique up in New Jersey, and we do have a report for the entire State of New Jersey.

Mr. FOGARTY. Well, what good is this going to do? What would be the end result, do you think?

Mr. MCCAULEY. Well, I would say two results. First of all, it enables us to plan our work a little better. If we have a clearer picture of just what is being done, for example, in a certain phase of the metal manufacturing industry, it might turn out there there are certain States in the Middle West where there is not nearly as much being done as needs to be done. We could focus on that particular area.

Secondly, as a byproduct of the study we have found that merely while collecting the information our field representatives frequently are able to uncover new promotional leads. And in New Jersey a substantial number of new training programs developed just because we were going around and asking for this information.

Mr. FOGARTY. Well, we talked quite a bit yesterday with the Secretary about the need for more training and retraining programs, and Mr. Laird and I seemed to agree that something more should be done in this area.

Will this have any effect in increasing training and retraining of workers?

Mr. MCCAULEY. Yes, it certainly will.

Mr. FOGARTY. Those who have been thrown out of work because of automation or because of loss of jobs in that particular industry?

Mr. MCCAULEY. For example, in New Jersey, there was a great amount of interest that was stirred up as a result of these findings. There were quite a number of labor and management groups in New Jersey became interested in this matter, and the Bureau decided to conduct an intensive promotional campaign in New Jersey, in the course of which five additional field representatives were put in on an experimental basis. And we found that this really brought very good results, and there was a substantial amount of additional training developed.

But it does take a great deal of field work to bring about these results; and that does not happen overnight.

Mr. FOGARTY. Have you given thought to doing such a survey in a State that is highly industrialized, such as in Rhode Island?

Mr. MCCAULEY. Rhode Island will be included.

COOPERATIVE RESEARCH WITH THE UNIVERSITY OF PENNSYLVANIA

Mr. FOGARTY. Tell us about the research project to be conducted cooperatively with the University of Pennsylvania.

Mr. MCCAULEY. Would you like me to reply?

Mr. GOSHEN. Yes, you go ahead; you have handled that.

Mr. MCCAULEY. The Pennsylvania State University, for a number of years, has been looking at this problem, particularly in the distressed areas, where they feel that more skills need to be developed and more industry needs to be brought in. We have been exploring this problem with them with an eye to developing a joint effort.

It happened that in a particular community up there, in Hazleton, Pa., a new plant was brought in to take over an abandoned roundhouse. And I think this illustrates the way these problems develop. They took on about 300 workers; many of them were unemployed coal miners. But they were having great difficulty finding enough qualified machinists. And the Employment Service rounded up about 40 men for them; but they found that only 2 of these men fully met their requirements. But things were so desperate that they hired the other 38, too. But the problem was then how they could train these people to bring them up to the required skill.

Our field representative discussed this matter with labor and with management, and decided that there were other companies that needed similar help, so a communitywide approach was set up. A labor-management committee was formed, and three or four training programs were put in operation. And the company agreed to stay in the community. At one time it looked as though they would have to leave.

Now, the way Penn State comes into the picture, there was some advanced technical training in blueprint reading and beginning engineering drafting, and they have established these courses at a center in Hazleton and are actually doing this training.

The vocational schools have provided the related training for the machinists.

Mr. FOGARTY. How is the cost divided between you and the university?

Mr. MCCAULEY. The university charged a small fee for their course, and that covered much of their expense in the conduct of the course.

The amount that their research staff spent was taken care of out of their regular university money.

Our contribution in Hazleton was taken out of our normal activity. It did put quite a drain on the travel allocation in this office, but this was taken care of as part of our regular program.

FILM TO BE MADE UNDER REQUESTED INCREASE

Mr. FOGARTY. What is this color film that you are planning to make, or have you made it?

Mr. GOSHEN. There are some films now that have been made by private industry that have covered apprenticeship in their activities, and they have been received well where they have been shown to large groups as a promotional device.

Several years ago, the Structural Clay Production Institute put out a film on apprenticeship and showed how the boy works on the job. I think the newest one was put out by the pineapple interests in Hawaii. And where there are large groups meeting, these arouse interest in aprenticeship.

We thought if we had these prints, we could encourage people to buy them and use them according to the demand, and we could use the film in our service where we need it for large groups.

Mr. FOGARTY. Oh, you are not making this film?

Mr. GOSHEN. Yes, the plan is to make the film.

Mr. FOGARTY. How much is it going to cost?

Mr. GOSHEN. About $32,550. And if I understand——

Mr. DODSON. That includes the copies, I think.

Mr. GOSHEN. That includes 15 copies.

Mr. FOGARTY. Why should industry not pay some of the costs?

Mr. GOSHEN. I think that industry has in some cases. Is the tool and die that other color one?

Mr. MCCAULEY. Yes.

Mr. GOSHEN. They have put out some. There are about four or five that touch on apprenticeship—the one on clay, the tool and die, the one from pineapple interests is another good one, which shows more the real action of the industry working at this thing. It is a promotional device.

TRAINING AND APPRENTICESHIP PROGRAMS INITIATED IN 1960

Mr. FOGARTY. I notice on page 9 that your accomplishments in 1960 were not as good as you expected a year ago. For instance, last year you estimated 1,700 apprentice programs and 1,700 training programs would be initiated. Now you report only 1,100 apprenticeship and 1,000 training programs actually were started. That is quite a discrepancy, is it not?

Mr. GOSHEN. You mean——

Mr. FOGARTY. There are also decreases in other statistics relating to these programs. What has happened?

Mr. GOSHEN. Well, I think there are several elements that will cause that. I think one thing that has caused the number of apprenticeships probably to drop has been that we have done work with journeymen where we have not pushed the apprenticeships because we work with that. We have participated in some of the Department promo-

tions which have taken some of our men away. And when you are laying off journeymen, you cannot convince the employer he should hire apprentices. And I think that has had an effect on it.

Now, we do not have as many fieldmen, of course, as we did at one time, which, of course, affects it.

AUTHORITY OF THE DEPARTMENT IN THE FIELD OF TRAINING

Mr. FOGARTY. What are your authorities in the field of training?

Mr. GOSHEN. Our authority?

Mr. FOGARTY. Yes.

Mr. GOSHEN. I think that has been discussed before. The Secretary has taken the position that his organic law states that he shall promote the welfare of the worker and, by promoting these programs, it helps industry to develop them. As we said before, we do not do the training in the apprenticeship program; it is the developing of the program we do.

Mr. FOGARTY. We asked the Secretary if he didn't have ample authority to ask for more funds in the field of training. I think it was Mr. Laird who brought out this point.

Mr. DODSON. Yes, that particular question was asked; and I said later on, I agree with Mr. Laird that we do have authority.

ADDITIONAL NEEDS IN THE FIELD OF TRAINING

Mr. FOGARTY. What more do you think you should be doing in this field?

Mr. GOSHEN. Of training?

Mr. FOGARTY. Yes.

Mr. GOSHEN. Well, I think that most of our training other than apprenticeship has been in the apprenticeable trades. I think the record will show that.

Mr. FOGARTY. You have done a real good job in the construction industry, I know.

Mr. GOSHEN. Well, some of our difficulty in the other trades is that the relationship between the employers and the unions is not the same as it is in the construction industry where the negotiating parties work closely together. Now we have a new one that we are just getting underway in the printing business. And we think that this is going to be not only very helpful to the industry, but we think it is going to create a trend. The Typographical Union has initiated a new form of determining the length of apprenticeship which is similar to college credits; but when the apprentice accomplishes certain skills, management and labor determines he has mastered it, and he gets so many credits. When he gets so many credits, he becomes a journeyman, regardless of how many hours he has put in in order to master that work.

It is necessary that management and labor have these committees, because they have to make this determination on the apprentice. We believe that this is an innovation that could spread to the other trades, because there is the contention all the time about the length of the apprenticeship and differences of opinion usually by people that are not acquainted with the specific trade that wants to make the determination. We think that will help.

Now these people also at their headquarters have established a training headquarters, and they are going through a revolution in the printing business, using methods in which the cold type will eventually be out and it will all be paper and film. And they are bringing their people into the center and training them, and then they go back out to the field and train their own people in the unions. The union is standing that expense all alone. We expect to help that.

VOCATIONAL EDUCATION

Mr. FOGARTY. What more do you think should be done under the vocational education programs?

Mr. GOSHEN. Well, I am not an expert on vocational education. I think that our relations in working with them to provide the related instruction or the knowledge of the industry has been very effective in the past, and it seems to me that that is our relationship with them, and we should continue that.

Mr. FOGARTY. Are you getting along amicably with the vocational education people?

Mr. GOSHEN. As far as I know; we continue to have those periodic meetings with them. We missed the last one in December because we had sessions——

Mr. FOGARTY. Have you had problems in the last few months of any kind?

Mr. GOSHEN. None that I know of.

Mr. FOGARTY. There were some when you first asked funds to broaden your field to take in training.

Mr. GOSHEN. I do not think there is any difficulty now, any more than you might catch in a local area occasionally between personalities, or something of that sort. I know of nothing in the last few months.

Mr. FOGARTY. Then these meetings have been continued?

Mr. GOSHEN. That is right.

Mr. FOGARTY. Is the term "highly skilled technician" still causing some concern as it is applied to the area vocational education program?

Mr. GOSHEN. We have not been particularly involved in that discussion on these technicians. The Department has had, I know, some meetings on it and the vocational people have had meetings with both management and labor, and the work that we have done in that field, what little has been done, has been through the apprenticeship system, and that has not been up for controversy.

Mr. FOGARTY. So you do not see any problems there?

Mr. GOSHEN. We have not as yet.

There is one program comes to mind with electricians out on the coast. That is, their electrical technicians, when they come through a proper apprenticeship, become the technical electricians in the new electronics.

Mr. FOGARTY. Mr. Marshall.

STAFFING

Mr. MARSHALL. How big a staff do you have here in Washington?

Mr. GOSHEN. Sixty-three, I think it is.

Mr. MARSHALL. How many will you have next year in your budget request?

Mr. GOSHEN. There is in the budget for two more. I do not know if the 63 is complete or not.

Mr. MARSHALL. I notice that one of the requests that you have for next year is for a grade 12 economist. What will that person do?

Mr. GOSHEN. Mr. McCauley?

Mr. MCCAULEY. He is a research worker who will spend approximately half of his time analyzing the returns that we get back on this nationwide study that I was talking about a moment ago. The other half of his time will be spent in working on this project that we are developing with Penn State University with an eye to developing more effective programs in depressed areas.

Mr. MARSHALL. Now, you have other people in the Department of Labor working on these distressed areas. Yours is an apprenticeship and training program?

Mr. MCCAULEY. Yes.

Mr. MARSHALL. Would the evaluation of that not come under some other department rather than yours?

Mr. MCCAULEY. No. Making recommendations concerning programs of apprenticeship and training that are needed in these communities are programs that are within our area of responsibility. And this research worker will be someone who will be skillful at preparing reports on this subject.

Our staff have prepared already a little draft of a report on this Hazleton experience that I was talking about. We think a series of these reports would be helpful in other parts of the country.

Mr. MARSHALL. I notice on page 13 of your justification that at Denver, Colo., for example, you have 13 professional people and 8 clerical people; at Kansas City, Mo., you have 16 professional people and 10 clerical people, quite comparable. Then you get to San Francisco, Calif., and you have 15 clerical people for 16 professional people, almost a balance of 1 to 1. What is the difference; what is the reason for that discrepancy?

Mr. GOSHEN. Those are regional offices, and I think the difference would be as to where the offices in the regions are located as to whether we have sufficient clerical help.

We have attempted to, where we have an office, have at least one clerical in an office. Some places at the present time we do not have the clerical in each office.

Mr. FOGARTY. Mr. Michel.

NEW SKILLS REQUIRED BY AUTOMATION

Mr. MICHEL. Could automation have had anything to do with the stimulation of producing this film?

Mr. GOSHEN. Well, I think that the automation that is coming into industry naturally is affecting the workers and it is going to be necessary to do some retraining for jobs in which these people that are displaced by automation will find themselves. Some of them in the same kind of industry of like tools and closely related tools, some of them not. And I think the training that is developed for them will have to be developed along the lines of what they anticipate in the industry.

Mr. MICHEL. Is this film going to give attention to this problem at all or to the needs for training?

Mr. GOSHEN. My answer would be I do not think there has been a script developed yet. I certainly think that it would cover it, because that is one of the big problems today.

Mr. MICHEL. It seems to me that, if it does give that area some attention and tries to convince the ordinary fellow that he has to have some skill to make ends meet, then it will serve a good purpose. I am not scared by automation. When the automobile replaced the horse-and-buggy, new jobs were created. I can see any numbr of additional jobs being created through automation, but it requires that the individual worker, of course, become more skilled. It would seem to me that in your department and in your area this is your meat.

Mr. GOSHEN. This is going to require some new skills, perhaps in the same industry or perhaps in another industry. Now, we can go back and see where we used to call it machinery coming in and workers being displaced. We can go back and see where it did displace the hand people; yet the industry has grown more prosperous and there are more people in it than there were before.

Mr. CLEARY. I think I am the longest time apostle of having films, and my thinking on this film would be that we would be showing how people acquire skills and how they are used. So in that sense, the question of mechanization would have no adverse effect, because the skill it takes to maintain these automatic machines and the skill it takes to build them are terrifically important. And it will do the sort of thing I think you are talking about.

If you show it to high school kids or vocational school kids, they will begin to see they must have skill. And that is part of the thing you had in mind.

Mr. MICHEL. That particular area is given some attention, then, I gather.

SELECTION OF APPRENTICES

What view does your Bureau take toward a union which would prevent a young man from embarking upon an apprenticeship in bricklaying or carpentry or something, simply because he is not the son of a member of that particular union?

Mr. GOSHEN. Well, our function—and we try to follow it very closely, of course—is promotion. That is what the authority tells us to do in bringing management and labor together. And we have tried to convince them of their responsibilities in developing the program and we have helped them in their techniques. We have tried to use our influence on methods of selections, and at the present time we are emphasizing that they try to select the person who has the most potential for that particular trade.

Now, you mentioned the father-and-son thing; I do not think that is as prevalent as it was. For instance, in the early days when I worked on this national program, you mentioned bricklayers—and I can mention bricklayers; I have some in my family—and they entertained that idea that it had to be a relative. I do not think that is prevalent any more. I think the Bricklayers International Union has

dissipated a great deal of that. And they are out on a program now of selecting the best man for the bricklayer.

That is true of the carpenters too. You may find that occasionally.

Mr. MICHEL. I have had several cases that cropped up during the last year that irritated me very much; and I don't believe a condition for acceptance of apprenticeship training should rest solely on your father being a member of the union in question.

Mr. GOSHEN. I think you will find some people who have a trade say: I will never let my kid learn this trade. And I heard John L. Lewis say one time he never cared whether they ever had another coal miner or not; it is a terrible place to work; he would never encourage men to work under those conditions.

And we have done two things and we expect to do more. One is to try to encourage the boy to finish high school before going in a trade. We think that is a good recommendation. Now, we cannot tell them to do that. We urge them to do that.

And the same thing with selection. We tell them to have good high standards of selection. The boy that wants to get in, that is interested—I think that is half of it: if he likes his work, it is easy.

Mr. MICHEL. That is all, Mr. Chairman.

Mr. FOGARTY. Do you have anything else you would like to say?

Mr. GOSHEN. No, sir.

Mr. FOGARTY. Mr. McCauley?

Mr. MCCAULEY. No, sir.

Mr. FOGARTY. Thank you very much.

We shall adjourn and reconvene at 10 o'clock.

WEDNESDAY, MARCH 8, 1961.

BUREAU OF VETERANS' REEMPLOYMENT RIGHTS

WITNESS

HUGH W. BRADLEY, DIRECTOR

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1960 actual	1961 estimate	1962 estimate
11	Personnel compensation:			
	Permanent positions	415	476	477
	Positions other than permanent	32	16	16
	Other personnel compensation	3	2	
	Total personnel compensation	450	494	493
12	Personnel benefits	29	37	37
21	Travel and transportation of persons	46	43	43
22	Transportation of things	2	2	2
23	Rent, communications, and utilities	20	18	18
24	Printing and reproduction	14	18	18
25	Other services	6	5	7
26	Supplies and materials	13	14	14
31	Equipment	11	1	1
	Total obligations	591	632	633

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	65	64	64
Full-time equivalent of other positions	5	2	2
Average number of all employees	65	65	65
Number of employees at end of year	84	75	75
Average GS grade	8.2	8.5	8.5
Average GS salary	$6,940	$7,623	$7,623

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Promotion of compliance and assistance to veterans	455	515	515
2. Administration and management services	125	117	118
Total program costs	580	632	633
3. Relation of costs to obligations: Obligations incurred for costs of other years, net	11		
Total obligations	591	632	633
Financing: Unobligated balance lapsing	1		
New obligational authority	592	632	633
New obligational authority:			
Appropriation	592	594	633
Proposed supplemental due to pay increases		38	

Mr. FOGARTY. The committee will come to order. We have before us this morning the Bureau of Veterans' Reemployment Rights.

Mr. Bradley, do you have a statement for the committee?

Mr. BRADLEY. Mr. Chairman, I would like you and the members of the committee to meet Mr. Richmond Overath, Deputy Director of the Bureau of Veterans' Reemployment Rights. This is Mr. Overath's first appearance before the committee.

GENERAL STATEMENT

The budget estimate of the Bureau for fiscal year 1962 is $633,000. This is $700 greater than the amount allowed in 1961. The change is necessary to cover mandatory items incident to the 1960 pay increase and employee health benefit program, which are in effect 255 days in 1961 but will be in effect 260 days in 1962. The budget will provide the same staff of 64 positions in 1962 as was allowed in 1961, 11 in the national office and 53 in the field.

WORKLOAD

It is estimated that the workload of problems and cases in fiscal year 1962 will be at about the same level as in the first 6 months of 1961, a monthly average of about 4,600 problems and 700 cases. Although amendments to the reemployment rights provisions of the Universal Military Training and Service Act contained in Public Law 86–632 have generated a temporary increase in the Bureau's correspondence and in some workload items, we do not anticipate a significant expansion in program operations or the need for additional personnel.

The problem and case backlog on December 31, 1960, was 5,555 compared to 5,954 on December 31, 1959, a reduction of about 7 percent. As the Bureau is handling to completion an average of about 5,400 problems and cases a month, we consider the program to be operating on a current basis. Present staff should be able to keep the program current unless there is a significant change in employment conditions or the manpower requirements of the Military Establishment.

I only have one or two points, Mr. Chairman, that I would like to highlight. First, I am pleased to report that the Bureau is now able to handle the workload received each month on a current basis. There has been no increase in the backlog of problems or cases in the past 12 months.

Second, I should point out that the workload estimates for 1961–62 submitted with our prepared statement did not take into account the possibility of a recession. However, employment conditions in the past 4 months, which we have been watching very closely, have increased our caseload by only 3 percent. Unless this situation becomes much more serious, we will be able to keep the program on a current basis in 1962 without additional personnel.

Third, I should mention that the amendments to the Universal Military Training and Service Act, Public Law 86–632 have increased our workload, our correspondence, and created additional work within the Armed Forces that we did not anticipate, but this is not expected to extend into 1962.

Finally, in connection with these amendments, I would like you to know about the excellent cooperation that we have had from the Department of Defense, each branch of the Armed Forces and the Selective Service, whose assistance made it possible for us to reach reservists and members of the National Guard and also rejectees, whose rights and responsibilities were changed somewhat by those amendments. We had only about 60 days in which to make known the changes in the law and it was necessary to work very closely with each branch of the Armed Forces so that they would take certain responsibilities in getting this done. They did so and I certainly would like to commend them for the excellent cooperation that they gave us.

That is about all that I have.

Mr. FOGARTY. Thank you, Mr. Bradley.

SUMMARY OF BUDGET

Your appropriation for 1961 was $594,300, and the supplemental includes $38,000 for pay costs for a total of $623,300. You have a request of $633,000 for 1962. That is just rounding off the 1962 appropriation.

Your cases are still running about 9,000 a year, is that correct?

Mr. BRADLEY. That is right.

Mr. FOGARTY. The problems received, about 50,000?

Mr. BRADLEY. Yes.

Mr. FOGARTY. From what you said, you don't expect a significant change in the workload in the next few years?

Mr. BRADLEY. Not unless the recession becomes considerably worse than in the last 4 months. The 4-month period has not created more than a 3 percent increase in our caseload.

Mr. FOGARTY. What happens if the recession ends in the next 3 or 4 months, would there be any tapering off in this program?

Mr. BRADLEY. I do not think so; no, sir. I think there would be a very slight decrease in workload unless it worsens considerably, and I think our estimates for 1962 would remain at just about what we have estimated.

Mr. FOGARTY. Why wouldn't it taper off if the recession ends?

Mr. BRADLEY. Largely because of the number of problems that we get as distinguished from cases. One of the things that determines the number more than any other one thing is turnover in the Armed Forces and the size of Reserve and National Guard training programs; and the turnover in the Armed Forces has remained fairly steady for the past 2 or 3 years, in the neighborhood of half a million a year. The best estimates that we can get is that it would be about that next year. Of course, there is some talk now of some increase in the size of the military forces, but that is just in the talking stage at the present time. We feel that the turnover will be about the same in 1962 as it is this year, in the neighborhood of half a million and that the size of the Reserve forces will continue at about the same. Maybe the 6-month training program will be a little bit larger but not sufficiently large to affect the workload.

Mr. FOGARTY. Mr. Laird, do you have any questions?

Mr. LAIRD. I have no questions.

Mr. FOGARTY. Mr. Michel?

Mr. MICHEL. No questions.

Mr. FOGARTY. Thank you very much, Mr. Bradley.

Mr. BRADLEY. Thank you, Mr. Chairman.

WEDNESDAY, MARCH 8, 1961.

BUREAU OF LABOR STANDARDS

WITNESSES

A. W. MOTLEY, DIRECTOR
MISS BEATRICE McCONNELL, ASSISTANT DIRECTOR
ROBERT D. GIDEL, ASSISTANT DIRECTOR
ADELBERT C. LONG, CHIEF, DIVISION OF CHILD LABOR AND YOUTH EMPLOYMENT
FRANK W. KUEHL, CHIEF, DIVISION OF WELFARE AND PENSION REPORTS
JAMES E. DODSON, ADMINISTRATIVE ASSISTANT SECRETARY

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1960 actual	1961 estimate	1962 estimate
11	Personnel compensation:			
	Permanent positions	1,594	1,943	2,207
	Positions other than permanent	9	15	15
	Other personnel compensation	14	8	
	Total personnel compensation	1,617	1,966	2,222
12	Personnel benefits	104	148	169
21	Travel and transportation of persons	118	104	145
22	Transportation of things	21	9	11
23	Rent, communications, and utilities	56	45	54
24	Printing and reproduction	202	133	148
25	Other services	34	7	7
	Services of other agencies	107	71	90
26	Supplies and materials	49	33	38
31	Equipment	65	13	31
	Total obligations	2,373	2,529	2,915

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	296	290	329
Full-time equivalent of other positions	3	2	2
Average number of all employees	257	285	322
Number of employees at end of year	305	288	325
Average GS grade	7.6	7.7	7.9
Average GS salary	$6,308	$6,859	$6,868

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
PROGRAM BY ACTIVITIES			
1. Improving State labor legislation	249	239	229
2. Improving conditions of migratory workers	69	70	70
3. Reducing industrial accidents	958	1,121	1,333
4. Protecting young workers and advancing their employment opportunities	119	124	229
5. Promoting employment of the physically handicapped	228	241	276
6. Registration and disclosure of welfare and pension plan data	555	570	563
7. Administration and management services	243	208	216
8. Registration of labor union data	12		
Total program costs	2,433	2,573	2,916
9. Relation of costs to obligations: Costs financed from obligations of other years, net (—)	−60	−44	−1
Total obligations	2,373	2,529	2,915
FINANCING			
Advances and reimbursements:			
From other accounts	−21	−4	−4
From non-Federal sources (5 U.S.C. 140)	−3	−3	−3
Unobligated balance lapsing	139		
New obligational authority	2,488	2,522	2,908
New obligational authority:			
Appropriation	2,488	2,376	2,908
Proposed supplemental due to pay increases		146	

General Statement

Mr. Fogarty. We have before us the Bureau of Labor Standards.

Mr. Motley, do you have a statement for the committee?

Mr. Motley. My formal statement has been submitted. I would like to have it placed in the record and make just a short statement, Mr. Chairman, if I may. Before I do that, and before I get on with the hearings, I would like to introduce Mr. Long, who is new Chief of our Division of Child Labor and Youth Employment.

Mr. Fogarty. We are pleased to have Mr. Long with us. We will place your prepared statement in the record at this point.

Statement of A. W. Motley, Director, Bureau of Labor Standards

Mr. Chairman and members of the committee, I am glad to appear before you to discuss the work of the Bureau of Labor Standards. For all of our programs, which cover the promotion of occupational safety, technical advice to State labor departments on labor law and administration, improvement of working conditions of domestic migratory agriculture workers, protection of young workers, and registration and disclosure of welfare and pension benefit plan data, we are asking for $2,632,000 for fiscal year 1962. (The total appropriation request of $2,908,000 includes $276,000 for the President's Committee for the Handicapped.)

The 1962 request is an increase of $346,500 over the amount estimated to be available in 1961, and is mainly for two programs.

REDUCING INDUSTRIAL ACCIDENTS

I reported to you a year ago that the Bureau in carrying out its responsibilities under the 1958 amendments to section 41 of the Longshoremen's and Harbor Workers' Compensation Act, had expanded its 3 existing field offices, opened and staffed 14 additional ones, had prepared safety and health regulations for ship repair and safety and health regulations for longshoring which became effective on March 21, 1960, and had initiated a program for the safety, education, and

training of employers and employees and was cooperating with appropriate Federal and State agencies, as required by law.

During the calendar year 1960 we made 6,784 consultation and promotional visits in the maritime industry. We have made in excess of 700 evaluation surveys of safety programs for companies in the maritime field. Through our maritime safety educational program we have conducted 1,100 training courses and talks for over 19,000 labor and management representatives. Under our inspection activities we have inspected 6,836 ship loadings and unloadings, and 4,940 ship repair jobs. With the present staff this means that we are only able to inspect about 10 percent of the longshoring and ship repair activities the act covers.

Since the promulgation of the regulations our field consultants have found some 3,100 code violations. In addition over 3,200 recommendations have been made for the correction and/or elimination of unsafe working conditions not covered by law. Also during the year we have found it necessary to resort to legal action under our enforcement authority. We have completed injunctive proceedings against one employer and at present there are several cases pending against employers for flagrant violations of the safety regulations.

The committee might like to know that fears expressed during the hearings on this public law have not materialized. Ports throughout the country were not shut down when the regulations became effective and there have been no unusual labor-management conflicts over safety interpretations. In fact, both management and labor have accepted the Department's decisions as final in all complaints and have in general been most receptive to our role.

In our studies of maritime safety needs we found that the United States did not have any standards by which to measure the safe condition of the cargo gear for ships entering U.S. ports. As a result we have established an internationally accepted code for the inspection, testing, and certification of ships cargo gear. This program has required us to spend many thousands of man-hours and will require a similar expenditure of time in the future. After due notification, we put this regulation into effect on September 17, 1960, with the result that many foreign-flag ships were forced to bring their gear into safe working condition. The stevedore companies and the longshore unions refuse to use ships gear unless she carries a valid certificate. If it is questionable, clearance is requested from Bureau of Labor Standards consultants in U.S. ports.

The basic difficulty in this area has been the fact that we cannot meet the demand for our safety services. The regulation states that the stevedore company shall ascertain whether the particular ship it is about to work is properly certified and whether the gear is visibly safe. However, many of the stevedore companies refuse to make such a declaration in the Government's behalf and call upon one of our consultants to do it for them. This refusal is generally based on the question of their liability, should an accident occur. With only 38 field people throughout the country and at least 45,000 arrivals a year into U.S. ports, not counting the thousands of barging operations on inland waterways subject to the act, it is apparent that our staff cannot handle this task. An unfortunate result, important to shipowners, is that their ships are faced with possible delays in port at an average cost of $5,000 per day. In fact, between September 17 and December 19, 1960, 108 foreign vessels from 26 nations were so affected in one way or another, resulting in additional operating cost to them.

Also, it was initially impossible to predict the degree of success which our safety promotional efforts would have with the industry. We are receiving increasing numbers of requests for safety assistance from individual employers, unions, newly formed labor-management committees, and trade associations of the maritime industry. Additionally, application of our regulations has generated the necessity for technical development and assistance including research studies involving development of new safety regulations where voids exist such as in barging, dredging, shipbreaking, and portside gear handling.

While it is too early in the administration of the law accurately to measure its effect on the reduction of accidents, we have received some encouraging indicators that our approach is well founded. I would like to quote a few of the statements made to us by industry representatives:

"Received a 50-percent reduction in insurance loss ratio for the first half of 1960 compared to 1959." (Shipyard.)

"Received a $27,000 rebate on insurance premium as a result of new safety efforts." (Shipyard.)

"A great improvement in working conditions aboard ship since code has been in effect." (Union official.)

"Instead of raising the State insurance rate 10.1 percent as past experience justified it was held at present level because of marked reduction in loss ratio starting in second half of 1960." (Association.)

"Fought code for 3 months now find it doesn't require additional time or effort to comply." (Stevedore Co.)

The Bureau is pleased that the Congress has approved our requests as submitted for 1959, 1960, and 1961. These requests were deliberately conservative because of limited data and insufficient experienced staff to train new personnel, establish new offices, develop two initially required codes and get the program going. During the past 18 months of operation, it has become increasingly apparent that an adequate accident prevention program will require more staff resources.

Accordingly, the Bureau is requesting $237,200 to increase staff in nine field offices and headquarters, and open new offices in Honolulu, Memphis, and Providence, R.I., in order to help carry out its responsibilities.

In addition to the maritime safety activities considerable effort was expended in carrying out the Bureau's responsibilities in other fields of safety.

In the field of safety education 458 safety training courses were conducted for 7,420 students coming from industry and States governments. During 1960 plans were finalized with the AFL–CIO headquarters to conduct a continuing series of safety educational courses for labor officials of the international, State, and local union levels. These courses will be conducted in Washington starting in February and continue each quarter thereafter. The demand for our courses far exceeds available manpower to conduct them.

A most exacting task for which new funds were provided last year, is the Bureau's program of comparing State safety codes with those recommended by the American Standards Association. This project, approved by this committee, is making excellent progress. To date State comparisons have been completed for all States in the codes covering mechanical power transmission apparatus, ladders, wall and floor openings, demolition, and sanitary facilities. In addition new ones are being completed in scaffolds, cutting and welding, laundry machinery, and cranes, derricks and hoists. A number of States are using this material to improve their safety codes. This project is being given added impetus for action by the States by interested management and labor groups.

The Bureau provides leadership and secretariat for the Federal Safety Council, including advisory and field safety services to the 105 field councils of this body throughout the United States.

In addition the Bureau serves in a technical consultant capacity advising industries, labor groups, trade associations, and individuals on their specific safety problems. During 1960 over 300 such technical problems were received, studied, and advice given.

In March 1960 the seventh President's Conference on Occupational Safety was held, the conference theme being "The Challenge of Safety in a Changing World." Over 3,000 leaders of American business, labor, agriculture, State and Federal agencies, insurance, education, and private safety organizations attended. The next conference is being planned for the fiscal year 1962.

PROTECTING YOUNG WORKERS

Young people are currently experiencing great difficulty in getting and holding jobs. This is shown by the unemployment rate of 16- and 17-year olds in October 1959, which was 21 percent while that of the total labor force was 4.7. This, coupled with the fact that the number of young people entering the labor force during the sixties is estimated to increase about 40 percent over the fifties to a 26-million total, points to a serious problem.

These young people will be competing for jobs that require ever more education and training. Yet 7.5 million of them will not have finished high school. In fact, 2.5 million will not even have finished the eighth grade. In addition, unskilled jobs have declined and will continue to do so.

The problem, therefore, is to prepare youth for a fair chance in the labor market, specifically those youngsters who are not going on to college or technical school, and those who have not received adequate vocational education.

We are concerned with those who drop out of high school or graduate without motivation or preparation for their proper place in our economy.

National interest in this problem and what to do about it are great. For example, the 1960 White House Conference on Children and Youth devoted a major share of attention to this problem and urged that service be given in this area.

The Bureau in requesting $104,800 to develop a program to create in young people and the community an understanding and appreciation of the importance of education in securing and holding a job, to work actively with communities coping with problems among school dropouts, and to develop nonvocational work-experience guides for local communities in order to get a unified view on the job training for youth who are out of school or expected to drop out.

During fiscal year 1960, the Bureau issued and promoted the use of five publications designed to enlist the interest and cooperation of employers in supporting school-supervised work-experience programs; stressing the relationship between education and employment; pointing out to young workers their obligations and responsibilities as workers, as well as their legal rights; emphasizing safety; and an explanatory one on child-labor laws. Also, two hazardous-occupations investigations under the Fair Labor Standards Act were completed. These investigations resulted in two new orders, effective November 15, 1960, setting an 18-year-age minimum for employment on certain hazardous machinery and for work in wrecking and demolition operations.

The present hazardous occupations order covering exposure to radioactive substances will be amended in line with the latest knowledge on radiation hazards, and an investigation of hazards in the construction industry is now underway.

During 1961 and 1962 the Bureau will continue to maintain and promote cooperative agreements with the 47 States and jurisdictions for use of their employment and age certificates as proof of age under the Fair Labor Standards Act, and will continue its interest and activities in developing child labor standards under the act.

IMPROVING STATE LABOR LEGISLATION

In addition to the foregoing programs for which increases are requested, the Bureau will continue its other activities at the same rate in 1962. The activity "Improving State labor legislation" is concerned with assisting the States in developing improved labor laws and more effective administration.

During 1960, the Bureau gave technical and advisory assistance to 51 States, including personal consultation in 43, on a variety of subjects such as minimum wage, child labor, workmen's compensation, labor-management relations, and safety. It serviced the Federal-State agreements under which the States made 1,374 inspections required by Federal law without charge to the Government. Also, 1,325 State bills and acts, introduced into the 21 legislatures meeting in regular session, were received, recorded, indexed, and their progress followed through the legislatures. This information is available to State labor departments, legislative committees, unions, management, and other interested groups.

The Bureau participated in the development of State legislative proposals, on plans for administration of new State legislation, and on improving the administration of existing State labor legislation. To cite a few examples, suggestions were given the Delaware Labor Commission concerning a State labor relations bill and a bill to establish a comprehensive State labor department; a suggested draft for a revised child-labor law was prepared for the Iowa Department of Labor; information was given the Pennsylvania Department of Labor and Industry concerning the forfeiture and liquidated damage provisions in State wage payment laws; the New York State Department of Labor was provided with information on State laws prohibiting an employment agency from referring an applicant to any place where a labor dispute exists without first notifying the applicant; the Alabama Department of Labor, an analysis of the administration of the unfair labor practices provisions under State labor relations acts; the Rhode Island Department of Labor, suggested language for a revision of the Rhode Island child-labor law so as to provide for prohibiting employment in hazardous occupations of boys and girls under 18 years of age; and the State Legislative Council in Colorado was supplied with information and materials on State occupational disease laws, particularly as they apply to radiation diseases.

In the field of workmen's compensation, which continues to be of increasing importance to management, labor, and other interested groups and individuals, the Bureau gave the following technical assistance: to the Council of State Governments on workmen's compensation coverage of public employees; to the Federal Association of Epilepsy concerning second-injury funds; to the Advisory Board on Compensation Claims of the United Nations on heart cases and workmen's compensation generally; to the Joint Congressional Committee on Atomic Energy on the subject of employee radiation hazards; and to the U.S. Chamber of Commerce, information on workmen's compensation laws of specific States. The Bureau's facilities for providing technical assistance and information on the subject of workmen's compensation laws and procedures were also made available to a number of trade unions, including the national headquarters of the AFL–CIO; United Rubber, Cork, Linoleum, and Plastic Workers of America; International Association of Machinists; Communication Workers of America; and a number of State organizations of the AFL–CIO.

Activities in which the Bureau participated and gave assistance included the western regional meeting of the State fund association coupled with a discussion of workmen's compensation problems with the administrators from 11 Western States; participation in the Florida Industrial Commission conference and at the regional meeting of Western States held in Nevada; talks before the U.S. Chamber of Commerce in Washington, D.C., on trends in workmen's compensation and at the Interstate Conference on Labor Statistics in Newport, R.I., on the subject of administrative statistics; and participation, on behalf of the President's Committee on Employment of the Physically Handicapped, at a meeting of the Michigan Commission on Employment of the Physically Handicapped to discuss the Michigan second-injury fund and to consider suggestions for amendment.

Among the improvements in State labor legislation during 1960 were: increase in workmen's compensation cash benefits for one or more major types of disability in six States; improvements in provisions for medical and burial benefits, coverage, waiting period, subsequent injuries, etc., in more than half a dozen States, and increases in maximum weekly unemployment benefits in nine States.

The Bureau assisted in planning and preparing programs for eight regional conferences of State labor commissioners. These conferences, initiated in 1959 and designed to discuss common problems relating to Federal-State relations, safety, child labor, and labor law and its administration, were attended by about 300 representatives of more than 40 States. The Bureau also participated in other State or regional conferences on special aspects of labor legislation.

The Bureau continued its service to the Association of Governmental Labor Officials and the Association of Industrial Accident Boards and Commissions. It also participated actively in the 1960 White House Conference on Children and Youth, representatives serving as resource persons and as chairman of the Committee of the Interdepartmental Committee on Children and Youth, which formed the liaison between the President's National Committee and the Federal agencies.

During 1961, the Bureau will increase its assistance to the new labor commissioners, appointed as a result of the election of 28 new Governors.

Emphasis will also be placed on State labor-relations legislation because of increasing requests for aid in this field. A bulletin analyzing the laws and administration of the 13 State labor relations acts is now in process and should be available for distribution in March.

In 1962 the Bureau plans to issue and revise major bulletins including a report on all types of special funds such as the subsequent-injury fund. The Bureau will continue to give service to the Association of Industrial Accident Boards and Commissions and to the Council of State Governments, and expects to continue and extend its participation in regional and State conferences, which serve a useful purpose by bringing management, labor, medical, and legal experts, insurance representatives, and administrators together to discuss problems involved in standards and the administration of workmen's compensation laws.

IMPROVING CONDITIONS OF MIGRATORY WORKERS

The Bureau continues its efforts with the States to improve the living and working conditions of domestic migratory workers. The past year saw new or improved State regulations or legislation governing housing, transportation,

labor contractors, workmen's compensation, wage payment, and education of migrant children.

The Bureau gave the following technical assistance to Federal, State, and local agencies, as well as church, civic, grower, and labor groups: making suggestions to already existing committees for additional activities; supplying information to, and arranging for visits to migrant areas by, State officials; reporting to OASI on lack of payment of social security benefits to field workers; giving suggestions to legislative councils appointed to study the migratory labor problem; acting as resource consultants in work groups and in the preparation of material on migratory labor for the 1960 White House Conference on Children and Youth. In addition, numerous bulletins were prepared for the use of State migratory labor committees, church and civic groups, growers, and labor leaders.

In 1960, four mandatory labor camp codes (Connecticut, Idaho, Massachusetts, and Maryland) and one advisory code (North Dakota) were adopted, and codes of three other States (California, Oregon, and Washington) were revised. Oregon revised its transportation code. Massachusetts widened its workmen's compensation law so as to cover migrants, and Delaware authorized voluntary coverage of migrants. Nevada enacted a law regulating labor contractors. An additional State migratory labor committee (Indiana) was appointed, bringing the total to 28.

Efforts will be continued in 1961 and 1962 to widen our program of assistance to the States in order to improve the working and living conditions of migrants, particularly in strengthening housing and transportation codes and in regulation of labor contractors. An analysis of State labor camp codes will be issued in 1961.

WELFARE AND PENSION PLAN DISCLOSURE

I would like to turn now to the activity dealing with the reporting and disclosure of the descriptions and financial operations of private welfare and pension benefit plans under the Welfare and Pension Plans Disclosure Act.

We are concerned with all types of arrangements providing benefits in the event of accident, sickness, unemployment, or death, or providing retirement benefits.

The 150,000 plans filed with the Department provide almost 400,000 benefits. They cover over 80 million of our population and involve some $40 billion.

Last year I reported to you on the characteristics of the 127,000 plan descriptions filed with the Department as of August 31, 1959. We shall have available shortly data on certain key items of information from the 1959 annual financial reports. Additional information based on a sample of these annual reports will be prepared by next summer.

I might point out that only 2½ percent of all of these plans are administered by employee organizations, and only some 6½ percent additional are administered by joint labor-management committees. The other 90 percent of these plans are under the exclusive control and administration of employers or employer groups.

The act has been on the books for something over 2 years. Its primary purpose is to enable participants of the various plans and their beneficiaries to examine the terms of the plan and to obtain information on the financial operations and status of the plans.

The Welfare and Pension Plans Disclosure Act does not contain any provisions authorizing the Secretary of Labor to make investigations or to issue rules and regulations. The concept adopted by the Congress was that of "self-policing," and "self-appraisal" by the participants and beneficiaries which would enable them to seek relief in State or Federal courts in the event of malpractices occurring in the operations of the plans.

Despite the fact that no Government agency or department is given the specific authority to interpret the provisions of the act, over 20,000 inquiries have been received in the Department dealing with substantive aspects of the law. These requests for assistance, which are answered on the basis of informal advisory opinions giving the Department's views on the meaning of the legislation, have come from all levels of industry, labor, and the general public, including a number of your own colleagues. In addition, over 78,000 letters have been mailed to plan administrators pointing out some error or discrepancy in the filing made to the Government.

The effect of this advisory and informational activity arising out of letters, phone calls, and personal visits has been to give widespread coverage to the Department's interpretation of the law and has resulted, generally, in a con-

siderable degree of uniformity of acceptance by those responsible for complying with the terms of the act.

Also of interest is the extensive use of the public document room established in conformance with the law. Over 20,000 reports have been examined by interested parties and more than 33,000 pages have been reproduced for sale to the public in response to requests for such material.

While these figures are impressive, they represent only a portion of the use to which these reports have been put. It is impossible to arrive at any true estimate, but it is clear from information reaching the Department that in the vast majority of cases plan participants and others take advantage of the provision of the act which requires plan administrators to make copies of the reports available for examination in the principal office of the plan and furnish copies, on request, to participants and beneficiaries.

Specifically during fiscal 1960 Bureau operations resulted in processing 42,000 plan descriptions and 103,000 annual financial reports; answering 8,100 letters asking questions of a substantive nature and 17,000 other pieces of correspondence, 3,400 telephone calls, and 250 personal visits; making available 6,400 files for examination in the public documents room; and reproducing for sale 19,500 pages involving all or part of 1,300 filings. Under the present legislation it is anticipated that the workload for 1961 and 1962 will remain at the same level.

Mr. Chairman, we are requesting an appropriation of $2,908,000, an increase of $386,000 over the amount estimated to be available this year. This increase is for two program items of the Bureau itself and for the President's Committee for the Handicapped.

SAFETY ACTIVITIES

The first is for our maritime safety program, which has been in operation for a little less than 2 years. I should like to state that we appreciate the consideration we have received by the Congress in appropriating funds for this program. These requests were deliberately conservative because of limited data and insufficient experienced staff to train new personnel, establish new offices, develop two initially required codes and get the program going.

Incidentally, I should also like to state that the fears expressed when the amendments to the Longshoremen's and Harbor Workers' Compensation Act were being considered in 1958 have not materialized. There have been no port shutdowns, and management and labor, on the whole, have accepted our decisions as final in all complaints. That is not to say, of course, that there has been no need for the law since we have cited more than 3,000 code violations and have made a like number of recommendations for the correction of unsafe working conditions. Likewise, the statistical program now in operation for three quarters of 1960 shows a higher accident rate than was estimated at the time the legislation was under consideration.

As more and more requests for services have come to the Bureau, it has become increasingly clear that our staff resources—38 field consultants—are not adequate if we are to give a minimum amount of service. For this reason we are requesting an increase of 24 positions at a net cost of $235,600 to strengthen existing offices and open 3 new ones in 1961.

That covers the request for an increase in the maritime safety program, but I would like to talk briefly about the other safety activities.

In the current fiscal year we received funds for a program of comparison of State safety codes with standards of the American Standards Association. We have completed and distributed code comparisons dealing with demolition, ladders, sanitation, mechanical power

transmission, and floor and wall openings, and nine others are in various stages of development.

This has sharpened the interest of the States in improvement of their safety laws.

In the current year we have conducted or are conducting a State employee safety program in Pennsylvania, 17 different State inspector training courses, 31 union training courses, 6 construction industry cooperative courses, and 6 radiation safety courses, and 38 supervisory training courses for Federal employees in 17 States.

CHILD LABOR

In the important field of child labor, the Bureau has maintained its day-to-day activities, but during the last year there has been an increasing demand for advice and leadership in this field. This is not just the result of the employment situation, but the greater interest of people in starting young people out as employed workers and good citizens so that they may be an asset to the community instead of becoming a liability. Also, there is a great increase in the number of young people entering the labor market now and in the future.

Unfortunately, young people traditionally have a high rate of unemployment. The latest official figure—October 1959—shows 21 percent unemployed although the figure for the total labor force was 4.7 percent.

The Bureau is requesting $104,800 to develop a program to create in young people and the community an understanding and appreciation of the importance of education in securing and holding a job, to work actively with communities coping with problems among school dropouts, and to develop nonvocational work-experience guides for local communities in order to get a unified view on the job training for youth who are out of school or expected to drop out.

IMPROVING STATE LABOR LEGISLATION

Last fiscal year the Bureau gave technical assistance to 51 States—counting Puerto Rico and the District of Columbia as States—and personal consultation in 43 States on a wide variety of legislative matters such as workmen's compensation, child labor, minimum wage, labor-management relations, and safety. We sponsored 8 regional meetings of State labor commissioners attended by 300 representatives of more than 40 States. We worked with the Council of State Governments on workmen's compensation coverage of public employees, the Federal Association for Epilepsy concerning second-injury funds: U.S. Chamber of Commerce on workmen's compensation laws of specific States, to name a few examples of our service.

Among the improvements in State laws last year were increases in workmen's compensation cash benefits in six States; provision for medical and burial benefits in more than half a dozen States, and increase in maximum unemployment benefits in nine States.

MIGRATORY LABOR

The Bureau continued its work with the States in an effort to improve working and living conditions of domestic migratory agricul-

tural workers. It serviced the 28-State migratory labor committees and gave technical assistance to church, civic, and other groups interested in this problem.

Illustrative of improvements in State legislation in 1960 were adoption of four mandatory and one advisory labor camp code, and revisions of three existing codes; revision of Oregon transportation codes; regulations of labor contractors in Nevada; inclusion of migrants under Massachusetts workmen's compensation law and provision for voluntary coverage in Delaware.

WELFARE AND PENSION PLAN DISCLOSURE

During the slightly more than 2 years this law has been on the books, almost 150,000 different welfare and pension plans have been filed with the Bureau and about 35,000 amendments to these original plan descriptions have also been received.

Financial information for 1959 in the form of annual reports relating to about 118,000 plans are also available as well as 50,000 annual reports for 1960. The balance of these 1960 reports are due by next May.

As might be expected with a fairly new law of such broad scope, a great many questions have been raised as to its provisions. While there is an absence of specific language in the law providing for the issuance of official rulings or interpretations, it was felt that these requests could not be ignored or sloughed off by a reference to the "self-administering" nature of the legislation. As a result, over 20,000 advisory opinions have been issued over the 2 years in an effort to assist plan administrators to comply with the law and participants and beneficiaries in understanding what the law provides.

As you know, the primary concept of this law is one of "disclosure." In this connection, something over 20,000 reports have been examined by interested persons in the public document room. Also, as a result of arrangements we made to assist persons outside of Washington, more than 35,000 pages have been copied and sold on a reimbursable cost basis to parties making many requests.

Since I testified last year, former Secretary Mitchell submitted to the Congress in August 1960 a report covering the first 18 months of operations. That report states that certain information would be developed showing the very wide scope of these plans. Preliminary tabulations covering this information have just become available and confirm earlier estimates that plan assets and insurance reserves total over $40 billion, and that these plans provide over 400,000 different benefits to 80 million employees and their beneficiaries.

I would like to make one additional comment, Mr. Chairman, to the effect that further review of this tabulation shows that there were $9 billion paid into the welfare and pension plans during the past year of which $7 billion came from employers, $2 billion from workers, and the amount of benefits paid amounted to $4½ billion. This is information secured from the welfare and pension files.

SUMMARY OF BUDGET

Mr. FOGARTY. Your appropriation for 1961 is $2,376,000 and the supplemental includes $146,000 for pay costs for a total of $2,522,000.

The request is for $2,908,000, or an increase of $386,000 and 39 positions.

Mr. MOTLEY. That's correct.

Mr. FOGARTY. Will you give us a breakdown of those positions?

Mr. MOTLEY. The new positions?

Mr. FOGARTY. Yes.

INCREASED PERSONNEL FOR MARITIME SAFETY

Mr. MOTLEY. Twenty-four of the positions requested are in our maritime safety program. The reason that we are requiring this additional assistance is that we found that our original estimates on the workload in the maritime safety program was less than actually has prevailed.

For example, we made an estimate of 40,000 arrivals and we find that actually, as a result of the opening of the St. Lawrence Seaway, and the additional ports for which we did not have the information at the time we made our original estimates, instead of 40,000 ship arrivals we now estimate 177,000.

The basis for our original estimate on staffing was that we would try and inspect 1 out of every 10 ship arrivals. Even though we have exceeded our estimate as far as inspections are concerned, we are only covering approximately 5 percent of the ship arrivals.

To give you an example of the inadequacy of our inspection and consultation service, for the New England States from Groton, Conn., north to the Canadian border, we have one consultant stationed at Boston. In talking to the shipping industry in Boston several weeks ago, they advised me that in order to do an adequate safety job in the maritime industry, we should have at least two and possibly three for that area because of the distance from the Maine ports to the Connecticut line.

The same condition is true in many of the other areas where we are not covering the number of ships that we should be covering, nor are we covering the ship repairing industries to the extent that we should. We propose three new officers and——

Mr. FOGARTY. Where are they?

Mr. MOTLEY. Hawaii, where we have none at the present time, an additional office in New England, one at Memphis, Tenn., for the inland waterways.

Mr. FOGARTY. That is 24 positions?

Mr. MOTLEY. Yes, sir.

YOUTH ACTIVITIES

Mr. FOGARTY. What about the other 15 positions?

Mr. MOTLEY. Four of those fifteen are for the President's Committee. I understand that General Maas talked about them yesterday. So that leaves 11 in our budget. You see, we handle the budget work for the President's Committee, but General Mass speaks in behalf of additional people for his budget. That is 4 of the 15 you mentioned. The other 11 additional positions are in the youth program. Here is where we propose to expand our efforts in bringing about a greater interest on the part of the young people in continuing their schoolwork, in making themselves better qualified for taking their place in the economy. We have found, in working with associations

such as the Ford Foundation and other groups, that there is a considerable amount of work to be done.

As you know, Mr. Fogarty, a great deal of attention has been given to the gifted youngsters who will go on to college and enter the professional fields and that work should be continued. There is also considerable work being given to the juvenile delinquents and the offenders; but between those two groups is the tremendous number of our young people who need advice and support in preparing themselves then for the business world.

COOPERATION WITH OTHER AGENCIES

Mr. FOGARTY. For the business world. But is there any conflict with what the Office of Education is doing or with what the Children's Bureau is doing?

Mr. MOTLEY. No; there is a decided place for the work which we propose to do between the work of the Employment Service which has a responsibility of counseling and testing and providing placement for youngsters.

Mr. FOGARTY. Take, for instance, juvenile delinquency which you mentioned a minute ago.

Mr. MOTLEY. We don't purpose to direct our program to the juvenile delinquents or the offenders primarily. Our program is directed to protecting youngsters from falling into that class, to give them the assistance they need.

Mr. FOGARTY. Give me a couple of examples.

Mr. MOTLEY. In the school dropout program, for example, which is a good example, we estimate that of the 2 million or more youngsters, young people that will enter the labor force in 1961, that approximately 30 percent of them will have less than a high school education, probably one-third of that 30 percent will not have completed the eighth grade. Our efforts in the school dropout program are directed to encouraging youngsters to remain in school; that is a community effort.

We were instrumental, for example, in having the Ford Foundation finance a national conference sponsored by the National Committee on Children and Youth, which will be held in Washington in May to which 300 representatives of the large communities, metropolitan areas, and interested groups will be brought to Washington for a 3-day work conference to determine how youngsters can be encouraged to finish their education.

From this conference, there will be many communities that will want to develop programs and will need technical leadership in developing a community program in their community.

WORK WITH OFFICE OF EDUCATION

Mr. FOGARTY. I was wondering why the Office of Education should not handle this work?

Mr. MOTLEY. We are working very closely with the Office of Education, almost constantly; and with the Employment Service, which I was formerly connected with, as far as the placement work is concerned. The three of us are working very closely together—the Office of Education in the matter of adjustment of curriculums to

provide vocational education, short-term training, to encourage and interest the youngster in remaining in school; and the Employment Service to find job opportunities. But between those two positions is a gray area where some organizations should be working toward helping education and helping the Employment Service in providing that the youngsters are better adjusted by the time they leave schoool to become an asset to the community.

Mr. FOGARTY. I thought yours was a prevention program.

Mr. MOTLEY. We do have prevention responsibilities as far as labor laws are concerned.

Mr. FOGARTY. I meant as far as school dropouts are concerned.

Mr. MOTLEY. Yes, prevention in that we would encourage youngsters to remain in school.

Mr. FOGARTY. Give me an example of how you go about it.

Mr. MOTLEY. I would use the District of Columbia as an example where I have been doing considerable work with the Board of Education. We have been working with the school board officials, with the Employment Service in the District of Columbia, and we have set up a two-prong program in the District of Columbia. One is that the school officials themselves will detect youngsters in the very early grades, as early as the second grade, who show a tendency of falling behind in their class for some reason or another. The school is going to work with these youngsters in correcting whatever situation exists, whether it is a family situation or a home facility.

We are developing plans with them whereby schoolwork programs for the youngster who wishes to earn some money in order to maintain his position in the class; with the industries in Washington which will provide employment opportunities for them to stay in school, and to work part-time.

Now, through the development of such a program we hope in the District of Columbia to provide from 200 to 500 such positions for these youngsters. This requires a considerable amount of time on our part in working with the school board, with the District Commissioners, and with the U.S. Employment Service, with the Juvenile Court, and with other organizations in the District of Columbia.

Mr. FOGARTY. Have you made any arrangements with any industry to give some of these students part-time employment in order to encourage them to finish high school?

Mr. MOTLEY. You have the distributive education programs, which are financed under legislation already adopted by the Congress, which provides for schoolwork programs in distributive areas, retail stores and so forth. I think they have been very constructive. I think there are more of these activities that can be opened up in the service industries.

Mr. FOGARTY. Are they still teaching them how to become a sodajerk in a drugstore?

Mr. MOTLEY. Not so much sodajerker in drugstores but in department stores for retail selling. We are having the vocational guidance people appear at our national advisory committee meeting in March, in which they are going to go into their programs very thoroughly. Now this program that we are proposing would work alongside of this effort.

Congressman, I feel very strongly about this program.

Mr. FOGARTY. You still have not given me a concrete example of what you have been able to accomplish with industry to get students part-time jobs in order to have those students stay in school.

Mr. MOTLEY. We distributed over 500,000 copies last year of our "Stay In School" pamphlet which industry distributed very generously and many industries purchased copies of it for distribution to their employees.

I have conducted a number of roundtable discussions in Kansas City, in Denver, in St. Louis, in Milwaukee, with management and labor and education present in this program of encouraging youngsters to remain in school.

Mr. FOGARTY. What have been the results of those discussions?

Mr. MOTLEY. The results of those discussions have been that the communities have provided permanent organizations to carry on this program. For example, in Kansas City where they have just completed a vocational school, a survey with industry developed the type of short-term training programs that could be given to youngsters who did not complete their academic schoolwork and who could not find entrance into apprenticeship programs.

Mr. FOGARTY. What kind of an industry would have that short-term training program? What do you mean by short-term—6 weeks or 6 months?

Mr. MOTLEY. Short-term programs in garages, in service stations.

Mr. FOGARTY. In garages? You mean to be mechanics?

Mr. MOTLEY. No, for assisting in greasing and work of that kind, gradually working later as an automobile mechanic. But there are many opportunities in the service industries for young people.

Mr. FOGARTY. I think we are all concerned about the number of school dropouts. I think we all would like to see something done about it. I just thought that most of this work was being carried on in the Office of Education.

Mr. MOTLEY. I think the Office of Education in their responsibilities of maintaining their schoolwork and development of curriculums are hard pressed to give the attention to youngsters who sometimes are a bit of a problem, encouraging them to remain in school. As a matter of fact, I think you will find in many instances that the folks in charge of education in many schools would feel somewhat relieved if the some of these youngsters would drop out of school, looking at it strictly from an educational point of view. But from the standpoint of the future economy and from the standpoint of the future of those youngsters, I think it is extremely important that every effort he made to have them continue in some form of education.

Mr. FOGARTY. I agree with you 100 percent. But it is a question of where this work should be, whether it should be in your Bureau or in Education or somewhere else.

Mr. MOTLEY. This program we have developed, Mr. Congressman, was fully considered by the Department of Labor in its total youth program and it is recognized that in our protective interests this was an ideal spot in the Department of Labor for this particular development. We have worked very closely with the Office of Education and they understand what we propose to do.

Mr. FOGARTY. Before you came to this Bureau, whenever the Department of Labor had something thrust upon them by Congress that

they couldn't find any place to put they put it in the Bureau of Labor Standards. That wouldn't be the case here, would it?

Mr. MOTLEY. It certainly would not be. I would say that the programs that the Bureau of Labor Standards have developed have gone on and been very successful. For example, the Bureau of Apprenticeship started in Labor Standards but it has done very well. I think that the Bureau of Labor Standards has done extremely well with the two new programs that the Secretary of Labor gave it to administer, namely, maritime safety and welfare and pension.

The philosophy, if I might go on—in the past the Bureau of Labor Standards should simply be a bureau of technicians without any operating responsibilities, is not a good way in which a program can operate. I think you have to have a certain amount of operations mixed with technical leadership. That is what we have done in our Bureau.

Mr. FOGARTY. How many other positions have you accounted for?

Mr. MOTLEY. This accounts for all the increases.

BUDGET AMENDMENT FOR MARITIME SAFETY PROGRAM

Mr. FOGARTY. Are there any budget amendments pending?

Mr. MOTLEY. Yes.

Mr. FOGARTY. What are they?

Mr. MOTLEY. There is a budget amendment pending before the Budget Bureau on maritime safety in the cargo gear certification program. The amount requested is $300,000.

Mr. FOGARTY. How many positions?

Mr. MOTLEY. Thirty positions.

Mr. FOGARTY. Just what does the term "cargo gear" include?

Mr. MOTLEY. The machinery, the equipment that is used for loading and unloading cargo onto cargo ships. It is the crux of the whole safety program.

Mr. FOGARTY. Is that where most of the accidents take place?

Mr. MOTLEY. They take place around the use of the cargo gear, booms, and equipment.

Unless you have cargo gear that is in good shape, your cables and your line and your blocks and your beams, you will get fear on the part of all the workers that while they are working, something is going to drop on them. So your whole safety concept is built around the safety of your cargo gear.

ADEQUACY OF PROGRAM TO IMPROVE CONDITIONS OF MIGRATORY LABOR

Mr. FOGARTY. I notice that your smallest activity is improving conditions of migratory labor.

Mr. MOTLEY. That's correct.

Mr. FOGARTY. I thought that would be one of your most important ones.

Mr. MOTLEY. It is small as far as staff is concerned.

Mr. FOGARTY. We have been talking about the problems of the migratory worker in the Bureau of Labor Standards to my knowledge for 15 years. I thought for a while we were making some headway.

You don't show any increase here at all. In fact, you show a small decrease. Are you satisfied with this kind of progress?

Mr. MOTLEY. We are never satisfied with the progress which we have made, but I do feel that considerable progress has been made during the past year. The number of States that passed legislation improving their migratory laws was considerable, and I might say that in the present sessions of State legislatures there has been considerable action instituted by the States. There are some 19 proposals that are now being made in the State legislatures for improving the lot of the migratory worker. I feel this way about this particular program, Mr. Congressman. We now have 28 State labor committees in operation. The California committee is not exactly a State migratory labor committee but they have a State organization; so actually there are 29 States that are active in it. We feel now that we have an organization of this kind in all but six of the States that have over 7,000 migratory laborers. We are very encouraged on the support we are getting from the church organizations. We are encouraged with the interest that is being taken by many other organizations and, frankly, I think that we are over the hump as far as action is concerned. I think we are going to move forward very rapidly from this time forward.

Mr. FOGARTY. I was under the impression there were very few organizations interested in this problem. The National Council of Churches have contacted me.

Mr. MOTLEY. The bishops' group has become interested. Miss McConnell, who is Assistant Director of our Bureau and gives personal attention to the work of migratory worker groups——

Mr. FOGARTY. You have been working on this problem for some time, haven't you, Miss McConnell?

Miss MCCONNELL. I certainly have.

Mr. FOGARTY. Are you satisfied with the progress that is being made?

Miss MCCONNELL. No; I am not satisfied with the progress, but I do think there has been very real progress made in the last few years, not only in the organization of the State committees but in a widespread interest on the part of citizens generally.

Mr. FOGARTY. I have not seen that.

Miss MCCONNELL. Have you seen this report that we got out recently, Mr. Fogarty, on "The Community Meets the Migrant Worker"?

Mr. FOGARTY. Do you have copies for all members of the committee?

Miss MCCONNELL. I will be glad to send them over. I didn't bring them with me.

Mr. FOGARTY. I have not read this.

Miss MCCONNELL. It gives illustrations of some of the community and local developments that are going on. It does not purport to describe all of them, but it illustrates the kind of things going on in different States and on different types of programs.

Mr. FOGARTY. If I remember, several years ago you gave examples. One was Hoopeston, Ill.?

Miss MCCONNELL. It is no longer in operation because of a shift in crops in that area which has taken away the great bulk of the migrant workers from that particular locality.

Mr. FOGARTY. I thought that was sort of a demonstration that you hoped might work in other areas.

Miss MCCONNELL. I think it has to some extent. I think some of the illustrations in that bulletin will indicate that.

Mr. FOGARTY. What about the increase in organizations that are interested? I don't seem to hear from them. I have not noticed any increase in interest.

Miss MCCONNELL. Not the number of named organizations perhaps so much, as it is in the extent that the people in the communities and in the States are interested.

Mr. FOGARTY. Sometimes the people talk about it, but they don't do anything about it. Do you know if anything has been done in Rhode Island? We do have some.

Miss MCCONNELL. You had a committee appointed 2 years ago which was to study the problem and report to the legislature. I think that report has not yet been made to the legislature but we had a request just this week for a representative of the Bureau to come to a citizen's meeting which would consider what could be done in the reorganization of this committee and in completing its report.

Mr. FOGARTY. I think that is an example of what I just said. There has been talk about it but not much action.

Miss MCCONNELL. In some places that is true.

Mr. FOGARTY. Apparently it is true in Rhode Island, then.

Miss MCCONNELL. There hasn't been any substantial action there as yet.

Mr. FOGARTY. Has there been any action?

Miss MCCONNELL. There has been some action. I think the very fact that you have people representing, and I think this is true particularly in Rhode Island, a cross section of all religious groups there working together on this problem, I think the very fact that you have that concern and talk of this group on the problem does indicate that some action is being taken in developing a program of action. I think specific action has not come except that the churches have been able to do something in specific locality where the people are coming in.

Mr. FOGRATY. But you are still not satisfied with the progress?

Miss MCCONNELL. No; there is still much to be done.

Mr. FOGARTY. I don't imagine you will be as long as you stay here because it is a real problem, isn't it? It won't be straightened out overnight.

Miss MCCONNELL. It is a shifting problem; it is like the Hoopeston situation. You have a concentration of migrants in one given area. A program is developed to meet that; a shift in crops, a shift in transportation or whatever it might be, will throw that into another area of the State so the job is to be done over again.

WATERFRONT ACCIDENT RATES AND COST

Mr. FOGARTY. Your biggest increase is for the expansion of the maritime safety program. How much do accident rates vary from port to port?

Mr. MOTLEY. They vary considerably from port to port, Mr. Congressman.

Mr. FOGARTY. Why?

Mr. GIDEL. Here is the chart, Mr. Chairman. By the middle of the month we expect to have our first national report. This is for the first 9 months that we have been able to collect statistics, from January to September.

(NOTE.—The charts forming the basis for the following discussion appear beginning on p. 272.)

Mr. FOGARTY. Why would the Pacific area be almost twice the average?

Mr. GIDEL. We have been collecting data on this. There are a lot of small ship repair operations on the west coast. We find that there are quite a few problems in these small yards where they have no safety whatsoever, or are just getting underway. We have a lot of work to do with many small yards. The west coast is very high, 70.2 disabling injuries per million man-hours, compared with the average for the whole country of 41.6.

We estimated last year when the legislation was first passed that the frequency was about 31. In ship repairing our national is 41.6 from the data we have so far.

The North Atlantic area is 38.5. The gulf area is 36.4. The Great Lakes area, 32.9. The South Atlantic, 31.9.

Mr. DENTON. What is that a percentage of?

Mr. GIDEL. These are disabling injuries per million man-hours worked in this type of work.

Mr. FOGARTY. Why is there this variance between the South Atlantic area and, say, the North Atlantic area? Why should there be that much?

Mr. GIDEL. We are still not able to say for sure what these problems are. We only have 9 months so far. We expect to have certain seasonal fluctuations which would not be reflected in this as yet. We do have a number of large yards in the South Atlantic where they have existing safety programs of one sort or another, which helps the problem.

In the Great Lakes, they only do repair work in the wintertime; most of the ships in the Great Lakes are tied up in the wintertime. They do the repair work in the wintertime. In the summertime they get out on the ships and actually do the work on the Great Lakes in longshoring. So we don't have as much data for the Great Lakes as we would have after a couple of years.

Now then, this is for the repair side of it which shows the Pacific area as the high one.

Now then, this is for longshoring—a similar comparison for 9 months which shows the gulf area, injury frequency rate of 224.7 versus an average for the whole country of 135.5.

On the west coast there has been a safety effort. There has been a safety clause in the union contract on the west coast for a number of years. So actually there has been more safety work in longshoring accomplished on the west coast than in any other part of the country.

Mr. MOTLEY. Mr. Congressman, while you are looking at this chart for the gulf area——

Mr. FOGARTY. There must be some reason for this gulf area being that high.

Mr. MOTLEY. We think one of the reasons for the high frequency rate in the gulf area is the situation which exists, particularly in Houston and Galveston where there is a piecework arrangement for the loading of cotton and the incentive for fast work is so great that the accident rate is very high. It is going to be a very difficult problem to overcome. But we are working with it and we think that this is the area that has to be corrected in order to bring the gulf area

within reasonable distance of the other parts of the country, all of which are too high.

Mr. FOGARTY. Have you any idea what it is costing for this high accident rate in the gulf area as compared to the Pacific area?

Mr. MOTLEY. The compensation rate for workers in Houston and Galveston in the State of Texas is $20 per hundred dollars of payroll.

Mr. GIDEL. 20 percent of payroll.

Mr. FOGARTY. What about the Pacific area?

Mr. GIDEL. It varies there. There are some stevedores that have $5 rates. It ranges up to $15 in some individual ports. But there are a number of stevedores on the west coast that have in the $5 to $10 compensation rate range.

Mr. FOGARTY. Can't you give me a dollar figure between the gulf area and Pacific area?

Mr. MOTLEY. We have estimated the total dollar for the whole maritime industry. We estimate that from the Bureau of Employees' Compensation figures that the direct compensation and medical costs last year for longshoremen was $10,752,695 and that includes no property cost. That is just direct compensation and medical cost which amounts to a cost of $99 per man in longshoring and in the ship repair it is $66.

Mr. GIDEL. So far we have only gotten a total of——

Mr. FOGARTY. Maybe I haven't put the question right. I am trying to get the dollar figure for the gulf area versus the Pacific area—what it costs the Government.

Mr. GIDEL. We will have to see if BEC breaks this down. They gave us a total figure for the whole country of $15 million for both programs, $10½ million for longshore and $4½ million for ship repair. We will have to see if they can give it to us on an area basis. Do you know, Mr. Dodson?

Mr. DODSON. I think there is one question that needs to be cleared up here. You are talking about cost. When you give figures of $10 million for compensation, I don't think that is from the employees compensation fund, the Federal employees compensation. That is from private insurance.

Mr. FOGARTY. Would you get me that figure and supply it for the record?

Mr. MOTLEY. We will.

(The information appears in the chart on p. 275.)

Mr. GIDEL. I might say that this average for the whole country of 135.5 is compared with—we estimated it was 88 when we first were given this responsibility. It actually is 135.

Mr. MOTLEY. While you are looking at that chart, remember that the manufacturing frequency rate is 11.9 so that the average frequency rate in the stevedoring industry is 12 times the manufacturing rate.

COMPARISON OF UNITED STATES WITH FOREIGN RATES

Mr. FOGARTY. Do you have any comparisons with other countries such as England or Northern Ireland or Italy?

Mr. MOTLEY. We will try to get them for you, Mr. Congressman.

Mr. FOGARTY. I thought perhaps you might have had them.

Mr. MOTLEY. I would think from our knowledge of operations that Scandinavia and the British Isles probably have a lower rate than we have.

Mr. GIDEL. Great Britain has a similar program to what we are starting to set up now. Under the British Factories Act they have people who are responsible for going into yards, checking into gear.

Mr. FOGARTY. You can get some figures.

Mr. GIDEL. We will try.

(The information requested follows:)

We have reviewed safety publications from a number of foreign countries on file in our international office. None of these gave injury frequency rates for longshoring. Great Britain reported 7,282 disabling injuries on both ship and dock for 1959. France reported 6,984 aboard ship for 1958. This compares with 10,220 disabling injuries reported to longshoremen aboard ship in the United States in 1959.

Since there are no comparable figures on man-hours or employment, it is practically impossible to make a valid comparison as to rates. It is probable that the French rate is higher than that of the United States while the British rate is about the same or lower.

GREAT LAKES TRAFFIC

Mr. FOGARTY. How much has traffic on the Great Lakes increased since the seaway was opened?

Mr. GIDEL. The latest figures, they estimate, I think, 29 million tons this year.

Mr. FOGARTY. How does that compare with last year?

Mr. GIDEL. Two years ago it was 20 millions tons. I would like to double check that but we have the data in our office.

(The information requested follows: The latest figure is estimated to be 25 million tons a year.)

Mr. FOGARTY. You can put the correct figures in the record.

Does this increase bring on additional problems for your shop?

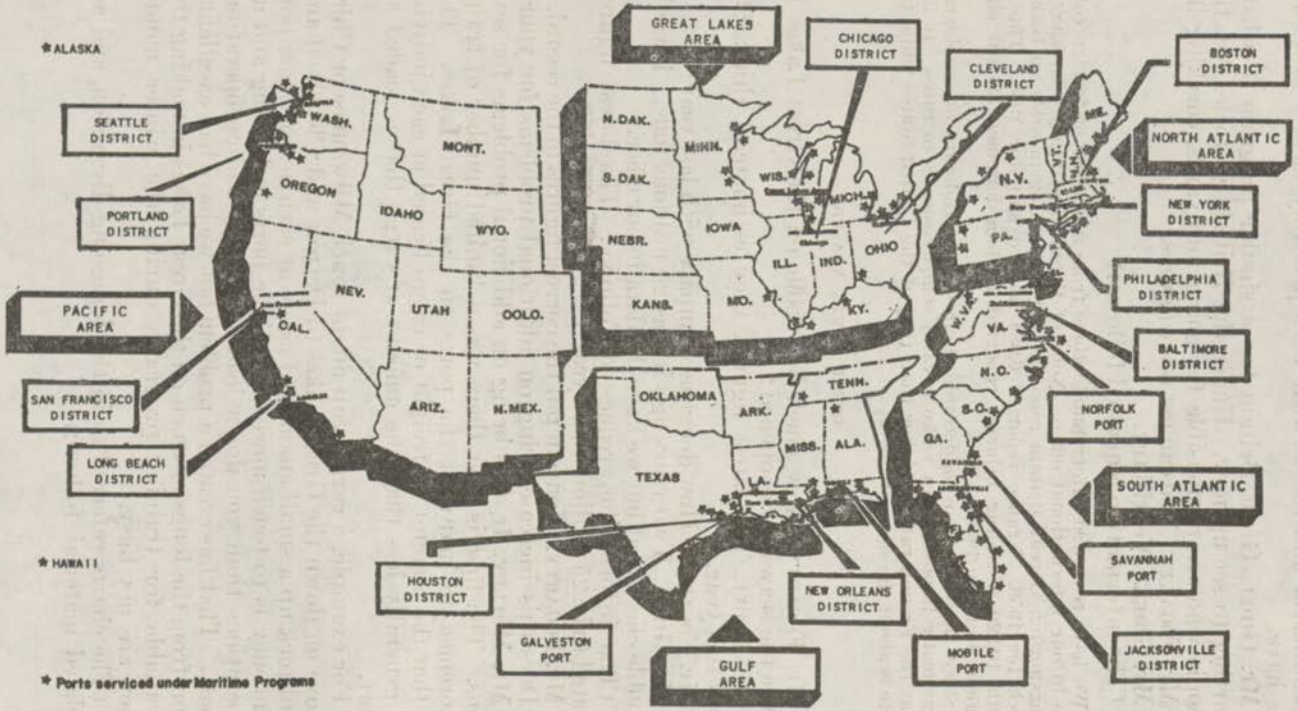
Mr. MOTLEY. It does bring on additional problems for several reasons. The first is that there was a limited number of trained longshoremen in many of the ports on the Great Lakes. The second is that the amount of freight or cargo loaded at each individual port is generally less than the amount of cargo that is loaded at a coast port.

For example, a cargo ship might touch Milwaukee or Chicago, and move on down the Great Lakes to Detroit and Cleveland and Toledo and pick up a small amount of cargo at each one of those ports. The tendency is to touch more of the lake ports in loading and unloading operations than you do in loading and unloading operations on the coast. That has created a problem but we have had excellent cooperation from the longshoremen on the Great Lakes in making themselves available for training programs during the winter months when they are not busy.

(The charts referred to in the foregoing discussion, and additional related material follow:)

DIVISION OF SAFETY

AREA AND FIELD OFFICES



DIVISION OF SAFETY

MARITIME FIELD DATA

January - December 1960

FUNCTION	PROGRAMS		
	LONGSHORING	SHIP REPAIR	TOTALS
Injury Frequency Rates 1/	135.5	41.6	
Compensation Rate range /$100 payroll	$2.17-20.00	$1.67-10.00	
Ships Inspected	64.9% *	7.6% *	50.2% *
	9,547 out of 177,000	3,140 out of 58,000	12,687
Violations Issued	2,408	1,574	3,982
Consultative Services	5,423	3,115	8,538
Recommendations Made	2,337	1,264	3,601
Training Sessions	804	463	1,267
Persons Attending	16,695	7,553	24,248
Publications Distributed	24,149	18,907	43,056
Employers	908	927	1,835
Employees	106,000	68,700	174,700

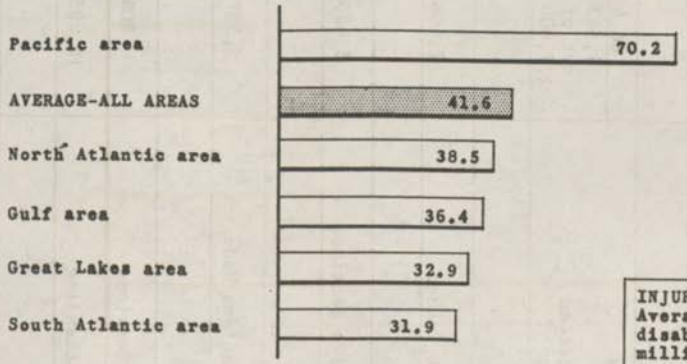
1/ Rates from Jan. - Sept. 1960

* Percentage of foreign ships

DIVISION OF SAFETY

SHIP-REPAIRING ACTIVITIES

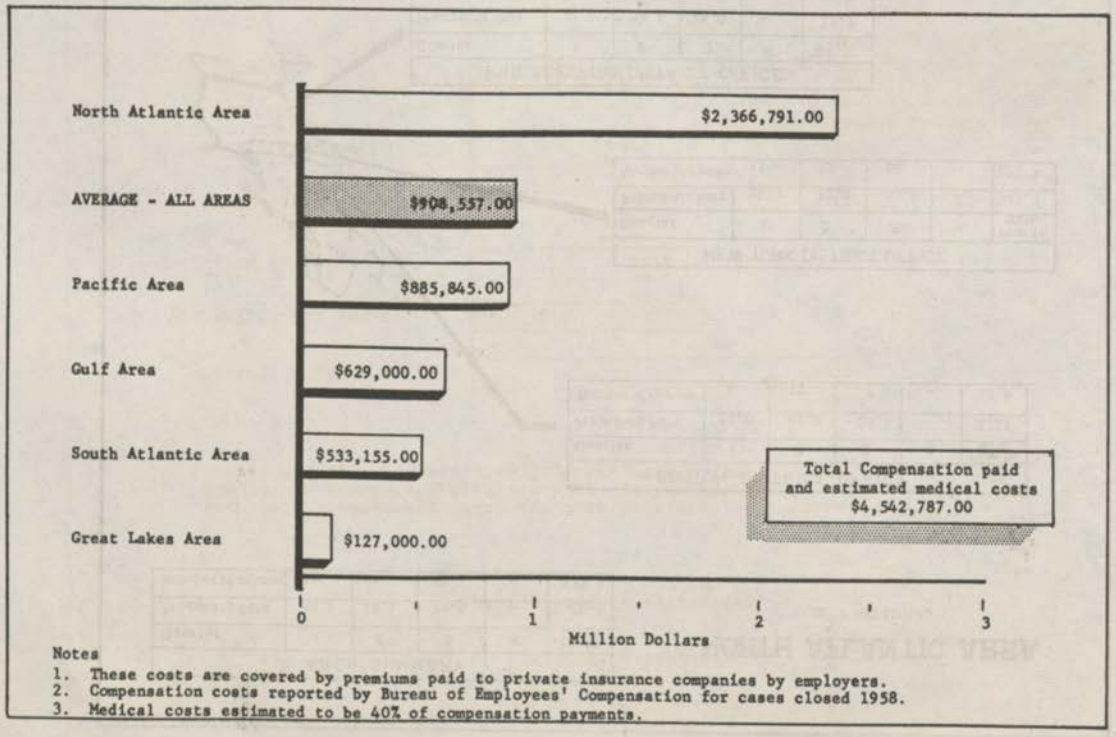
Work-Injury Frequency Rates for Ship-Repairing Activities Subject to the Safety Provisions of the Longshoremen's and Harbor Workers' Compensation Act, Jan.-Sept. 1960



INJURY FREQUENCY RATE: Average number of disabling injuries per million hours worked

DIVISION OF SAFETY

SHIP REPAIRING COMPENSATION AND MEDICAL COSTS 1958



Notes

1. These costs are covered by premiums paid to private insurance companies by employers.
2. Compensation costs reported by Bureau of Employees' Compensation for cases closed 1958.
3. Medical costs estimated to be 40% of compensation payments.

NORTH ATLANTIC AREA

SHIP REPAIRING

AREA SUMMARY					
Quarter	1	2	3	4	Year to Date
Frequency Rate	36.6	49.1	34.8	-	38.5
Number of Injuries	69	103	77	-	273 *

BOSTON DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	27.0	62.2	28.3	-	37.4
Number of Injuries	6	12	7	-	25 *

NEW YORK DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	36.7	52.5	36.6	-	43.7
Number of Injuries	51	83	66	-	221 *

PHILADELPHIA DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	44.6	24.6	25.0	-	19.7
Number of Injuries	12	8	4	-	27 *



* FIGURES NOT ADDITIVE

SOUTH ATLANTIC AREA

SHIP REPAIRING

AREA SUMMARY					
Quarter	1	2	3	4	Year to date
Frequency Rate	33.4	32.0	27.0	-	31.9
Number of Injuries	130	119	106	-	385 *

BALTIMORE DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	6.2	12.5	13.7	-	10.8
Number of Injuries	9	14	23	-	46 *



NORFOLK DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	14.4	20.6	28.4	-	22.8
Number of Injuries	15	28	38	-	86 *

SAVANNAH DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	34.4	40.5	45.9	-	42.8
Number of Injuries	9	12	14	-	42 *

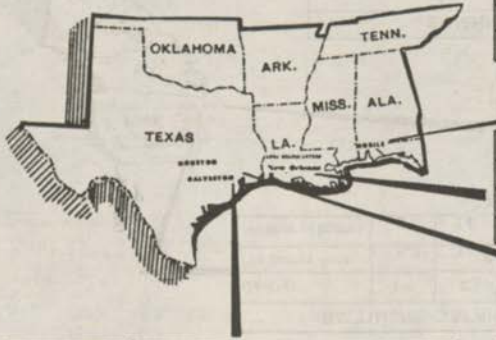
JACKSONVILLE DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	85.6	69.1	51.6	-	69.6
Number of Injuries	97	65	31	-	211 *

* FIGURES NOT ADDITIVE

GULF AREA

SHIP REPAIRING

AREA SUMMARY					
Quarter	1	2	3	4	Year to date
Frequency Rate	32.9	43.0	31.0	-	36.4
Number of Injuries	70	115	73	-	267 *



MOBILE DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	27.4	25.0	24.6	-	25.5
Number of Injuries	20	25	22	-	69 *

NEW ORLEANS DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	45.2	50.7	34.2	-	43.8
Number of Injuries	40	57	34	-	133 *

HOUSTON DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	15.8	54.8	33.0	-	34.9
Number of Injuries	4	16	9	-	30 *

GALVESTON DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	23.0	66.1	41.5	-	48.3
Number of Injuries	6	17	8	-	35 *

* FIGURES NOT ADDITIVE

PACIFIC AREA

SHIP REPAIRING

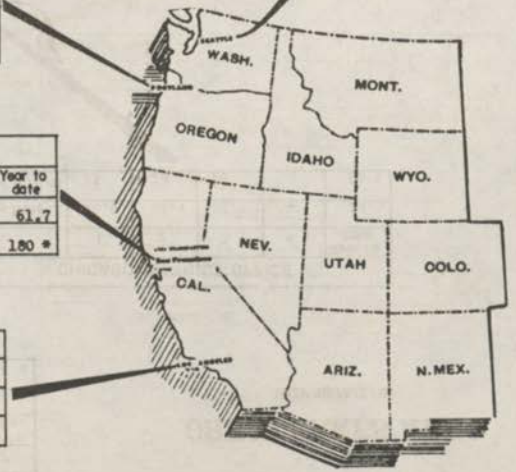
AREA SUMMARY					
Quarter	1	2	3	4	Year to date
Frequency Rate	74.0	67.9	67.6	-	70.2
Number of Injuries	196	155	161	-	522 *

SEATTLE DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	65.6	74.2	76.9	-	70.6
Number of Injuries	78	34	28	-	92 *

PORTLAND DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	160.1	110.8	68.2	-	122.0
Number of Injuries	81	37	26	-	152 *

SAN FRANCISCO DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	47.0	57.4	84.1	-	61.7
Number of Injuries	51	49	80	-	180 *

LONG BEACH DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	57.9	55.6	39.5	-	49.6
Number of Injuries	36	35	27	-	98 *



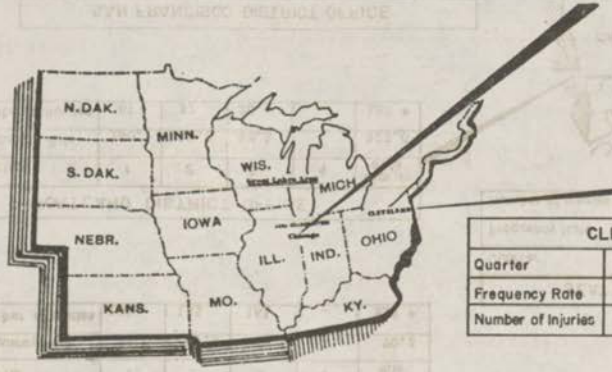
* FIGURES NOT ADDITIVE

GREAT LAKES AREA

SHIP REPAIRING

AREA SUMMARY					
QUARTER	1	2	3	4	Year to date
Frequency Rate	35.1	45.6	37.9	-	32.9
Number of Injuries	65	34	30	-	145 *

CHICAGO DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	46.9	51.4	30.5	-	39.5
Number of Injuries	33	28	16	-	84 *



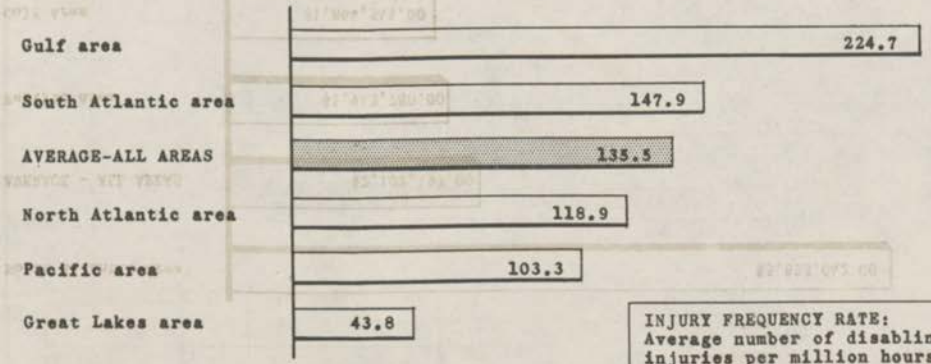
CLEVELAND DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	27.9	29.7	31.7	-	26.6
Number of Injuries	32	6	14	-	61 *

* FIGURES NOT ADDITIVE

DIVISION OF SAFETY

STEVEDORING ACTIVITIES

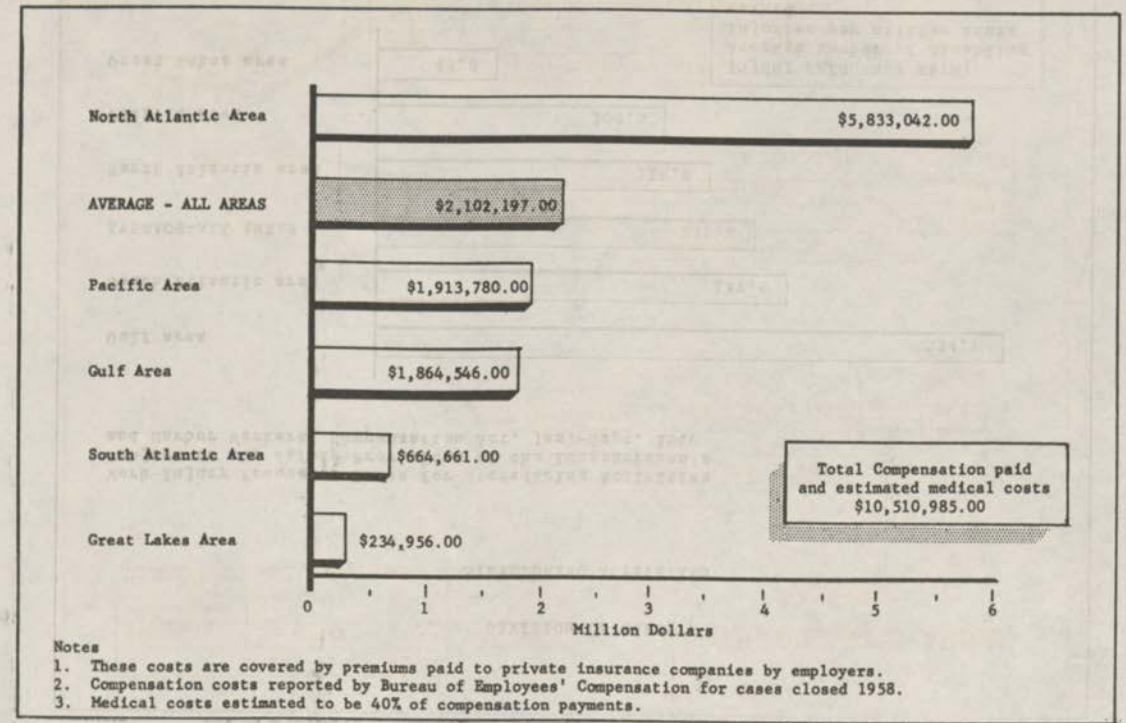
Work-Injury Frequency Rates for Stevedoring Activities Subject to the Safety Provisions of the Longshoremen's and Harbor Workers' Compensation Act, Jan.-Sept. 1960



INJURY FREQUENCY RATE: Average number of disabling injuries per million hours worked

DIVISION OF SAFETY

LONGSHORING COMPENSATION AND MEDICAL COSTS 1958



Notes
1. These costs are covered by premiums paid to private insurance companies by employers.
2. Compensation costs reported by Bureau of Employees' Compensation for cases closed 1958.
3. Medical costs estimated to be 40% of compensation payments.

NORTH ATLANTIC AREA

LONGSHORING

AREA SUMMARY					
Quarter	1	2	3	4	Year to date
Frequency Rate	103.4	114.1	127.3	-	118.9
Number of Injuries	881	885	889	-	2772 *

BOSTON DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	63.8	85.2	133.9	-	97.2
Number of Injuries	38	52	77	-	180 *



NEW YORK DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	107.1	116.4	126.8	-	122.5
Number of Injuries	737	729	712	-	2,279 *

PHILADELPHIA DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	102.0	118.0	126.3	-	109.1
Number of Injuries	106	104	100	-	313 *

* . FIGURES NOT ADDITIVE

SOUTH ATLANTIC AREA

LONGSHORING

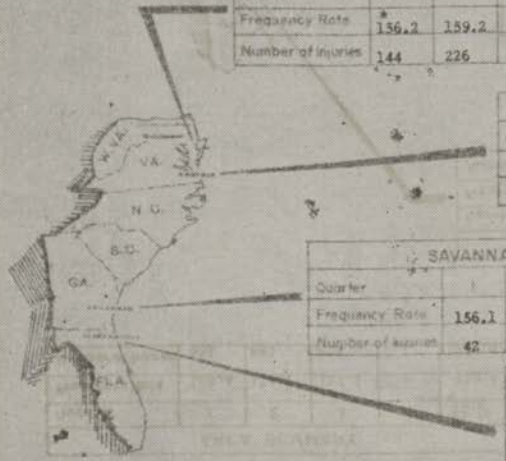
AREA SUMMARY					
Quarter	1	2	3	4	Year to date
Frequency Rate	133.6	156.2	155.7	-	147.9
Number of injuries	301	424	432	-	1,195 *

BALTIMORE DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	156.2	159.2	120.4	-	141.5
Number of injuries	144	226	166	-	543 *

NORFOLK DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	95.9	125.0	148.2	-	121.3
Number of injuries	51	63	87	-	206 *

SAVANNAH DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	156.1	147.3	202.4	-	175.4
Number of injuries	42	61	84	-	204 *

JACKSONVILLE DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	120.8	196.3	241.1	-	175.4
Number of injuries	64	74	95	-	242 *



* FIGURES NOT ADDITIVE

GULF AREA

LONGSHORING

AREA SUMMARY					
Quarter	1	2	3	4	Year to date
Frequency Rate	229.8	235.9	229.6	-	224.7
Number of Injuries	892	808	228	-	2591 *



MOBILE DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	154.2	156.2	183.6	-	165.1
Number of Injuries	64	67	74	-	213 *

NEW ORLEANS DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	86.5	118.8	125.8	-	105.8
Number of Injuries	173	216	230	-	628 *

HOUSTON DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	432.9	432.1	408.3	-	401.2
Number of Injuries	523	398	385	-	1355 *

GALVESTON DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	507.7	494.2	381.7	-	425.6
Number of Injuries	132	127	100	-	395 *

*. FIGURES NOT ADDITIVE

PACIFIC AREA

LONGSHORING

AREA SUMMARY					
Quarter	1	2	3	4	Year to date
Frequency Rate	104.7	97.0	108.9	-	103.3
Number of Injuries	478	465	486	-	1,431

SEATTLE DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	103.5	75.4	90.7	-	88.6
Number of Injuries	77	74	51	-	230 *

PORTLAND DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	179.1	87.3	110.0	-	111.1
Number of Injuries	12	11	11	-	249 *

SAN FRANCISCO DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	103.5	88.0	104.4	-	98.4
Number of Injuries	191	174	205	-	571 *

LONG BEACH DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	114.4	124.4	120.2	-	118.4
Number of Injuries	133	130	117	-	381 *



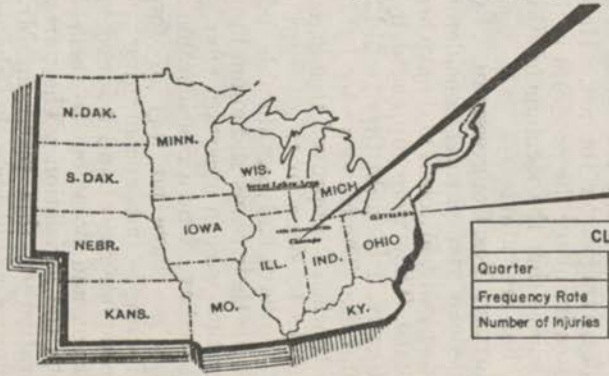
* FIGURES NOT ADDITIVE

GREAT LAKES AREA

LONGSHORING

AREA SUMMARY					
QUARTER	1	2	3	4	Year to date
Frequency Rate	33.4	71.8	47.7	-	43.8
Number of Injuries	8	47	54	-	145 *

CHICAGO DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	30.8	37.7	35.9	-	30.8
Number of Injuries	8	13	21	-	53 *



CLEVELAND DISTRICT OFFICE					
Quarter	1	2	3	4	Year to date
Frequency Rate	36.1	109.7	60.3	-	57.6
Number of Injuries	9	34	33	-	92 *

* FIGURES NOT ADDITIVE

AVERAGE EMPLOYMENT, 1961

Mr. FOGARTY. Last year you budgeted for an average employment of 273 for 1961. Congress did not increase your appropriation, but I notice you now estimate it will provide for an average employment of 285.

Mr. MOTLEY. That was brought about in our welfare and pension division where we made some adjustments in actual personnel within the dollar limit made available by the Congress.

Mr. FOGARTY. You mean we gave them too much money last year?

Mr. MOTLEY. Not that at all. In fact, it has been quite difficult to keep up with the workload in the welfare and pension program because of the nature of its work; but because of the tremendous increase in our correspondence work, we have had to transfer and adjust positions so as to take care of that current workload.

WELFARE AND PENSION PLANS DISCLOSURE ACT

Mr. LAIRD. Mr. Motley, a few years ago when the Welfare and Pension Plans Disclosure Act was passed, the President made certain recommendations at the time that he signed the act. He expressed certain misgivings over the act. Have you found that it has been difficult to administer the program under the language of the act, and do you believe that the recommendations which were made by Secretary Mitchell are valid?

Mr. MOTLEY. Yes, Congressman. I would hope that Congress at an early date can give earnest consideration to the suggestions which were made by Mr. Mitchell and have been supported by Mr. Goldberg.

Mr. LAIRD. They were supported by Mr. Goldberg the other day.

Mr. MOTLEY. I thought they would be. It was my understanding they would be. The reasons why I think it is desirable, is that Congress itself when it approved this legislation felt that there was still something to be done to this program after some experience was gained. We have had considerable difficulty in getting the administrators to file their plans and annual reports in this legislation. There is no way that we can ascertain who has a plan that should be filed, although we have done a considerable amount of publicity work and circulation, we have no way of forcing—I should not use that word, "forcing"—but encouraging employers and administrators to file a complete report and it is necessary in many cases for us to go back to them and point out to them that they have not fully complied with the legislation. The part that bothers all of us in the administration of this program, Mr. Congressman, and another reason why we would hope that the consideration would be given to these amendments, is that we don't see that we are getting to the point of the purpose of the program in determining whether there is or has been mismanagement of funds because by simply looking at the totals and without being able to go behind the figures, there is no way of determining whether there is any mismanagement. It is a disclosure program, as you well know, and the entire disclosure responsibility falls on the persons who can look at the plans in our offices.

PRESIDENT'S STATEMENT WHEN ACT WAS SIGNED

Mr. LAIRD. Mr. Chairman, I would like to place in the record at this time a statement that the President made on the signing of this particular piece of legislation. Also an article which appeared in the Wall Street Journal under date of February 17, 1961.

(The statement and article referred to follows:)

I have approved S. 2888, the Welfare and Pension Plans Disclosure Act, because it establishes a precedent of Federal responsibility in this area. It does little else.

This bill deals with only a narrow segment of the total labor-management program. And even in this narrow segment it fails to provide necessary protection for the 85 million working men and women, whose interests in welfare and pension plans amounts to more than $30 billion. The Congress has failed to respond effectively to the pleas for action in this field, and I am sure that the public is as disappointed with it as I am. Here are just some of the bill's shortcomings:

1. It requires only summary statements of many important aspects of the financial operations of these plans, making it possible to conceal many abuses.

2. There is no agency of Government authorized to provide uniform interpretation of the bill's technical terms. The chaos that will result is obvious.

The failure to designate an agency which plan administrators can consult for reliable and authentic opinions, and for meaningful and uniform report forms, enables corrupt administrators to hide abuses, blocks beneficiaries from receiving adequate information, and subjects administrators to uncertainties in compliance.

3. The bill's reliance solely upon individual employees to compel compliance through court proceedings is most unrealistic.

Experience has shown that employee suits alone are inadequate as enforcement remedies. Unaided by governmental authority to conduct investigations and institute litigation, individual employees, without financial resources or legal experience, can be easily intimidated, made subject to reprisals, and discouraged from taking effective action.

4. The bill fails to give the Secretary of Labor either investigatory or enforcement powers with respect to reports filed with him. Thus, he is for all practical purposes powerless to uncover abuses.

5. There is no provision for dealing directly with the most flagrant abuses, such as embezzlement and kickbacks, once they are uncovered. Yet this is certainly the kind of protection that the beneficiaries and the public have a right to expect from this legislation.

Not only did the Congress fail to appropriate any moneys to administer the custodial and other functions of the Secretary under the bill, but the annual financial reports will not have to be furnished until as late as May 1960 if the plans are on a calendar year basis or for a fiscal period of 120 days after the completion of the fiscal year if they operate on a fiscal year basis.

If the bill is to be at all effective, it will require extensive amendment at the next session of the Congress.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *August 28, 1958.*

[From the Wall Street Journal, Feb. 17, 1961]

DEMOCRATS SEEK LAW GIVING LABOR AGENCY MORE POWER OVER EMPLOYEE PENSION FUNDS

WASHINGTON.—A Democratic move is shaping up in Congress to give the Labor Department clear-cut authority over employee welfare and pension funds.

Chairman Powell, Democrat, of New York, of the House Labor Committee, with the support of the Kennedy administration, is preparing legislation that would put solid enforcement teeth in the 1958 Welfare-Pension Disclosure Act.

That law was designed to protect more than $40 billion invested in some 147,000 welfare and pension plans, most of them administered my employers, some by labor unions, and some jointly. It was enacted after Federal and State investigators uncovered numerous instances of inept administration and fraud.

As currently drawn, however, the law does little more than require administrators of the plans to submit financial reports to the Labor Department each year. The Department's authority is largely as a custodian of the reports. Enforcement lies with the courts, and any complaints must be initiated by the plans' beneficiaries.

The Eisenhower administration called for tightening-up amendments last year, but did not campaign very hard. The Democratic-controlled Congress showed no inclination to grant the request even though the Eisenhower Labor Secretary, James P. Mitchell, expressed doubts about keeping "so weak a law" on the books. Now, with a Democratic administration in power, Congress is much more likely to consider beefing up the law.

Even so, a new bill almost certainly will encounter rough going, especially in the House where it is by no means certain a measure can get past potent conservative opposition. Much of the business community opposed the 1958 bill as an unwarranted invasion of privacy.

Mr. Powell's bill would give the Labor Department a wide range of enforcement weapons, including subpena powers and authority to seek injunctions to compel compliance with the law. Annual reports would have to be much more detailed than the "summary statements" currently required. Violators would be subject to as much as 5 years in jail and a $10,000 fine.

Labor Department experts contend the law is so loosely drawn that they don't even have the power to determine the accuracy of the filed reports. They suggest that abuses largely go undiscovered because the law has so many loopholes. For instance, it doesn't prohibit kickbacks on exorbitant expenses, fee-splitting, or interest-free loans to favored parties, and it does not require an annual statement of solvency or accuracy.

Mr. Powell discussed the bill with Labor Department officials, including Labor Secretary Goldberg, who assured him the administration favors changes to make the law effective. Mr. Powell's measure will be sent to a subcommittee headed by Representative Roosevelt, Democrat, of California, who is expected to hold hearings and clear the bill for action by the full committee later this year.

WORKLOAD UNDER ACT

Mr. LAIRD. You indicate in your statement that you are receiving a large volume of requests for advice and for assistance. I would like to have some examples of the type of questions that are raised, and where they come from, that make up this large volume of mail that you indicate you have.

Mr. MOTLEY. I can give you an example of a telephone call which I had yesterday from a corporation in Pittsburgh who, rather than to handle the matter by correspondence, asked if they could come down and talk to us and explain the matter to us in person, which we readily approved. This situation, which is something that bothers many administrators, is that during the course of the year there have been several mergers of firms which have had different welfare and pension plans and now the consolidated corporation is at a loss to know exactly how to bring their welfare and pension plans in line with the requirements of the act.

This has been the source of a great deal of confusion on the part of the employers. We have continuing questions on whether they are required to file under the act, the size of concerns, how they handle their amendments, whether they are required to file their amendments, some irritation on the part of the smaller employers, that this is a burden on them in preparing the reports. But it is a wide range of questions that has to do with the financial reports to be submitted, reports from the insurance companies. As I said, how to handle mergers, how to handle amendments, and it is the kind of a program that, because of the lack of regulatory authority on the part of the Secretary, the fact that we must be in an advisory position, makes it

necessary to have all of this correspondence handled at a central point where we have the immediate assistance of the Solicitor's Office.

NEED FOR EDUCATIONAL PROGRAM

Mr. LAIRD. I understand that you have already given, from your statement here, a good many interpretations of this law of an advisory nature. The figure is around 20,000. It would seem to me if you have had that many requests for interpretations there must be some sort of an educational job that you are not really following through on or that needs to be done in this area. Can you tell us briefly what you have done in this area, and then supply a more detailed account for the record.

Mr. MOTLEY. As fast as the questions and answers begin to take a standard form, to the extent that we can, we issue question and answer pamphlets which we distribute through the trade journals and we make them available to the insurance companies so as to reduce the workload on our Bureau. We have regular meetings with the representatives of the insurance industry, with the banking industry, with the certified public accountants. We are having a meeting Friday of this week with a committee of the U.S. Chamber of Commerce in which we will spend an entire day explaining to them so they can pass on to their memberships the problems that are involved.

Mr. Kuehl, who is head of our Welfare and Pension Division, might wish to add to what I have said on this subject. Mr. Kuehl, do you have anything you would like to add?

Mr. KUEHL. You mentioned the Chamber and that is typical of the type of thing we are trying to do. Going back to your previous question: What kind of questions are raised? We had a call from a lawyer who said he represented 64 plants, corporations. He said, I just want to ask you this question: This plan goes into effect in June, but the corporation wants to run its business on a calendar-year basis. When is our first report due? It is as simple as that.

Yesterday, we had in representatives of a large steel company. We had written two or three letters.

They said, why don't we come down, the comptroller, the administrator of the pension plan, and their lawyer. It got down to a simple thing like this: One of our workmen comes in and he wants to see the plan. Well, we have a lot of plans here, and the way they have files, you couldn't tie in exactly, not at all, what plan that fellow was looking for. So that raises several questions. They are going back and they are giving the matter consideration in the light of what our problems are. They told us what their problems are. It is that type of an educational program that has been approached from all avenues as we were aware of.

(The statements of Messrs. Motley and Kuehl were expanded for the record as follows:)

As was pointed out in direct testimony, the "self-administering" nature of the legislation calls for a program which places primary emphasis on educational and advisory activities.

These efforts fall into several different categories—each designed to best fit the particular need.

1. *Informal conferences.*—Representatives of the insurance industry met with the staff on two occasions—January 1960 and January 1961. These meetings afforded an opportunity for an exchange of views on overall administration and

to bring to light technical and operational problems arising out of the filing requirements.

Similar meetings were held with representatives of the American Institute of Certified Public Accountants.

On March 10, 1961, representatives of the U.S. Chamber of Commerce met with the staff on the same informal basis to view the operations and explore common problems.

These modest beginnings demonstrate clearly the need for more such meetings on a regularly recurring basis and with other groups representing banking, legal, investment, actuarial, industry, and trade union organizations, all of whom have a direct and vital interest in the administration of this law.

In this general area also fall our relationships with the National Association of Insurance Commissioners, representing the insurance commissioners of the several States, and with the State banking commissioners.

Another aspect of this activity, and one which we have not taken advantage of fully, has to do with making speeches at and having representatives available for public appearances at conventions and meetings of organizations active in the field of welfare and pension plans.

2. *Educational and informational materials.*—In response to the demand for information and advice from individuals, companies, unions, and others, the Solicitor of Labor, shortly after the effective date of the act, issued a series of memorandums giving the Department's understanding of certain of the terms and provisions of the act. Since that time more than 20,000 advisory opinions have been issued by the Bureau and more than 50,000 letters were written to plan administrators bringing to their attention the fact that filings were deficient in one or more aspect and that annual reports had not been submitted within the statutory time limit.

In addition, within its resources, the Division prepared and issued a number of press releases and a popular type question-and-answer sheet explaining the basic requirements of the act. The Division also prepared an informational pamphlet which was mailed in October 1959 to some 200,000 manufacturing establishments through the cooperation of the Bureau of the Census.

There was issued also a brochure dealing with the question of how and when changes in, and modifications to, the original description of the benefit plan should be made. The question of the extent to which there is underreporting of amendments to plan descriptions has concerned the staff for some time. There are indications from several reliable sources that our files are seriously deficient in this respect. The value of these filings to plan participants and their beneficiaries depends entirely on their completeness and timeliness. Unless all of the current changes in these 150,000 benefit arrangements are accurately and promptly made available for disclosure the primary purpose of the act is impaired. Proper administration should provide for a system whereby the staff could follow changes through such publications as the Department's "Current Wage Developments," trade publications, news services, and the daily press, and communicate with plan administrators who fail to report or delay the reporting of the amendment.

Two phases of this work have been delayed too long by the press of other work and lack of available resources. First, the Division has been unable, except to a limited extent, to notify plan administrators of deficiencies and omissions noted in the 1959 annual reports. This should be done as quickly as possible.

The value of such a procedure can be demonstrated by the experience of the Division in notifying plan administrators of the deficiencies in their original plan descriptions. The filings of almost 75 percent of the 20,000 plans concerning which notification letters were sent, were thus corrected, completed, or otherwise accounted for. Further, a number of plan administrators are already delinquent in filing their second round annual reports. This is also a matter of primary urgency. The usefulness of the procedure to notify administrators of these overdue reports can also be evaluated by the Division's experience with the 1959 delinquent filings.

With this program still in progress, over 70 percent have already either been filed with the Division or accounted for through an exchange of correspondence.

There is also one "housekeeping" problem which should be mentioned. The 330,000 reports on file with the Division are required by law to be filed in duplicate. These records, consisting as they do of millions of sheets of paper and printed pamphlets could be lost in the case of a serious fire. To minimize this danger, the Division began the separation of the submissions with a view

to storing the duplicates in the Federal Records Center. Available resources made only part of this project possible and 4½ man-years of clerical time would be required to complete the separation of those filings already on hand. To keep this operation on a current basis would require some 3 man-years of work in future years. The importance of these records to plan participants and their beneficiaries points clearly to the need for insuring their safety.

COST OF ANSWERING INQUIRIES

Mr. LAIRD. How much of your appropriation do you spend on this activity of answering inquiries?

Mr. MOTLEY. We estimate that directly involved in the answering of correspondence, close to 20 percent of our appropriation is for that purpose.

You would also have to take into consideration the time which Mr. Kuehl and his assistants and the mailroom processing take; but the direct answering of the letters themselves takes about 20 percent of our appropriation.

Mr. LAIRD. How long does it take to get a reply out of your Bureau for someone who writes in and wants to find out about a particular pension plan.

Mr. MOTLEY. Our current backlog of unanswered letters is slightly less than 1,000 letters of which about 795 are over 2 weeks old. I would like to check that figure in the testimony, Mr. Congressman.

POSSIBILITY OF CHARGING FILING FEES

Mr. LAIRD. What do you think about establishing some sort of a filing fee system to pay for the costs of this particular program?

Mr. MOTLEY. That matter has been suggested. As a matter of fact, Mr. Congressman, several of the States which have legislation of this kind provide for a fee for filing under their act. I think there might be some justification for Congress to consider an amendment to the law that would provide for a fee for filing. I think it would have to be graduated because I would think it would be very unfair for a company having simply a group health or Blue Cross or Blue Shield to pay a filing fee that would be as large as the company which had a tremendous funded pension plan.

Mr. LAIRD. Many of the States and the Federal Government in the investment and banking areas have established free programs, haven't they?

Mr. MOTLEY. That's right. The State of Massachusetts, I think, has a $50 fee for filing. But you remember that Massachusetts law covers only funded operations and their coverage is extremely limited as compared to the coverage under our present disclosure law.

YOUTH ACTIVITIES

Mr. LAIRD. I was much interested in your discussion with the chairman on your proposed youth activities. We had a similar request before us, I believe, which was turned down. When was that?

Mr. MOTLEY. About 1956 or 1957.

Mr. LAIRD. What is the difference between this program and that program that was turned down? I remember the other request but I am not sure what year it was.

Mr. DODSON. Miss McConnell says 1957.

Miss MCCONNELL. I think it was for the fiscal year 1957.

Mr. MOTLEY. The project that was proposed by the Bureau of Labor Standards at that time which was an excellent program, was in the field of research and studies, I feel, and I think that my associates feel that we are past that period and there is sufficient knowledge available as to the size and importance of the problem and what is needed from this time on is action programs rather than that type of research program, and our program is based upon action of getting the communities organized to do something about their problem.

Mr. LAIRD. It seemed to me that yours was now geared more to the action area.

Mr. MOTLEY. That is a very material difference.

OFFICE OF EDUCATION ACTIVITIES IN AREA

Mr. LAIRD. But I notice that we have another budget request before us from the Department of Health, Education, and Welfare which is geared in the action area. We have a $15 million appropriation item before this committee at the present time for guidance, counseling, and testing. That is for grants to States to stimulate them in action in this particular area.

We also have—both of these are under the defense educational activities—we have a $7,250,000 request for establishment of institutes for counseling personnel under the guidance, counseling, and testing program in the Office of Education. This budget estimate is an increase from $6,500,000 last year to $7,250,000, an increase of $750,000. These are all justified in the Office of Education's budget as action programs. I am just trying to relate these material increases in the budget during the last few years with your particular request for an increase in this area of action. These justifications are similar to the justification which you have presented to us today.

Mr. MOTLEY. It is part of a total program, Mr. Laird. While I am not completely familiar with the text in these requests of the Department of Education, I think because of my previous experience I know what they cover. The Department of Education has a vocational guidance and testing responsibility throughout the years that the youngster is in school in determining whether the course of study which is being followed is most desirabe, based upon the intellectual capabilities of the youngster, whether there should be some changes in the curriculum, giving the youngster advice on the type of college work that would seem to be best fitted for that youngster, and to do everything possible within the educational system to make the type of education which they are receiving best fitted for the abilities of the youngster. That is all very important.

The point where we fit in is where these youngsters having received all of the attention of their schools do not seem to fit into the educational facilities available and for some reason decide to leave school before they complete an education that will make them able to fit into the economy.

I think you will also find in the Employment Service a similar request for their counseling and testing activities. This all fits into a total plan, the part of education.

Mr. LAIRD. It is rather gray, though. I have just been looking through this budget justification for the Office of Education on their Institutes for Counseling Personnel. At one point they say:

> Thus, during the 4 years concluding with fiscal year 1962, 4 million secondary school pupils in all States will have the benefit of improved counseling as a result of the institutes. These new counselors which have been trained and those who have been professionally upgraded will make a material impact upon the identification and encouragement of able students to continue their education.

Then their justifications for the $15 million appropriation item, "Grants to States," they appear to be trying to give much the same type of guidance which you are talking about in the Department of Labor.

Mr. MOTLEY. I am not talking about the Employment Service counseling and testing. That is a separate problem from what I am discussing now as far as the Bureau of Labor Standards. Let's take the city of New York or the city of Chicago where you have a tremendous number of young people who are leaving school and entering the labor market ill-prepared for any type of employment.

The total unemployment of youngsters under 21 years of age or even 18 years of age runs four to five times the amount of unemployment for adults. The program that we are talking about is to help these youngsters that leave school for one reason or another and whatever adjustment they need before they are ready to enter the labor market and secure employment, and also to encourage them to stay in school to continue some other form of education, whether it is some form of vocational training or academic.

I don't feel that the Office of Education or the school people can be expected to assume this total responsibility. The program which they have on counseling and the testing for education and vocational guidance is extremely valuable. But there is too large a number of youngsters that do not fit into the pattern that is set forth for them and they leave school and they are not ready to earn a living.

Mr. LAIRD. Thank you, Mr. Motley. It is a little bit difficult for me to understand the dividing line in this whole area. If you read over the budget justifications, the Office of Education seems to be using all of your stuff.

Mr. MOTLEY. I don't think they are using our stuff, nor are we using their stuff. I think that there is a job to be done in this area which cuts across the responsibilities of the two departments; namely, Department of Health, Education, and Welfare, and the Department of Labor.

Mr. DODSON. I was going to say one thing. I think there is a clear break. The 700,000 dropouts from school are a ward of the Department of Labor, so far as trying to help them get jobs. I think maybe we might have been talking too strongly on education, the school side. But we do have this as a direct responsibility.

ORGANIZATION OF RESOURCES

Mr. MOTLEY. Perhaps, Mr. Congressman, Mr. Long, who is head of this division, may wish to add to this. Perhaps I have not emphasized enough that the program as we see it is in organizing the resources of the community to use all of their resources in directing the youngsters with their proper place in life. I don't visualize that the Bureau of Labor Standards is going to assume the responsilities

of going into each State and each community and directing a program of this kind. We have to be multipliers, as it were, of community efforts because it is only by the combined resources of the community that we can do this.

I spent considerable time, for example, in Milwaukee. You, of course, are well aware of the work they have done in Milwaukee.

Mr. LAIRD. A very good example.

Mr. MOTLEY. I think Milwaukee in its educational program has done an outstanding job because of the type of legislation which they have on their books and the number of young people that complete their education in Wisconsin is at the point that we hope to have national average by 1970.

This is due to their vocational education legislation in Wisconsin, the taxes, and the whole system has been——

Mr. LAIRD. Also due to the State law that sets the age.

Mr. MOTLEY. I wanted to bring that out. I believe you were the author. But I do think that they have made considerable progress. But it is getting the interest of the community to do these things that you are—you accomplish these ends. Many communities have not organized their resources as we think they might do it.

Mr. Long, would you want to add to what I have said on this?

Mr. LONG. Yes. There are impingements, of course, between these different programs, but ours are separate to this extent. We are not interested in a boy or girl who by force of education and the advantages of vocational guidance decides to go on to college for a profession. He is not our man. We are not interested in a boy or girl who comes out with sufficient vocational education to find a job. We are not interested in a boy who knows he wants to get into the apprenticeable trades and become a skilled worker. We are interested in the great number of kids who either leave school before they graduate or may graduate with no motivation or no plans for the future.

In the past, they have kind of drifted into factory hand work, farmhand work, laboring, ditchdigging, and so forth. Many of them have become relief cases and juvenile delinquents and problems in their own community.

In the next few years there are going to be many, many more of these coming out of the schools. The increase in youth is an astonishing thing. The number of jobs of that type are steadily decreasing. So we hope to prepare these kids for the labor market, not by taking direct action but by encouraging community actions in the different communities. There is a big field here for community organization, for marshaling all resources available in a community so that they will tackle the problem at their own level. That will be our main job, to advise them, to encourage them, to serve them, so that there will be community action, using all the resources of the country, the Federal Government, State government, and the local communities.

REPORT OF WELFARE AND PENSION REPORTS DIVISION

Mr. LAIRD. One last question. I would like you to put in the record at this point, Mr. Motley, the latest statistical report of the Welfare and Pension Reports Division.

Mr. MOTLEY. We will do so.

(The information requested follows:)

Status report, March 8, 1961

Activity	Jan. 1, 1959, to date	Fiscal year 1961 (7 months)	Fiscal year 1960	Fiscal year 1959 (6 months)
PREPARATION OF REPLIES TO SUBSTANTIVE INQUIRIES				
Total number received	24,441	6,680	11,620	6,141
Mail	15,971	4,219	8,016	3,736
Phone	7,860	2,307	3,357	2,196
Visitor	610	154	247	209
Total number answered	23,446	5,777	12,136	5,533
Mail	13,708	2,893	7,756	3,059
Phone	7,860	2,307	3,357	2,196
Visitor	610	154	247	209
Other disposition	1,268	423	776	69
Carryover workload			92	608
Pending backlog	995	995		
PUBLIC DISCLOSURE ROOM				
Number of visitors	1,225	655	556	14
Total number of reports examined	23,362	17,093	6,255	14
Plan descriptions	10,378	6,459	3,909	10
Annual reports	12,984	10,634	2,346	4
FURNISHING COPIES ON REIMBURSABLE COST BASIS				
Number of pages	35,540	17,040	18,500	
Number of reports utilized	3,040	1,855	1,185	
Pending backlog				
RECEIVING FILINGS				
Plan descriptions:				
Number received	148,046	5,546	16,700	125,800
Number identified and available for disclosure	147,948	5,448	16,700	125,800
Number examined and tabulated	147,604	7,104	65,700	74,800
Amended plan description filings	37,276	11,576	25,100	600
Annual reports:				
1959, 1st round:				
Number received	108,137	7,637	95,400	5,100
Number identified and available for disclosure	107,933	7,433	97,100	3,400
Number examined and tabulated	107,837	25,437	82,400	
1960, 2d round:				
Number received	54,634	47,134	7,500	
Number identified and available for disclosure	53,459	45,959	7,500	
Number examined and tabulated				
CORRESPONDENCE OTHER THAN SUBSTANTIVE				
Total number of letters	83,080	35,260	41,020	6,800
Re overdue plan description	2,043	2,043		
Re deficiency in plan description	20,025	4,325	15,100	600
Re overdue 1959 annual report	27,343	19,843	7,500	
Re overdue 1960 annual report				
Re deficiency in annual report	920		920	
Other	32,749	9,049	17,500	6,200
OVERALL MAILHANDLING				
Total number of pieces handled	1,002,600	288,500	428,300	285,800
Number received	371,100	92,700	165,400	113,000
Number mailed	631,500	195,800	262,900	172,800
DISTRIBUTING BLANK REPORTING FORMS				
Total number of pamphlets	1,332,900	127,900	237,200	967,800
Plan description pamphlets	896,900	41,900	54,800	800,200
Annual report pamphlets	436,000	86,000	182,400	167,600

CHICAGO SCHOOL DROPOUTS

Mr. MICHEL. Mr. Motley, in response to one of Mr. Laird's questions I believe you cited some figures from Chicago in this area of dropouts. What were those again?

Mr. MOTLEY. The representative from the Chicago Board of Education was on the planning committee which I am a member of—the Ford Foundation. I don't have them with me, but in some of the areas of Chicago the dropouts run as much as 50 to 60 percent. This is not true for the entire Cook County, but——

Mr. MICHEL. Some selected areas it is as high as 50 or 60 percent?

Mr. MOTLEY. Yes.

WATERFRONT ACCIDENT RATES

Mr. MICHEL. On the chart which you were showing, the frequency of disabling injuries, was that man-hours lost as against a million man-hours worked?

Mr. GIDEL. Disabling injuries per million man-hours worked. That means an injury in which the man could not report back to work at the time of his next regular shift.

Mr. MICHEL. It could be a disabling injury for 1 day, conceivably, and qualify——

Mr. MOTLEY. Or for life.

Mr. MICHEL. That is what I did not have clear.

Mr. MOTLEY. For instance, in the case of the Constellation affair in New York where they had 50 deaths and 150 disabling injuries, it would be a total of 200 charged in that case.

Mr. MICHEL. Were those figures, incidentally, figured in?

Mr. GIDEL. There are several categories. There is a temporary total disability which may be only a day or more. There are permanent partial disabilities such as loss of fingers and, of course, there are deaths. So those are three of the basic types of disabling injuries.

Mr. MICHEL. I notice in your testimony here the citing of 3,100 code violations. Obviously, some of these come on subsidized voyages; would they not?

Mr. MOTLEY. On chartered ships.

Mr. MICHEL. Right.

Mr. MOTLEY. Yes.

Mr. MICHEL. Is there any correlation between your department and the maritime people, the Maritime Commission of the Department of Commerce on these? When you find these violations is there any kind of exchange of information?

Mr. MOTLEY. There is very close cooperation between ourselves and the Coast Guard which has jurisdiction on American-flag ships, but what is our cooperation with the Maritime Commission on charter ships, Mr. Gidel?

Mr. GIDEL. We have very close working cooperation with them, but our responsibility basically meshes with that of the Coast Guard. The Coast Guard has a similar responsibility to what we have. We have it on foreign vessels; they have it on American-flag vessels. The Maritime Administration and some of the naval vessels and the chartered vessels are a special problem which is not of great significance

in this program because the maritime safety program deals with crews of vessels. Some of them are excluded under the law.

ACTIVITIES UNDER THE YOUTH PROGRAM

Mr. MICHEL. On the matter of protecting young workers the Bureau is requesting $104,800 to develop a program to create in young people and in the community an understanding and appreciation of the importance of education. Just how, with $100,000-plus, do you go about embarking on such a program? In other words, what can be done in a country as big as ours for $100,000 in this field or area?

Mr. MOTLEY. We have to act as what I call multipliers in this area in order to accomplish a great deal with this limited amount of money. For example, in cooperation with the National Vocational Guidance Association we just completed a survey of 175 communities that are doing some work in this field of dropouts to get exactly what they are doing. This is a joint effort of their association and ourselves and this gives us leads as to the communities that need technical assistance and leadership to further what they are doing or to find areas which are doing nothing.

As a result of the national conference which the Ford Foundation——

Mr. MICHEL. Is this currently going on?

Mr. MOTLEY. Yes. It is being released. It is being made available to the National Vocational Guidance today or tomorrow for their convention in Denver which is the latter part of this month.

Mr. MICHEL. Would it be possible to get a copy of that?

Mr. MOTLEY. Certainly would be possible.

May I go on to one or two—one other way in which we are doing it? With the National Conference on Dropouts which is financed by the Ford Foundation, to be held here in Washington, this will give us an opportunity to hear what is being done in many communities and to determine the areas in which we can be of help in furthering their programs or instituting programs.

IMPROVING STATE LABOR LAWS

Mr. MICHEL. In improving State labor legislation, I notice that among the improvements during 1960 is an increase in workmen's compensation cash benefits for one or more major types of disability in six States. What are those six States?

Mr. MOTLEY. Kentucky, New York, Puerto Rico, Rhode Island, and Virginia increased their weekly benefits for a temporary total disability.

Kentucky, Maryland, Mississippi, and Virginia improved their medical benefits.

Three liberalized their time limit on radiation claims which we call slowly developing conditions.

Kentucky, Rhode Island, and Virginia are the three.

Mr. MICHEL. How about the nine States that increased maximum weekly unemployment benefits?

Mr. MOTLEY. Georgia, Kentucky, New York, and Virginia raised their weekly benefits. Rhode Island increased their benefits for maxi-

mum dependents. Georgia and Virginia increased their weeks of duration and six States, there were six other States that made some changes in their legislation which provided for more flexible maximum in their benefits; namely, Colorado, Kansas, Utah, Vermont, Wyoming, and Wisconsin.

Mr. MICHEL. Thank you, Mr. Chairman.

INDUSTRIAL SAFETY

Mr. FOGARTY. We did not hear about your industrial safety program today. Are you making headway there?

Mr. MOTLEY. We have proceeded with the comparison of State codes for which you made money available to us last year. We have had a very encouraging response from the States and from industry. The U.S. Chamber of Commerce went on record favoring it.

Mr. FOGARTY. Will that help?

Mr. MOTLEY. We think it helps as far as local employers are concerned. We have had complete cooperation from the AFL–CIO through all of their internationals and also the Associated General Contractors. Members of our group have participated in the committees of the American Standards Association and National Safety Council in improving standards in various activities. There has been a slight decrease in the accident rate in industry this year as compared to last year.

Mr. FOGARTY. When your predecessor came in here that was one of the highlights of the presentation, to brag about the decrease in injuries. Then last year we were told that in the last quarter of 1959 it reached an all-time peak for 6 years I believe it was.

Mr. MOTLEY. I would like to talk to that point a minute.

Mr. FOGARTY. Were the figures inflated a few years ago or what?

Mr. MOTLEY. I do not wish to be critical in any way of my predecessor for a statement of this kind. But I don't believe the Bureau of Labor Standards in its work with industry and in the work in the whole safety field can ever take credit, total credit, for any decrease in the accident rate in industry. The accident prevention program is a tremendous program and Government through the funds you make available to our Bureau takes a position of leadership. But it must have the total support of management. It must have total support of labor. It must have total support of non-Government agencies, such as the American Standards Association and the National Safety Congress and together with a continuing effort to combat this accident situation, and I am extremely pleased with the cooperation and the progress that we are making in getting industry and the States to improve their methods.

I would never want to appear before this committee and take credit next year if the accident rate is lower than this year because I think it is not a proper assumption.

Mr. FOGARTY. Maybe we ought to get out of the business, then.

Mr. MOTLEY. On the contrary.

Mr. FOGARTY. Let private industry take over.

Mr. MOTLEY. I think the Federal Government must show by its action in making funds available to a bureau of Government, to provide technical leadership and incentive to industry to improve its work,

and for Government to drop out of it would be a setback to the total program.

Mr. FOGARTY. If industry does not provide the incentive no one else does, and finally it is left up to Government, and we spend the money on it. If you have plans that work, I think you would take credit for it.

Mr. MOTLEY. It is a total program, Mr. Congressman. It is a total program which has to have the coordination of all of the participants in our economy. It would be very foolish or foolhardy for Government by itself to assume the total responsibility for the safety program. Likewise, I think it would be very disastrous to leave this total responsibility for accident prevention to industry without any assistance and leadership from Government.

LABOR AND MANAGEMENT INTEREST

Mr. FOGARTY. Industry has a very large stake in it.

Mr. MOTLEY. Industry has a tremendous stake in it.

Mr. FOGARTY. In some industries they have never done much about it.

Mr. MOTLEY. Industry has not done as much as they should do. I think the interest which labor is taking in the safety program is extremely encouraging. For example, starting the latter part of this month the AFL is starting a series of safety training programs in Washington and they are calling in international representatives from all over the country, 50 a week. We are providing the instructors for those courses. These are labor union representatives who will go back to their stations and back to their locals and encourage the members of the unions to become safety conscious. That is where the Government can do a tremendous job as we did in this case in getting the AFL to take the leadership in conducting these safety programs and paying out the funds it is necessary to bring these people to Washington for these training programs.

Mr. FOGARTY. You used to send people to work with certain industries every year.

Mr. MOTLEY. We still do that. We carry on safety programs for safety inspectors. We have developed a very active program in the field of radiation. We carried on some safety programs this year in the construction industry starting in New England with the support of the State labor departments and associated general contractors in conducting the programs for supervisors.

Mr. FOGARTY. Where?

Mr. MOTLEY. Rhode Island and Connecticut were two of the States where we held such programs.

Mr. FOGARTY. Supply for the record a statement showing, by State, the safety services you provided during calendar year 1960.

Mr. MOTLEY. I will be glad to do that.

(The material requested follows:)

DIVISION OF SAFETY

SAFETY SERVICES TO STATES

SERVICES PROVIDED		STATES SERVICED	ALABAMA	ALASKA	ARIZONA	ARKANSAS	CALIFORNIA	COLORADO	CONNECTICUT	DELAWARE	DISTRICT OF COLUMBIA	FLORIDA	GEORGIA	HAWAII	IDAHO	ILLINOIS	INDIANA	IOWA	KANSAS	KENTUCKY	LOUISIANA	MAINE	MARYLAND	MASSACHUSETTS	MICHIGAN	MINNESOTA	MISSISSIPPI	MISSOURI	MONTANA	NEBRASKA	NEVADA	N. HAMPSHIRE	N. JERSEY	N. MEXICO	N. YORK	N. CAROLINA	N. DAKOTA	OHIO	OKLAHOMA	OREGON	PENNSYLVANIA	RHODE ISLAND	S. CAROLINA	S. DAKOTA	TENNESSEE	TEXAS	UTAH	VERMONT	VIRGINIA	WASHINGTON	W. VIRGINIA	WISCONSIN	WYOMING
	Training	FEDERAL AGENCIES	×		×		×				×	×	×				×				×	×						×					×	×														×	×			
		UNION					×					×		×		×									×	×	×						×		×			×							×			×				
		MARITIME (1)	×	×			×		×	×		×	×	×		×	×				×	×	×	×	×	×	×	×	×			×	×		×	×		×	×		×	×	×		×	×			×	×	×		
		State S.I.S.P. (2)							×																									×								×	×						×				
		State S.E.S.P. (3)																													×												×								×			
		Inspector Training				×		×	×			×	×		×		×	×	×	×										×	×												×	×				×			×			
	Consultative	Federal (4) Safety Councils	2	2	3	1	3	2	3	1	1	6	2	1	1	2	2	2			2	1	1	1	1	2	1		2	1	1	1		1	1	2	2		6	2	1	4	1	1	1	3	5	1		3	2	2	2	1
		Federal Agencies	×		×		×	×	×	×	×	×	×	×		×						×		×	×		×			×				×					×	×			×	×	×		×	×						×
		Union	×				×		×				×	×	×	×	×	×				×		×	×		×	×	×			×	×	×	×			×	×	×	×	×	×	×		×			×	×	×	×	×
		State	×	×	×	×	×	×	×	×	×		×	×	×	×	×	×	×	×	×	×		×	×	×		×	×		×	×	×	×	×	×		×	×	×	×	×	×	×		×	×	×		×	×		×	×
		Maritime (5)	×	×			×			×	×		×	×	×		×	×			×	×	×	×	×	×	×	×	×	×			×	×		×	×		×	×	×	×	×	×	×		×	×			×	×	×	×	
	Technical	Federal Agencies					×				×					×						×		×	×										×	×														×				
		State			×		×	×	×		×	×		×	×	×	×	×	×	×	×		×	×	×						×	×		×	×	×	×			×	×						×			×	×			
		Industry		×							×												×																												×				
		Maritime (6)	×	×			×		×	×			×	×	×		×	×			×	×	×	×	×	×	×	×	×	×			×	×		×	×		×	×		×	×	×	×		×	×			×	×	×	×	
		Publications	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×	×

(1) includes safety talks on special hazards and code orientation (2) special industry safety programs
(3) State employee safety programs (4) indicates number of FSC serviced within State (5) and (6) maritime safety services provided to the industry within the State.

Mr. FOGARTY. I don't see why you don't want to take credit if the accident rate came down under your administration.

Mr. MOTLEY. We are very glad.

Mr. FOGARTY. We hoped you would provide some incentive for all of these other people to do a little more than they are doing. If that happened, I would think it would be just natural to take a little bit of credit for it.

Mr. MOTLEY. We provide the leadership. We provide the incentive.

Mr. FOGARTY. You are not afraid it is going to go up next year, are you?

Mr. MOTLEY. We hope it won't.

Mr. FOGARTY. Do you have anything else you want to say, Mr. Motley? If not, thank you very much.

AMENDMENT TO THE BUDGET FOR 1962

(NOTE.—Subsequent to the hearings the proposed amendment to the budget, discussed during hearing, was formally submitted to Congress. The details concerning this amendment, submitted at the request of the committee, are as follows:)

Budget page	Heading	1962 original estimate	1962 revised estimate	1962 increase
	BUREAU OF LABOR STANDARDS			
821	Salaries and expenses	$2,908,000	$3,208,000	$300,000

Program and financing

[In thousands of dollars]

	Original estimate, 1962	Revised estimate, 1962	Increase
Program by activities:			
Operating costs:			
1. Improving State labor legislation	229	229	
2. Improving conditions of migratory workers	70	70	
3. Reducing industrial accidents	1,333	1,633	300
4. Protecting young workers and advancing their employment opportunities	229	229	
5. Promoting employment of the physically handicapped	276	276	
6. Registration and disclosure of welfare and pension plan data	563	563	
7. Administration and management services	216	216	
Total program costs, funded	2,916	3,216	300
8. Relation of costs to obligations: Obligations incurred for costs of other years, net	−1	−1	
Total obligations	2,915	3,215	300
Financing:			
Advances and reimbursements:			
From other accounts	−4	−4	
From non-Federal sources	−3	−3	
New obligational authority (appropriation)	2,908	3,208	300

Object classification

[In thousands of dollars]

	Original estimate, 1962	Revised estimate, 1962	Increase
Personnel compensation:			
Permanent positions	2,207	2,415	208
Positions other than permanent	15	15	
Total personnel compensation	2,222	2,430	208
Direct obligations:			
11 Personnel compensation	2,217	2,425	208
12 Personnel benefits	168	183	15
21 Travel and transportation of persons	145	180	35
22 Transportation of things	11	14	3
23 Rent, communications, and utilities	54	67	13
24 Printing and reproduction	148	159	11
25 Other services	7	8	1
Services of other agencies	90	90	
26 Supplies and materials	37	41	4
31 Equipment	31	41	10
Total direct obligations	2,908	3,208	300
Reimbursable obligations:			
11 Personnel compensation	5	5	
12 Personnel benefits	1	1	
26 Supplies and materials	1	1	
Total reimbursable obligations	7	7	
Total obligations	2,915	3,215	300

APPROPRIATION REQUEST

It is respectfully requested that Congress authorize the appropriation of $300,000, as an addition to the recommended appropriation of $2,908,000 for "Salaries and expenses" in the 1962 budget estimates, for expansion of our maritime safety program to provide funds for cargo gear testing and certification activities.

JUSTIFICATION

In our studies of maritime safety needs, the Bureau found that the United States did not have any standards by which to measure the safe condition of cargo gear for the approximately 178,000 ships entering American ports each year. As a result the ILO international code was accepted for the inspection, testing, and certification of ships' cargo gear. This program has required and will continue to require many thousands of man-hours.

The regulation, put into effect after due notice, on September 17, 1960, requires that any vessel (American or foreign) on which longshoremen are employed must hold a current and valid cargo gear certificate issued by any organization that has been recognized by the U.S. Department of Labor or by the U.S. Coast Guard. These regulations, because of their effect on vessels of foreign registry, were developed in conformity with the safety standards advocated in ILO Convention No. 32.

The decision to adopt ILO Convention No. 32 as a U.S. standard for safety was made with full realization of the effect, both operationally and economically, that such a decision would have on the worldwide maritime community. International diplomatic channels through the State Department had to be established to assure that the shipping companies of each nation had knowledge of the newly adopted U.S. cargo gear safety requirements that their ships would have to meet before they could do business in U.S. ports. Each nation's own requirements would have to be reviewed by the Department of Labor to ascertain whether they were up to the U.S. standards. This has been going on for over a year and will continue for many months to come. To date we have received informational exchanges from 18 maritime nations in which we have translated, reviewed and approved their cargo gear certification requirements as being acceptable upon entry of their ships into a U.S. port. There are another 18 nations with which negotiations are still to be completed before their certification procedures can be recognized as acceptable in a U.S. port.

Any action we take which questions the validity of their standards from the standpoint of safety can, if not handled intelligently, result in a chain of economic and international repercussions.

While the regulations cite the necessity for a ship to carry an up-to-date certificate for its cargo gear, the law also requires the stevedore (as the employer) to ascertain by inspection that the gear is visibly safe before he works with it. However, the stevedore is reluctant to make such a determination until he has had the benefit of a consultation with a Department of Labor safety specialist. This reluctance is based on his exposure to extended liability beyond compensation should he determine in error on his own that a ship is in safe condition and meets the Department's safety standards. In addition, such a declaration would weaken considerably any action under third-party recovery he might have should an accident occur.

In addition, the stevedore is faced with the self-assumed safety inspections of the longshoremen. These men have familiarized themselves with the requirements and do not hesitate to make an unsafe declaration after an inspection of the gear. When faced with such a complaint, the stevedore, in order to get amicable satisfaction, calls for a Department safety consultant to give an opinion. To date, every determination made by such consultants has been accepted as final by both parties. Such actions as these have been increasing in number and in complexity. Our present staff of 38 maritime safety specialists, of which 16 are longshoring specialists, was not set up in anticipation of this growing workload, and it is impossible to meet the technical requests of the industry.

When the matter of regulation for gear testing and certification came up, we had three alternatives:

1. Follow Coast Guard pattern of turning all this responsibility over to the American Bureau of Shipping and the International Cargo Gear Bureau. The unions were against this, since the area was not policed and questionable practices occurred. We agreed.

2. Set up a 100-percent program of observing all tests of ships' gear and issue a departmental certificate. The unions want this. We think it would be too costly.

3. Establish a program of accreditation with periodic observation of tests to assure competency and compliance of accredited organizations.

The third alternative was decided upon. Regulations have been drafted based upon this decision, reviewed in the field by interested parties, and we are now ready for final draft for hearings and action. We must, however, be assured that the Department of Labor will be in a position to provide reasonable service which will prevent undue burden upon the international shipping community at the same time that the safety objectives of the legislation are achieved.

Under the program proposed, the Department's staff of cargo gear specialists will be involved in the following activities:

1. Evaluation of competency of organizations requesting accreditation to issue certifications;

2. Observe or check tests for certification to determine continued compliance with safety standards;

3. Oversee tests or render opinions in situations where visual inspections by stevedores or longshoremen have raised questions of validity of certifications.

Pending the determination of permanent regulations, interim accreditation has been given to more than 20 organizations. Once regulations are completed requests for accreditation by several hundred organizations and firms will be forthcoming. The permanent accreditation process will involve investigation of personnel, testing facilities, and related matters.

Prior estimates of annual ship arrivals subject to longshore safety regulations were about 40,000. In calendar year 1960, arrivals of deep-draft ships alone were approximately 178,000. Inclusion of shallow-draft ships and barges subject to regulation increase this figure to more than 500,000.

Since September 17, 1960, there have been 130 vessels of 28 nations delayed in the United States for periods varying from 4 hours to 3 weeks because they were not in compliance with our regulations. Obviously, delays of this type must be kept to a minimum, not only because of the economic effects on the shipping community, but in the interests of broader acceptance of international standards of maritime safety.

Gear testing and certification is merely one section of our area of interest. Once we determine the gear meets certificating regulations, it must be visually

observed to see that it is in fact safe at the time being used. Then, the overall operation of loading or discharging with the gear must be observed to determine compliance with the broader regulations. It should be emphasized that because of the demand placed upon our staff for certification determinations, we have found it difficult to devote appropriate field time to the much larger areas of our regulatory responsibility. In administering this total regulatory function, our philosophy has been that of education and promotion, as opposed to enforcement, in attaining the objectives of the law's intent. However, because of the technical and inspection demands set upon us by the industry, we have found it almost impossible to pursue this avenue. Unless the education and promotion attitude can properly be expounded, we feel that the beneficial arm of the law will be lost and perpetuation of existing conditions will result.

It seems reasonable to assume that the current staff is inadequate to provide service for the cargo gear safety program proposed. It has been able to service only about 5 percent of the workload in terms of deep-draft ship arrivals and less than 2 percent in terms of the total covered by the regulations.

In order that staffing suitable to deal with the workload is available when permanent certification regulations are issued, it is proposed that $300,000 be included in the 1962 appropriation for this work.

EXPLANATION OF ESTIMATE BY OEJCT

Personnel compensation, $208,000

The estimate provides for 30 full-time positions (23 professional and 7 clerical), or 29.5 man-years of employment.

Personnel benefits, $15,000

The estimate provides for the Government's share of civil service retirement ($11,500), life insurance ($1,000), and health insurance ($2,500) costs.

Travel and transportation of persons, $35,000

This estimate provides per diem, mileage, and transportation costs as follows:

2,300 days of travel, at $12	$27,600
Mileage	3,200
All other	4,200

Transportation of things, $3,000

The estimate provides for two shipments of household goods in connection with interstation transfers and $2,000 for shipment of supplies, training material, etc.

Rents, communications, and utilities, $13,000

The estimate provides $4,000 for rental of office space, $4,000 for penalty mail, and $7,000 for all telephone and telegraph service.

Printing and reproduction, $11,000

The estimate provides $7,000 for printed publications, $3,000 for reproduction services, and $1,000 for forms and schedules.

Other services, $1,000

The estimate will provide for miscellaneous repairs and services.

Supplies and materials, $4,000

The estimate will provide $3,000 for desk-top supplies, $500 for envelopes and letterheads, and $500 for duplicating supplies.

Equipment, $10,000

The estimate will provide all necessary equipment (desks, chairs, tables, bookcases, file cabinets, typewriters) for the new positions.

Salaries and expenses

	Original estimate, 1962		Revised estimate, 1962		Increase	
	Number	Total salary	Number	Total salary	Number	Total salary
Grades and ranges:						
GS–17. $16,530 to $17,570: Director	1.0	$17,056	1.0	$17,056		
GS–16. $15,255 to $16,295:						
Deputy Director	1.0	15,267	1.0	15,267		
Director, President's Committee for the Physically Handicapped	1.0	16,037	1.0	16,037		
GS–15. $13,730 to $15,030:						
Administrative officer	1.0	13,749	1.0	13,749		
Assistant Director for Safety	1.0	15,038	1.0	15,038		
Assistant Director for State Services	1.0	15,038	1.0	15,038		
Assistant Director, President's Committee for the Physically Handicapped	1.0	14,394	1.0	14,394		
Chief, Division of Welfare and Pension Reports	1.0	15,038	1.0	15,038		
Director, President's Committee on Migratory Labor	1.0	13,749	1.0	13,749		
GS–14. $12,210 to $13,510:						
Area safety supervisor	5.0	62,150	5.0	62,150		
Assistant Chief, Division of State Services	1.0	12,230	1.0	12,230		
Assistant Chief, Division of Welfare and Pension Reports	2.0	24,710	2.0	24,710		
Chief, Division of Child Labor and Youth Employment	1.0	12,230	1.0	12,230		
Chief, Division of Reports and Public Service	1.0	13,520	1.0	13,520		
Deputy Chief, Division of Safety	1.0	12,230	1.0	12,230		
Field representative	1.0	12,480	1.0	12,480		
Information specialist	1.0	12,750	1.0	12,750		
Safety engineer	3.0	38,480	3.0	38,480		
GS–13. $10,635 to $11,935	30.0	334,902	30.0	334,902		
GS–12. $8,955 to $10,255	39.0	359,421	48.0	440,106	9	$80,685
GS–11. $7,560 to $8,860	36.0	279,725	50.0	385,719	14	105,994
GS–9. $6,435 to $7,425	14.0	92,745	14.0	92,745		
GS–8. $5,885 to $6,875	1.0	6,552	1.0	6,552		
GS–7. $5,355 to $6,345	23.0	130,245	23.0	130,245		
GS–6. $4,830 to $5,820	9.0	48,859	9.0	48,859		
GS–5. $4,345 to $5,335	56.0	266,965	56.0	266,965		
GS–4. $4,040 to $4,670	60.0	261,399	67.0	289,791	7	28,392
GS–3. $3,760 to $4,390	30.0	122,596	30.0	122,596		
GS–1. $3,185 to $3,815	6.0	19,946	6.0	19,946		
Total permanent	329.0	2,259,501	359.0	2,474,572	30	215,071
Deduct: Lapses	8.9	55,301	9.9	62,372	1	7,071
Net permanent (average number, net salary)	320.1	2,204,200	349.1	2,412,200	29	208,000
Positions other than permanent:						
Temporary employment		4,000		4,000		
Intermittent employment		11,500		11,500		
Other personal services: Additional pay for service abroad		2,000		2,000		
Total personal services		2,221,700		2,429,700		208,000

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	296	290	359
Full-time equivalent of other positions	3	2	2
Average number of all employees	257	285	348
Number of employees at end of year	305	288	353
Average GS grade	7.6	7.7	8.0
Average GS salary	$6,308	$6,859	$6,892

TUESDAY, MARCH 7, 1961.

THE PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE PHYSICALLY HANDICAPPED

WITNESSES

MAJ. GEN. MELVIN J. MAAS, USMCR (RETIRED), CHAIRMAN
WILLIAM P. McCAHILL, EXECUTIVE SECRETARY

Mr. MARSHALL. The committee will come to order.

We are pleased to have before us this afternoon our old friend, Maj. Gen. Melvin J. Maas, former Member of Congress, and a native of Minnesota whom Minnesotans are justly proud of—a great American.

Do you wish to present a statement for the President's Committee on Employment of the Physically Handicapped, General?

General MAAS. Thank you, Mr. Chairman.

GENERAL STATEMENT

I have filed a written statement, and I will not take your time in going through that. There are just a few points that I would like to emphasize.

(The statement referred to follows:)

STATEMENT OF THE CHAIRMAN, THE PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE PHYSICALLY HANDICAPPED

Mr. Chairman, members of the Appropriations Subcommittee.

At the time of the last appropriations hearing before this committee we had reached the authorized ceiling under legislation existing at that time and were unable to request funds needed for the additional responsibilities having to do with promotional efforts in behalf of job opportunities for the mentally restored and the mentally retarded.

In response to our request, the Congress authorized an increase in the ceiling to allow the necessary committee expansion in keeping with the needs of the country. In the House of Representatives Report No. 2057, which was accepted verbatim by the Senate committee, the Committee on Education and Labor made the following statement under the heading of "Need for the Legislation:"

"Since 1954, when the authorization was fixed at $225,000, the costs of operation, including salaries, goods, and services, has increased. In addition, methods with respect to fiscal budgeting has been changed in such a way as to increase the expenses of the President's Committee for its post office mailing costs, the Government's share of the retirement costs of its employees, and its printing costs. These factors have pressed the committee into a financial situation whereby it is necessary at times to solicit private organizations to bear the cost of publishing some of its printed material. In addition to this, the operating expenses have increased because the program has been set up and widely accepted with active State committees in every State.

"The President's Committee has made it greatest contribution in the past 10 years as a major factor in creating a climate whereby job opportunities for handicapped workers has been greatly increased. Although a great deal has been accomplished in this area, the job is not yet done. In this respect, the Committee on Education and Labor wishes to point out that a great deal more should be done and must be done by Federal agencies. A considerable number of complaints have come to the committee regarding Federal employees who have become injured and thereby handicapped and have then had to seek employment in private industry. The committee believes that suitable work can and should be found for these handicapped persons in Federal agencies. It is the committee's desire that the President's Committee direct more attention to this problem and it is the sincere hope of the committee that all Federal

agencies will give increased attention and cooperation in the area of retaining and employing handicapped workers.

"The committee believes that the work of the President's Committee is in the American tradition of encouraging the development of the fullest potential of every individual and recommends that this bill be enacted.

"H.R. 12458 has the complete approval of the Department of Health, Education, and Welfare, the Department of Labor, and the Bureau of the Budget."

The committee will continue to work closely with the White House, the U.S. Civil Service Commission, and other Federal departments and agencies in carrying out the desire of the Congress that more attention be directed to the problem of retention of injured Federal employees. Legislation to this effect has been prepared by an ad hoc committee of the Advisory Council to the President's Committee and is now in the hands of the Bureau of the Budget for normal referral services. However, this effort will be made within the normal framework of the committee staff in its day-to-day work within Government.

The increase requested for the coming fiscal year is devoted entirely to the needs of the committee's new program which is supplementary and complementary to the efforts of various public and private agencies and organizations to return victims of mental illness to employment or to find jobs for mentally retarded persons.

It is not necessary to review congressional interest in job opportunities for the mentally handicapped. Although we have begun activity in this program, we need funds to really do the job which constantly is being expected of us. At a recent Conference of the Mental Health Authorities of the Public Health Service a recommendation was passed which read in part:

"That the State and territorial mental health authorities endorse and encourage the President's Committee on Employment of the Physically Handicapped in its plan to include the mentally ill and mentally retarded in its program."

The newly established Committee on the Mentally Handicapped in a recent report recommended that all four regional meetings of the President's Committee feature employment of the mentally handicapped and this will be done. Also, our annual meeting, April 27–28, 1961, will feature a panel on the subject.

The Executive Committee last November 28 approved the statement of purpose of the new Committee on the Mentally Handicapped which reads as follows:

"Purpose of the Committee shall be to broaden job opportunities for the Nation's mentally restored and mentally retarded persons who are ready and able to work; through a promotional and informational program, to create a climate in this country leading to public acceptance of these persons, both on the job and in their total relationships with their communities; to support and encourage programs by Government agencies at all levels and by private organizations which further the foregoing objectives, and to work with all groups and organizations to carry out the general purpose of increased employment opportunities for the mentally restored and mentally retarded."

In view of the above reasons, we urgently ask favorable action upon our request for an increase of $39,900 in fiscal year 1962. This is program increase. We realize that this will not solve the problem, but it is a start. Insofar as possible, the other ongoing programs, including publications, will be adapted to include the mentally handicapped during the coming fiscal year. This is not something we have gone into lightly, but are feeling our way and are seeking and getting the best possible advice and assistance as we attempt to help change an unfortunate and distorted stereotype and create a better public image. We know that we can count upon the Congress in our efforts and promise you that we shall move forward with deliberate speed in such a manner as not to slacken our efforts for the physically handicapped, but to serve both groups.

General MAAS. I believe the work of this Committee, under the sponsorship of Congress, has far more than justified your confidence in the committee in the results that have been obtained. In something over 13 years since Mr. Truman created this Committee, substantially over 3 million severely handicapped men and women have been given employment. There is every reason to believe that many of them otherwise would have still been dependent either on public welfare or on their families.

Now, we do not, as you know, do any actual placement, nor do we conduct any rehabilitation. We backstop the employment and rehabilitation services.

The more effective and efficient the employment service and the veterans' employment service are, the better our results are. We work in the fields of education, of promotional activities; we work with the radio and television industry, with the billboard people, with the magazines, newspapers, every medium of communication that there is; and all of us, the staff and the officers—the Chairman and the two Vice Chairmen—do a great deal of public speaking ourselves. Principally, we confine ourselves to meetings of national or regional significance.

We all appear on radio and television frequently, on networks, simply creating the climate where employers will understand that qualified handicapped men and women are employable, and not only employable, but usually make good employees.

INCREASE IN PERSONNEL REQUIREMENTS OF 1962

The increase that we are asking for this year is largely a result of suggestions made in this subcommittee, starting several years ago, and in the Senate committee, as well as in repeated requests from Governors' committees: that is, to expand our educational and promotional activities into the greatest untouched field of employability—and that is the mentally restored and the mentally retarded.

And we have gone into that work. We are carrying on as best we can now. But the increase that is being asked for is not any particular empire building at all. We will have completed the organization, so far as we can foresee it, but we need two more positions than we have now, plus some vacancies that are at the moment unfilled, through death and resignations.

We will then be able to, we feel, backstop the employment services and the vocational rehabilitation agencies throughout the country to where they can attain their maximum employment.

Now, the best way in the world for a handicapped person to get a better job opportunity is through better job opportunities for everybody.

We feel that, through our activities, the handicapped will get their fair share of employment, if there is a high level of employment. Therefore, to us the most significant importance in our appeal to Congress is to broaden the Employment Service itself, the Bureau of Employment Security and the Veterans Employment Service, so that they can do the job that has to be done.

Now, it is a great deal less expensive to the taxpayers if these people can be found jobs and can go back on the payrolls, rather than having to draw unemployment compensation. And I can assure you the vast majority, Mr. Chairman, would far rather be employed and earning wages than to be on unemployment compensation. So it is through no desire of theirs.

But if we are to attain this goal, particularly in the present circumstances, I believe the Employment Service is going to have to have expanded facilities, primarily personnel.

Now, if you grant us the appropriation that we are asking this year, we will be able to give the proper service in educational and promotional activities to an expanded Employment Service, both for the handicapped and the nonhandicapped.

I should be very glad to answer any questions you might have, Mr. Chairman. But we feel that the two are integral—the Employment Service and the activities of the President's committee. We exist only to create the proper climate so they can get the jobs for the handicapped.

Mr. MARSHALL. Your appropriation for 1961 was $225,000. The allowance for increased pay costs raises it to $236,500. The request is for $276,000, or a net increase of $39,500.

How many additional positions did you request?

Mr. MCCAHILL. Four.

General MAAS. Four positions.

So far as I can see, Mr. Chairman, that would complete, in the foreseeable future, the organization that we would need to give the maximum educational and promotional activities to back up the Employment Service.

Mr. MARSHALL. These four people will do just what, General?

General MAAS. This will be in the field of the mentally restored and mentally retarded.

Mr. Posner, if this is granted, will have charge of those activities as Special Assistant to the Chairman. He will have a small additional organization of a GS–11 and a GS–4 to give him the support.

Now, what we are doing is to, in a sense, keep the two organizations separate for the time being, because we do not want to undo with employers the results that we have already obtained. We are going to have to carry on the two activities rather separately for a while.

Right now we feel, if we lump them together, we might undo some of the good work we have done with employers in accepting the physically handicapped. Some of them are as shy now about the mentally restored as they were a few years ago with the physically handicapped.

So for the time being, we will have to run, in effect, two campaigns. It will all be one organization, but the activities will be separated to the point where they will not be confusing to the employer.

Now, the Veterans Employment Service has been the spearhead from the very beginning, with their VER's and their local VER's. We have counted upon them; we know we can continue to count on them. And, unfortunately, there is a very large part of the veteran population, disabled veterans who come in the category of mentally disturbed, who have been mentally restored.

AUTHORIZING LEGISLATION

Mr. MARSHALL. We note that last year the Congress increased the authorization from $225,000 to $300,000.

General MAAS. Yes, sir.

Mr. MARSHALL. Did Congress increase the authorization too much?

General MAAS. No. I do not think they did, because they took into consideration that everything that we have to buy, including the fact that the Congress itself has substantially raised pay and that we now have to pay our postage which was then not charged to us, plus the fact that in complying with the wishes of Congress as expressed

through a number of committees of the House and Senate, we are moved into this field of the mentally restored and the mentally retarded, that it is not really an increase; it is merely adjusting to the same thing we had asked for in the $225,000 when that limit was placed. They fully recognized that in their report which I have quoted in the written statement, Mr. Chairman.

This is not empire building, I can assure you.

APPROPRIATIONS REQUESTED OF BUREAU OF THE BUDGET

Mr. MARSHALL. You did not request more than $276,000 from the Bureau of the Budget, did you?

General MAAS. Not this year. We have got to leave room for promotions and additional costs as they go up.

But as far as positions are concerned, as far as I can see, these are as many as we will probably need. But that latitude is going to be necessary. We may need more in printing, because we are serving more Governor's committees. Every Governor has a good, active committee now, and there are over a thousand mayor's committees. They are looking to us for leadership. We have more and more demands for travel of the members of the staff and the officers of the committee and for more and more printed matter.

But I can assure you, Mr. Chairman, that Congress never appropriated money that brought such a return; because for the small amount that is appropriated for this committee, we get, in return, donated millions of dollars from the television and radio industry, from magazines, the billboard companies, and volunteer agencies.

CITATION OF GENERAL MAAS' SERVICES

Mr. MARSHALL. This committee was very pleased that your services were noted by our past President, Dwight D. Eisenhower, in a citation that he sent to you.

Without objection, we would like to put that citation in the record at this point. A well-deserved citation and one that you certainly have merited.

General MAAS. Well, thank you, Mr. Chairman.

The only thing I can say is to repeat a remark I made to the staff the other day:

I do not believe that there has ever been a case where so many people have done so much for which one person has taken the credit as in this work.

(The citation referred to follows:)

CITATION

Maj. Gen. Melvin Joseph Maas (U.S. Marine Corps, retired), has served the people of the United States in peace and war with vigor, ability, and devotion.

As a Congressman, as a marine in both World Wars, as Chairman of the President's Committee on Employment of the Physically Handicapped, Melvin Maas has become an example of inspired citizenship to all Americans.

Total blindness and diverse physical afflictions have not been able to stop him in his prosecution of good works. He is a symbol of the proud motto of the handicapped: "It's ability, not disability, that counts." In him the physically handicapped have a brave and effective champion.

For his lifelong dedication to the service of the American people; for his outstanding leadership of the President's Committee on Employment of the

Physically Handicapped; and for his courage in action over and beyond the call of duty, it is most fitting that Melvin Maas receive the grateful recognition of his countrymen.

DWIGHT D. EISENHOWER.

Mr. MARSHALL. Do you have some questions that you would like to ask?

Mr. MICHEL. No; thank you, Mr. Chairman.

Mr. MARSHALL. General, we thank you very much for your appearance before the committee. We always look forward to having you with us. And I am sure, if anything comes to mind of interest in your work, that you will have a receptive ear from this committee.

General MAAS. Thank you, Mr. Chairman.

WEDNESDAY, MARCH 8, 1961.

BUREAU OF LABOR-MANAGEMENT REPORTS

WITNESSES

JOHN L. HOLCOMBE, COMMISSIONER
JAMES E. DODSON, ADMINISTRATIVE ASSISTANT SECRETARY OF LABOR

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1960 actual	1961 estimate	1962 estimate
11	Personnel compensation:			
	Permanent positions	1,106	3,614	4,585
	Positions other than permanent	164	176	1
	Other personnel compensation	285	91	4
	Total personnel compensation	1,555	3,881	4,590
12	Personnel benefits	91	277	345
21	Travel and transportation of persons	152	361	585
22	Transportation of things	12	28	60
23	Rent, communications, and utilities	182	77	100
24	Printing and reproduction	149	120	250
25	Other services	107	165	200
26	Supplies and materials	80	65	75
31	Equipment	353	37	70
	Total obligations	2,681	5,011	6,275

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	531	531	596
Full-time equivalent of other positions	48	50	
Average number of all employees	198	508	582
Number of employees at end of year	613	532	596
Average GS grade	9.4	9.4	9.2
Average GS salary	$7,357	$7,887	$7,867

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Reports and disclosure	975	1,744	1,962
2. Regulations and administrative determinations	57	129	323
3. Compliance and enforcement	1,294	2,512	3,111
4. Administration and management services	300	626	879
Total, program costs	2,626	5,011	6,275
5. Relation of costs to obligations: Obligations incurred for costs of other years, net	55		
Total obligations	2,681	5,011	6,275
Financing:			
Comparative transfers to other accounts	327	538	
Unobligated balance lapsing	17		
New obligational authority	3,025	5,550	6,275
New obligational authority:			
Appropriation	3,025	5,250	6,275
Proposed supplemental due to pay increases		300	

Mr. FOGARTY. We now have the Bureau of Labor-Management reports. Mr. Holcombe, do you have a statement for the committee?

Mr. HOLCOMBE. I have a statement which I filed with the committee. If the committee pleases, I will just try to highlight that in 3 or 4 minutes.

Mr. FOGARTY. Please proceed.

GENERAL STATEMENT

Mr. HOLCOMBE. My statement, Mr. Chairman, gives the detailed justification of all of the requests by the standard breakdown of object classification and activity. In order to try to highlight our presentation, here I have tried to indicate what are the principal increments of change, plus or minus, from our 1961 program.

The regular 1961 appropriation of $4,741,000, and $270,000 of the supplemental for pay increases which applies to our Bureau makes a total of $5,011,000. In addition to that, there is $693,000 for bringing the 1962 program to the level attained in the buildup through 1961, 1961 being our first full year of operation. This constitutes partly the annualization of the pay supplemental and health insurance supplemental, but primarily it's 63 additional man-years and a more adequate allowance in travel.

The budgetary shortage in this year has required that we cut down travel particularly for the last half of the year, so that most of the work is having to be done in the immediate vicinity of the area offices.

INCREASE FOR FORMS AND INSTRUCTIONS FOR LANDRUM-GRIFFIN REPORTS

The changes then net $571,000 for 1962. These break across object class and across the activities. The first one I would like to briefly describe is $212,000 extra for the forms, instructions, the distribution of the forms, and the education of people as to how to fill out the forms in 1962. This is required for these various reports.

Mr. FOGARTY. That $212,000 is an increase over what you had for this purpose in 1961?

Mr. HOLCOMBE. That is correct. An increase available for the same purpose in 1961.

Mr. FOGARTY. Tell us what the full amount is.

Mr. HOLCOMBE. We can do that.

Mr. FOGARTY. Mr. Moore, if you have the figures, you can give them. You can go ahead with your chart.

Mr. HOLCOMBE. I can integrate them in our discussion. The amount for this purpose in 1961, that is within the figure of $5,011,000, is $1,136,000. This brings it up to $1,348,000. These are the reports that are required by law and we have received in total about 127,000 reports in the period since September 1959.

Mr. FOGARTY. How many should you have received?

Mr. HOLCOMBE. That is impossible to say because before we had this law, nobody even knew exactly how many labor unions there were. We do know that we haven't got all of them because we are still getting them. Our technical assistance program is still turning up unions that never heard of us. We are still turning up employers who don't know what their reporting requirements are.

Mr. FOGARTY. Are most of these small unions?

Mr. HOLCOMBE. The ones that are remaining, the ones we are finding are mostly small unions, they are mostly rural unions, located where international representatives don't get around very often or independent unions that have no access to that kind of internal assistace.

We have prescribed forms for all of the principal reports, the four principal reports. We are still in the process of developing report forms.

Mr. FOGARTY. Which are the four principal ones?

Mr. HOLCOMBE. The LM–1, Labor Organization Information Report which is a one-time report that has to be filed by every union when it comes into existence. There are amendments to that that have to be filed annually with the financial reports down here.

When a union goes out of business or merges, it must file a terminal report. Then the financial reports, which are the long form (as you see we are getting about 30 percent of that one), and the short form that was authorized by the Congress and which we have provided on two sides of one sheet of letter-size paper. The short form accounts for about 70 percent of our annual financial reports. This applies to unions which meet several conditions of which the primary one is that they must have assets or income of less than $20,000 a year.

And there were a small number of reports that were filed in the early days before there was any form prescribed that are also financial reports.

Then there are the various miscellaneous reports, such as trusteeship reports which are initial reports, 6-month reports and terminal reports; reports by union officers or employees who get payments from an employer, or indeed from the union, that are not standard wages for the job.

Mr. FOGARTY. What do you mean by that?

Mr. HOLCOMBE. Obviously the report was intended to disclose conflict of interest situations.

Mr. FOGARTY. I see.

Mr. HOLCOMBE. But it is considerably broader than that and applies to various kinds of payments that an employer may make to a union officer or employee.

Mr. FOGARTY. I see.

Mr. HOLCOMBE. Employer reports and labor relations consultant reports which are filed only under certain very special circumstances when they make an arrangement or agreement and the employer makes a payment to labor relations consultants for two kinds of activities, either activities to influence the views of his employees with respect to collective bargaining, or activities with regard to getting information on employees views and activities, what is commonly known as labor spying.

Now, in 1962, on the basis of our experience to date, we expect to get 17,000 of the information reports, mostly amendments, 55,000 of the financial reports, and 2,000 in all of this category of special reports that will total 74,000 in this one year. The 127,000 figure there is for over a year and a half.

We also have to get out these forms which have not been prescribed yet. These are now being made in letter reports, following the provisions of the law and regulations without a prescribed form. Also on the basis of our experience to date, we have found ways we can tighten up, clarify, and simplify the forms we already have. We intend to do this in the next fiscal year which will mean a certain amount of additional education even to people who have already been educated as to how to fill out these forms.

Furthermore, as unions change officers, which they do with great frequency, there is a job of educating the new officer as to how to fill out the forms, and also how to deal with their union members, because the law also prescribes that they must furnish copies of these forms and all the information contained therein to their members and that union members have a right to go into the books and the records that back up these forms under certain conditions.

Mr. FOGARTY. What kind of cooperation are you receiving from international unions?

Mr. HOLCOMBE. We are receiving from 95 percent, I would say, a rough figure, splendid cooperation. As a matter of fact, the job could not have been done unless the labor movement had pitched in and really given splendid cooperation. Even those who don't agree with all the provisions of this law are showing that they want to comply with it and we have been working closely with the directors of education, with the officers of State federation and local central labor bodies at city and county level to get out the word and get the instructions and they have been most anxious that we cooperate in this regard. Part, of this $212,000 we are talking about is to carry these on to the less centrally located places. Actually, we find now that the people who need the education and the instructions most are those who don't have available either international representatives or the State and county bodies to help them and to guide them.

INCREASE TO INVESTIGATE AND CONDUCT ELECTIONS

The next increment here is $216,000 for conduct of elections. Title 4 of the act provides that when a violation is established we will go into court and request that the elections be set aside and that new

elections will be conducted under the supervision of the Secretary of Labor. This is a late provision of the law. It didn't apply to any union until 90 days after the rest of the law applied and if the union had to change its constitution or bylaws to get into conformity, it applied at some later date, perhaps as late as September 14, 1960. Consequently, we didn't have any cases of this nature until about a year ago and most of the cases that we have had, we have had over 500 as I will show shortly, have resulted in voluntary compliance.

However, we are now in court on nine cases. We have had one election set aside, the only decision that has been given by the court, and we have just finished conducting that election in a small, independent local in Jacksonville. The election only affected one unit out of five plants of the local. It gave us a very good small test of our operation.

We followed the practice of having the union run its own election, so that in addition to getting an honest election, in this case, there will be a carryover in that they will have learned how to conduct legal and democratic elections for the future. In this case, the election, as I say, has just been conducted and the procedure was successful. We had an election without any event, without any objections; 65 percent of the members voted, whereas the average for elections up to that time had been 26 percent. We are about to report to the court.

We have eight more cases like this in process which we believe will result in elections. We have anticipated that there will be 20 more elections to be conducted next year. Some of these are going to be very expensive. If, for example, the court sets aside NMU elections, a new election will have to be supervised in 30 ports in the country and possibly in most of the ports of the world. Two of our other cases involve the setting aside of district elections. The Great Lakes district of the ILA extends from St. Louis clear up to Buffalo. Some of these are going to be complicated and fairly expensive operations.

INCREASE TO REDUCE BACKLOG OF UNINVESTIGATED COMPLAINTS

We are planning on $105,000 for this item this year, so this is really tripling our expenses next year because this is something we are just getting into.

We feel that we must cut down the backlog of complaint investigations. We have put under investigation, through practically the end of February, over 4,500 separate complaints or cases of specific violations of the act. Of these, 3,052, or about two-thirds, have been closed, but 1,469 are still pending, under investigation. This is too many. "Justice deferred is justice denied" and this represents about 6 months, on the average, from the time the complaint is filed until the investigation is concluded. We must bring this down, if we are going to do our job efficiently and effectively, to something less than 2 months. If our complaint load stays steady, this will require what is largely a one-shot increase to get caught up to date, so that we are working on a current basis. It is not only a matter of justice being deferred but also, as you will realize when a case gets that old, evidence becomes unavailable and witnesses lose their steam. It makes it much harder to get at the facts and the core of the matter than if the investigation can be carried on currently.

ILLEGAL RESTRICTIONS OF RIGHTS OF UNION MEMBERS

Mr. FOGARTY. That first one—"Illegal restrictions of rights of union members"—on the chart, is that the complaint of a union member about his rights in the union?

Mr. HOLCOMBE. That is right. This is title 1, under which we really have no investigative jurisdiction. You will notice that practically all of these cases have been closed because these were all opened in the first few months.

Mr. FOGARTY. What is "Not actionable?"

Mr. HOLCOMBE. That means we found there was no evidence of any violation under the law. This column [indicating "Compliance achieved"] is those in which we found some violation under the law but it was cured generally by voluntary compliance.

Mr. FOGARTY. Out of 413 closed cases, you had 50 where you found they did have some justification?

Mr. HOLCOMBE. That is right; usually because while complaint was made under title 1, we found in the investigation that there were violations of the reporting provisions or some other provision which we were able to get corrected.

Mr. FOGARTY. Fix the charts up for the reporter so they can be put in the record.

Mr. HOLCOMBE. Copies of these charts are included in the prepared statement along with some others. They will be available. They are also discussed in much more detail in the prepared statement.

The point I wanted to make here is that this backlog is excessive and must be brought down to a workable and current basis. This will require $228,000.

FAILURE TO PROVIDE COPIES OF AGREEMENTS

Mr. FOGARTY. Let me take a look at the rest of those figures. "Failure to provide copies of agreements"—out of 155 you found 103 where there was justification.

Mr. LAIRD. Is this some individual who wanted a copy of the agreement?

Mr. HOLCOMBE. Section 104 of the agreement says that anyone who is affected by a collective bargaining agreement which is negotiated by a union, whether he himself is a union member or not, may demand of the union that they provide him with a copy of the collective bargaining agreement. This is the only part of the title 1 where they are authorized to go to the Secretary of Labor. All the rest of the title 1 is a matter for them to take directly to court.

These cases which were opened, which we do not have jurisdiction over, were opened in the early months when our people were not trained and union people did not know much about it, and we opened cases in almost every case so that we could find out whether it was under our jurisdiction or not. That is similarly true of these "Miscellaneous" cases down here. These are early types of cases.

Generally, section 104 cases arise from one of two factors. Either there is a personality clash between the fellow who is asking for it and the union official, in which case we go in and put some oil on the water and the agreement is furnished.

The other type of case is what sometimes is called a "shake-em hands agreement" where there is nothing in writing. The question is, how do you provide a copy of something that is not in writing? In those cases we get the union to write out an explanation of what it is that the man must live with as a collective bargaining agreement and furnish him that and the matter is satisfied. We have not had any cases under this category which we were not able to straighten out administratively.

INADEQUATE REPORTS UNDER TITLE II

Mr. FOGARTY. What about inadequate reports?

Mr. HOLCOMBE. This is the meat of our act, the disclosure, particularly of the financial information, but also the conditions of membership, the bylaws and so forth. It has given rise to by far the largest number of investigations. You will notice also by far the largest number of cases, in the two-thirds of the cases that are closed, in which we have found that there were violations.

However, in most of these cases we have found that the violations or violation was not willful. Therefore, it was not appropriate for criminal action. We have gotten them back on the rails and shown them how to make out their report, where they were wrong, and have closed the case with voluntary compliance.

TRUSTEESHIPS

Mr. FOGARTY. Next is trusteeships.

Mr. HOLCOMBE. Under title 3 of the act, there are four specific causes for which a higher body can put a subordinate body in trusteeship. Union members are authorized to come in and complain to us and ask that the trusteeship be set aside if it does not meet those conditions. We have had 118 cases involving trusteeships, of which 44 are still under investigation.

As you will see in most of these cases we found that they were not actionable, that the trusteeship was proper and was properly imposed for one of the reasons stated in the statute.

Mr. FOGARTY. Are there any other international unions that have had more trusteeships under their jurisdiction than the Teamsters?

Mr. HOLCOMBE. I don't carry those figures in my head. There are about 50 teamsters trusteeships. We have something less than 300 trusteeships in total now. I would like to provide that information for the record.

(The information referred to follows:)

Information available to the Bureau through its operations under the Labor-Management Reporting and Disclosure Act shows that the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers has more trusteeships than any other international.

Mr. FOGARTY. I am thinking of the recent order by the judge here on the Teamsters' election. Didn't he order that they get rid of these trusteeships?

Mr. HOLCOMBE. The Teamsters have been trying to get rid of them for a long time. It has now been ordered that they be gotten rid of.

Incidentally, we have made a financial investigation of practically

every one of those Teamster trusteeships. Mr. Hoffa requested the Secretary to help him get rid of trusteeships.

ILLEGAL ELECTION PROCEDURES

Election procedures, Title 4, where elections have not been carried out under the standards of fair and democratic elections under our act—we had 574 of these cases; 130 are still under investigation. Most of them again have proved to be elections which did not violate the provisions of our act, though in 72 cases we have found violations. However, in this case, since this is a civil action, we conduct an open investigation and after we have completed our investigation we go back to the international and say, "Here is what we found. The law requires that we find not only that there has been a violation but that it is not corrected. Would you like to have the opportunity to correct it?" If they want to correct it, and they have in most cases, we take the evidence that they have corrected it and close the case. If not we have to go to court. We have nine cases of this kind in court.

Mr. FOGARTY. What is the next one?

BREACH OF FIDUCIARY RESPONSIBILITIES

Mr. HOLCOMBE. Breach of fiduciary relationship is under title 5 of the act. The only part of this that has a criminal penalty is section 501c which is the embezzlement provision. However, there are many breaches of fiduciary relationship that are complained of that do not amount to embezzlement. We investigate those and take corrective action—again, where possible, by administrative means. You will notice here again we have found relatively few violations. However, all of the criminal actions that have been taken and all the criminal convictions have been under this provision, where union officers have embezzled funds.

SOURCE OF COMPLAINTS

Mr. LAIRD. Most of those complaints come from workers?

Mr. HOLCOMBE. Most of them come in from union members; yes, sir.

Mr. LAIRD. I am surprised there are that many complaints. You don't disclose their names; do you?

Mr. HOLCOMBE. No, sir. We do not disclose the name of the complainant, except, of course, if we have to in a court action, on any of these cases except the election cases. In the election case the law requires that the complainant have exhausted his remedies within the union, so the exhaustion of his remedies is jurisdictional and the international must be informed so they will be able to defend themselves as to whether he has exhausted or not. Also, it is only a civil case; therefore, there is not the same disadvantage in disclosing the name of the complainant.

Mr. LAIRD. It is higher than the estimate you had for the number of complaints a year ago.

Mr. HOLCOMBE. Partly this is a difference in definition. At that time, we took the number of cases we would receive. This is in terms of violations because we found that when we opened a case under one category, frequently it involved four or five different violations and it didn't give a clear picture.

Mr. LAIRD. These are cases then.

Mr. HOLCOMBE. These are violations. That is why we are talking about a higher number and are able to give more precise figures than we were at that time.

Mr. LAIRD. There is quite a difference. The figures look so much greater in this chart than they did before.

Mr. HOLCOMBE. They are somewhat greater, though, even if you take it on the number of cases. We have exceeded the number of separate locals that we have gone into, also some more employers and labor relations consultants in here than we had anticipated at the outset.

Mr. FOGARTY. Go ahead and take each item right down that chart, Mr. Holcombe.

INADEQUATE BONDING OF UNION OFFICERS OR EMPLOYEES

Mr. HOLCOMBE. Inadequate bonding of union officers or employees: we have had 189 cases in which it is contended that they were not adequately bonded and most of these are still pending because here the law is so complicated and the bonding situation is so difficult that we make every effort to give people a chance to get the correct bond by themselves before we take them to court. We have had no cases in court under this. We have either gotten correction or we are still working on getting correction. It is very difficult to prove willfullness in an area where even the bonding companies are unclear as to what is really required.

ILLEGAL LOANS AND PAYMENT OF FINES

Illegal loans to and payment of fines by union officers is prohibited by the law. We have had practically no cases on this. We have found no real violation.

INELIGIBLE PERSONS HOLDING UNION OFFICE

Ineligible persons holding union office. This can be people who have been Communists within the past 5 years or who have been convicted of certain specified crimes within the past 5 years. We have had 161 cases of this. Two people thrown out of union office have appealed to the parole board and have been denied the exemption provided in the act by the parole board. We have relatively few cases pending in this category.

Mr. FOGARTY. What about the other fellow?

Mr. HOLCOMBE. The other one was, during the proceedings, kicked out by his union. We dropped the case.

The Communist cases, in this we don't have figures because we turn those over to Internal Security Division of the Department of Justice and they handle them from there. We dont' ask for reports on those cases.

Mr. LAIRD. Why don't you ask for reports on those?

Mr. HOLCOMBE. This gets mixed up with the work they have done in the past where usually they have these people already in the process somewhere.

Mr. LAIRD. Are they under surveillance and you just don't want to bring out the information?

Mr. HOLCOMBE. They really don't want to. This is highly sensitive. It involves covert informants, and so forth. We just decided at the outset that they have a special way of handling this. They have a special group to handle it. They want to keep the information as close as they can and we did not need for the administration of our act, to be following up on that.

OTHER COMPLAINTS

The next one is bribery and extortionate picketing which is handled by the Department of Justice for us and there have been very few cases in that. No court actions.

Criminal contempt. There have been two cases but——

Mr. FOGARTY. How did you get those two?

Mr. HOLCOMBE. That entry is in error. There have been no criminal contempt cases. Any that occur will be handled by the Department of Justice.

The illegal discipline of union members is also handled by the Department of Justice and there have been relatively few of those. Most of them have been closed out.

Violence is also handled by the Department of Justice. We have had quite a number of allegations of that, but they have never turned up anything they thought was worthwhile bringing to court, frequently because it is difficult to prove that the violence had a connection with union activities. When people get into a fight it is pretty hard to prove why they fought, particularly after their tempers have cooled down.

INCREASE TO IMPROVE FIELD SUPERVISION AND TRAINING

The next field is improving our field supervision and training.

The last part of our organization was to organize regional offices and that is where we ran out of money and determined there would not be a supplemental in 1961. Therefore we were only planning to open up five regional offices. The matter was discussed in the last administration. It was caught up in the matter of balancing the budget and it now seems to be so late that it wouldn't be of much use in this fiscal year, particularly since it would have to be used to organize offices and hire people.

Mr. DODSON. It did not meet the criteria for a supplemental.

Mr. FOGARTY. Was that one of the reasons you had to cut down on travel?

Mr. HOLCOMBE. Yes, sir; there was originally, when we submitted the 1961 budget, there was indication by the Bureau of the Budget that they would consider a supplemental, and so we kept ourselves flexible so we could work with a supplemental or without one. We had an alternative plan, and when we didn't get one, we have had to put it into effect.

Mr. DODSON. I think we can say that we did submit a supplemental but it did not meet the criteria or the legal requirements.

Mr. HOLCOMBE. This is to provide 20 man-years of additional personnel in five regional offices throughout the country. There is a map

in the charts that are provided you. That shows where those offices are. We now have only 24 people in regional supervision of our field staff. It also provides more adequate travel funds so that we can cover the country, increase our production, and reduce our backlog out in the rural areas.

INCREASE TO REDUCE BACKLOG OF INTERPRETATIONS AND DETERMINATIONS

The next item is to take care of increasing number of, and actually cut a backlog of interpretations and determinations. This is just a matter that was not properly provided for originally, partly because it has been so long since the Department of Labor had a new law like this to administer. I can remember that I was in the organization that did this for the Bureau of Unemployment Compensation in 1936 and 1937. We had several times the number of people we have got in our similar office now to do the same kind of work in the early days of the employment security program.

Similarly, Wages and Hours has several times the number of people we have on this work, even after their law has been in effect for a long time as to coverage, making determinations of technical applications of fact to the law. The law, of course, is interpreted by the Solicitor's Office. We need $69,000 more in that area.

Mr. FOGARTY. Is that for the Solicitor's Office?

Mr. HOLCOMBE. No, sir; this is for our office. This is for application of points of law, which are settled with the advice of the Solicitor, to specific fact situations.

Somebody files a report and says "I am filing a report, and I am filing it under protest because I am not covered by your act." We have a big backlog we have not been able to get to which we must be able to get to.

Mr. FOGARTY. Are these lawyers?

Mr. HOLCOMBE. Usually unions that have lawyers.

Mr. FOGARTY. You have to hire lawyers?

Mr. HOLCOMBE. They do not have to be lawyers. I, myself, have legal training and we like to have legal training, among other kinds of training, in people who are doing this kind of interpretation work and applying legal principles to the facts.

Mr. FOGARTY. Does the Solicitor's Office handle all your legal work?

Mr. HOLCOMBE. Yes, sir. They handle all the litigation, all the legal interpretation. New points of law are handled by the Solicitor's Office; but once a point of law is set and it is a matter of determining in a set of facts which of these points of law apply that is done by our regulations and interpretation staff.

These people also have to draft instructions for the forms. They have to go over all technical assistance material to make sure it is in accordance with the determinations that have been made by the Solicitor. Incidentally, I have here samples.

Mr. FOGARTY. Let us take a look at the whole thing.

Mr. HOLCOMBE. I have samples of technical assistance put out so far. These are instructions on three principal reports. I think these have been sent to your offices but I will leave them here if any of you want to look at them. If you want additional copies, we would be happy to provide them. We tried, and particularly in this one which

is a bestseller, to give third grade reader-type instruction on how to fill out the short financial form.

Mr. LAIRD. You have done a good job there.

Mr. HOLCOMBE. This is a longer financial report and therefore is more complicated. It has many more problems to discuss. This is the employer report.

Mr. LAIRD. That green one really answers a lot of questions; when you have someone telling you what a problem it is, give them that green folder and they feel a lot better about it. You have done a good job on that.

Mr. HOLCOMBE. We have got some people who have had trade union background like Barney Tassler, formerly the editor of the Federationist; we have some people with legal background. We put them together and try to get them to come up with something legal and simple. It is a tough job to do but we have had a lot of good comments on it which makes all the trouble worthwhile.

Mr. FOGARTY. Leave them here for the committee to look at this afternoon.

DECREASE IN EXAMINING REPORTS

Mr. HOLCOMBE. Lastly the balancing item, to permit accomplishment of the above things that are not now being done. We had a total of $6,275,000. This means we are going to have to put less emphasis in 1962 on the examination of the records and reports. Part of this was planned and calculated. When I came on a little over a year ago, I found this mass of reports and I got authority from the Secretariat to hire 200 temporary people. We got them through the Employment Service and Civil Service combined. We broke down the job so that the relatively untrained clerks on a very simple, one-shot kind of thing could go through a lot of reports and make sure that they were correct with respect to whatever it was they were looking at. We felt it was important in this first submission to give more than the usual look to every report so that we would have a chance to get in touch with people and educate them with the hope that that would carry on into future reports.

We sent out about 90,000 letters on reports that needed correction. We are not planning to do that again. We are planning to have a smaller staff instead of that large staff, but a more technically trained staff to do a thorough job on examining a smaller sample of the reports.

We have to reduce the amounts of reports that we examine simply on a spot-check basis, the same way Internal Revenue does, in the field. This is going to reduce about $240,000. We will be examining something less than 1 percent of the reports in the field. This is too small. We hope in future years when we get over some of these one-time operations to do a better job because a fraction of 1 percent is not enough, by the experience of Internal Revenue and other agencies that do this kind of examining, to assure that people have enough chance to be examined so that they will be sure and turn in correct reports.

Mr. FOGARTY. What is the percentage Internal Revenue examines?

Mr. HOLCOMBE. It varies for different kinds of reports. Individual reports don't get the same examination as corporate reports. I have not been able to get any hard and fast figure but I happen to have——

Mr. LAIRD. That figure is not given out by the Department.

Mr. HOLCOMBE. I happen to have on my staff now 40 people who used to be some of the best investigators in Internal Revenue.

Mr. FOGARTY. All right, gentlemen; we will adjourn until 1:30.

(The complete text of Mr. Holcombe's general statement follows:)

STATEMENT OF JOHN L. HOLCOMBE, COMMISSIONER, BUREAU OF LABOR-MANAGEMENT REPORTS

Mr. Chairman and members of the committee, I appreciate the opportunity to make this second appearance in my present assignment before your committee to report to you on our progress in carrying out a mandate of Congress under the Labor-Management Reporting and Disclosure Act of 1959 and to justify the $6,275,000 in the budget for the operations of the Bureau of Labor-Management reports for fiscal year 1962.

The Secretary of Labor has delegated to our Bureau his major administrative, investigative, and related functions under the act. Excepted from the delegation are: (1) The determination of policy and the promulgation of regulations, on which we are directed to make recommendations to him; (2) a variety of legal functions (but for which the Bureau must provide extensive support); and (3) the investigation of certain specific types of criminal cases which have been delegated to the Department of Justice, as I will explain in greater detail later.

The Secretary of Labor does not have jurisdiction over the amendments to the Taft-Hartley Act which are found principally in title VII of the law. Also, with one minor exception title I—the so-called bill of rights—is outside the administrative responsibility of any department of Government.

I might say a word at the outset about the general approach to this legislation which our study of the law and its legislative history has led us to take as a basis for administration. While there are specific mandates and criminal penalties in the statute, we find a recognition that the great majority of the people on both the labor and the management sides of the industrial relationship are honest and dedicated citizens who want to achieve the policies of this legislation to the best of their knowledge and ability. Thus, the role intended for the administrative agency under this act is not to take over the internal affairs of unions and others subject to the act. Rather it is to assure the reporting and disclosure of information, safeguards for union funds, and the provision for free and secret election of officers so that rank-and-file members may themselves correct malpractices in their organizations. For the large majority of labor organizations, employers, and labor relations consultants affected by the act, we need only provide assistance and information to those who want to carry out the purposes of the statute to the best of their ability. On the other hand, for the small minority that have used their positions in the labor-management relationship for their own power and enrichment we must apply vigorously and consistently the authority for investigation and criminal prosecution provided by the statute.

REPORTING

Fifty-three thousand eight hundred and sixty-seven labor organizations have reported under the act. Recognizing that many of these are small unions, frequently with unpaid officers and little or no access to legal and accounting experts, the Bureau has made every effort to reduce the reporting burden on these organizations to the minimum while still providing the basic information prescribed by the act and required by union members in the democratic control of their own organizations.

As soon as the act was passed a regulation was issued canceling reports previously required under the Taft-Hartley Act for which the current reporting can substitute. Next, we took advantage of the authority given by Congress to provide an abbreviated reporting form for small unions. As a result, over 70 percent of the labor organizations are filing a two-page report instead of the full eight-page report with attachments that is necessary to provide all the detailed information contemplated by the law. Furthermore, by agreement with the Treasury Department, a copy of the report required under the Reporting and Disclosure Act will be accepted this year in place of two of the three pages required to be filed annually on form 990 with the Internal Revenue Service.

As a result of these changes the net annual reporting burden on the average union is not increased as is frequently alleged, but is actually decreased substantially from that which existed before our act was passed.

Chart I shows this difference graphically. We have taken a typical case of an average union with a few hundred members and less than 20,000 receipts which wants to use the services of the NLRB and also meet its filing obligation as a tax-exempt organization under Federal income tax laws. Such an organization would have had to file each year all of the forms shown on the left side of chart 1 (indicating), including the six-page R–1 report to the Labor Department; a report to the NLRB that the Taft-Hartley report had been filed with the Labor Department; a non-Communist affidavit for each union officer (these averaged nine a year); a certificate identifying the current officers of the union (these averaged four a year); a certificate as to the distribution of the financial report; and, last, the three-page form 990 of the Internal Revenue Service.

Under the current rules the same union has to file only the reports shown on the right side of chart 1 (indicating); that is, a financial report which can be submitted on both sides of one sheet of paper; a one-page amendment to the labor organization information report (only in those cases where there has been a change in bylaws, officers, etc.); and one page of the form 990 to the Internal Revenue Service together with a copy of this same financial report. Thus, the reporting burden in this typical labor union would be 4 pages instead of an average of 23.

It is true that both unions and the Government are paying more attention to these 4 pages than to the 23 pages which were rarely looked at and, therefore, frequently prepared with little care. However, from the standpoint of both the union officer who must make out the form and the rank-and-file member for whom it is devised, it is obvious that it is much better to have four pages that have been carefully prepared and have been checked and which are readily available for disclosure than the much larger volume of paper which was merely stored away by the Government.

The distribution of the more than 126,467 reports filed with the Bureau to date is shown in chart 2. While 53,867 labor organizations have filed reports with the Bureau, we are finding a score or more organizations each week that have not yet filed reports. We have written more than 11,000 letters to labor organizations which have failed to file required reports. Usually the reason is because our best efforts at technical assistance and information have not yet reached every person and organization subject to the act.

We have been able to make only a partial review of the reports that have been filed with us, but already this limited review has necessitated more than 66,000 letters to obtain corrections or completion of these reports.

The trusteesship requirements of the law have resulted in a substantial reduction of the number of existing trusteeships. Further, a special review has been undertaken of the accuracy of financial reports of unions under trusteeship.

BUREAU OF LABOR-MANAGEMENT REPORTS

CHART 2.—*Reports received (through Feb. 28, 1961)*

Labor organization information report (LM–1)	53,867
Amendments to labor organization information report (LM–1A)	12,284
Terminal reports	1,536
Labor organization financial reports (LM–2)	14,868
Short form labor organization financial reports (LM–3)	41,284
Miscellaneous financial reports (not on prescribed form)	1,229
Trusteeship (initial)	664
Trusteeship (6 months)	370
Trusteeship (terminal)	395
Union officer and employee	174
Employers	145
Labor consultants	46
Total reports	126,862

It will be noted that relatively few reports have been filed by union officers and employees, by employers, and by labor consultants. This is in large part because the conditions under which these reports are required are limited to only certain specific types of arrangements or payments. It is difficult to tell whether all such required reports have been submitted or not. The payments and arrangements that must be reported are those which frequently are known only to the participants. However, the Bureau has exercised every means that we could think of to assure that this type of report is filed where required. We have worked with associations of employers, attorneys, accountants, etc., to as-

sure that their members are informed of the provisions of the act. We have worked closely with the New York State Department of Labor which, under similar statute, requires all employers to report; and we have not found any cases in which reports from employers under New York law reveal arrangements or payments that would create reporting delinquencies under the Federal statute. We have even gone to the extent of going through the classified section of the telephone directory of every city of over 100,000 population to get names and addresses of those who list themselves labor relations consultants or under similar title; and we have written to about 1,000 such persons, informing them of the provisions of the act and their responsibilities under it.

TECHNICAL ASSISTANCE

We have placed all the emphasis that available funds and personnel permitted on a progrram of information and education to reach those who have rights or responsibilities under the act. For example, the first year's experience with the annual financial report required of labor organizations disclosed that the normal turnover of officers in small unions and the lack of systematic filing systems meant that new secretary-treasurers frequently had no access to what their predecessors had done or filed. Therefore, we devised a financial reporting kit in a file folder which can be used to retain the worksheets and related items. In it we send out to each labor organization at the close of its fiscal year the forms and instructions required for the new financial report. It also contains an analysis of the major errors that were made in the last year's reports so that the current secretary-treasurer can get the benefits of everybody else's mistakes and avoid making them himself. Other pamphlets in nontechnical language have been published to educate those in the labor movement as to how to elect officers, how to make out—and understand—the required reports, etc. The great bulk of the labor unions, some of the univerrsities, and other institutions have been very cooperative in assisting us in our educational task. Unfortunately the present limitations of funds and personnel require us to decline a considerable proportion of the opportunities they present to us to cooperate in seminars, training sessions, etc., in educating those subject to the act.

In spite of these efforts there remains a big educational job to carry out the purposes of the statute. We recently sent compliance officers out to several hundred labor organizations that failed to respond to two letters sent by the Bureau to obtain correction of significant defects in the organization reports submitted.

In the overwhelming majority of these cases the union had no office; in two-thirds of the cases contacts had to be made with the union officers at their homes; 85 percent had no secretarial help whatsoever in filling out the forms; and a scant 5 percent had legal or accounting help.

In most of these cases the present union officers disclaimed any knowledge of the letters which we had sent. This situation frequently results from turnover among union officers and their carelessness in handling mail. The majority of these locals seem to have fewer than 100 members.

It was apparent that most of that group of union officers who were interviewed were lacking in knowledge of the act. One-third of the union officers, responsible for filing reports, who were questioned by our compliance officers in this check on the deficiencies said they did not have copies of the act, and three-fifths claimed that they had no other BLMR literature. In their response to questions it was apparent that many of the local union officers did not understand many of the reporting requirements; 90 percent said they were unaware that assistance with the reporting requirements was available at the area office; and only about one out of five even knew where the nearest BLMR office could be found.

We may conclude from our experience to date that those who most need technical assistance in compliance with the act are those who are least likely to seek it because they have not received sufficient information to know their need. To make the provisions of the act most effective we must increase our efforts on information and education of the vast majority, who want to comply with the law and want to exercise their rights under it if they can only be shown how.

ENFORCEMENT

The other major activity of the Bureau is enforcement. As shown by chart 3 we have initiated investigation in 4,521 possible violations of the act through the end of February. Most of those arose from complaints by union members and others filed with the Bureau, although several hundred were initiated as a result

of defective reports for which attempted correction by correspondence was not possible. One hundred and ninety-three of the investigations were initiated by the Bureau on its own motion as a spot check of the reports filed. Thousands of persons affected by the act have written to us with regard to complaints on which we did not institute investigation because they did not constitute matters which the Bureau has authority to investigate. In addition the Bureau's 24 area offices are visited daily by numerous aggrieved union members seeking redress of grievance under LMRDA. Title I violations are not investigated unless they pertain to refusal to furnish copies of collective bargaining agreements. Assaults upon union members are not investigated unless the assault arises in connection with a member attempting to assert a right guaranteed to him by the act. Complaints against misuse of pension and welfare funds are not investigated except where there is a relationship to a union's financial report. In all such cases BLMR's jurisdiction or lack thereof is explained to the complainant, and should his grievance fall within the jurisdiction of another agency, he is directed to that agency. Of the investigations which were opened 3,052, or about two-thirds, have been closed and 1,469 are still in a pending status. This pending backlog should be less than one-half the number it now is in order to give prompt and effective justice. We are continuously exploring administrative shortcuts to reduce it, but the only real effective answer will be the increase in personnel and travel funds requested in our budget for fiscal year 1962. Of the 3,052 that were closed, 1,914, or again, about two-thirds, were found not to disclose sufficient evidence of violations to justify either criminal or administrative action. In 1,138 instances violations of the law were found, and in nearly all of these cases compliance was achieved voluntarily either by the person or organization concerned or by a superior organization such as an international union. Since we regard it as our purpose to achieve voluntary compliance wherever there is no clear evidence of criminal intent, these cases were closed as soon as corrective action was taken. Two hundred and twenty-six complaints have been referred to the Department of Justice under an interagency agreement that delegates to Justice for investigation cases involving principally violence, embezzlement, and statutory prohibition against ex-felons and Communists holding union office. As a result of investigations by both agencies 10 criminal prosecutions have been instituted. Four of these have resulted in criminal convictions, and the others are still pending in the courts. Four applications for exemption from the prohibition in the law against persons convicted of certain crimes holding union office, have been filed before the U.S. Board of Parole. The investigations and proceedings incident to these actions have resulted in the granting of two exemptions and the denial of two.

CHART 3.—*Investigations, by type and status (through Feb. 23, 1961)*

Type of investigation	Total	Pending	Closed	Reasons for closing	
				Compliance achieved	Not actionable
Total	4,521	1,469	3,052	1,139	1,913
Illegal restriction of rights of members of labor organizations (secs. 101 and 105)	417	4	413	50	363
Failure to provide copies of agreements (sec. 104)	196	41	155	103	52
Inadequate reports to BLMR under title II (secs. 201–203)	1,910	819	1,091	829	262
Trusteeships (secs. 301, 302, and 303)	118	44	74	18	56
Illegal election procedures (sec. 401)	574	130	444	72	372
Breach of fiduciary responsibilities by officers of labor organizations (sec. 501)	588	238	350	14	336
Inadequate bonding of officers or employees of labor organizations (sec. 502)	189	114	75	43	32
Illegal loans to, and payment of fines of, union officers or employees (sec. 503)	7	2	5	0	5
Ineligible persons holding offices in labor organizations (sec. 504)	161	37	124	3	121
Bribery and extortionate picketing (sec. 602)	8	3	5	0	5
Illegal discipline of members of labor organizations (sec. 609)	39	2	37	1	36
Deprivation of members' rights through violence (sec. 610)	134	23	111	0	111
Criminal contempt (sec. 608)	0	0	0	0	0
Miscellaneous	180	12	168	6	162

In addition, civil action has been brought by the Secretary of Labor to set aside nine union elections. In these cases, investigations disclosed violations of the act which could have affected the outcome of the election and which were not corrected by the union's internal appeals procedure. In one of these cases the court has ordered the election set aside and on February 28, 1961, a new election was conducted under the supervision of the Secretary of Labor acting through this Bureau. All the other cases are still pending.

In 207 instances I have had to exercise the authority delegated to me by the Secretary to subpena records required in investigation. Most of these, however, have been subpenas which are normally required by banks, insurance companies, and public utilities to protect them in furnishing information as to their clients. A small minority have been issued to obtain union records which were not furnished voluntarily, and in two instances it has been necessary to go to court for enforcement action. One of these court cases has been settled in favor of the Government. In the other, involving two Teamster locals, including the local of which Mr. Hoffa is president, the district court in Detroit refused to uphold the Bureau's subpenas. This case is presently being appealed.

INTERPRETATIONS AND DETERMINATIONS

In administering the act, basic positions have had to be formulated on the many highly complex provisions of the law. Thousands of interpretations have been issued applying the various provisions of the act to specific fact situations presented by union members, officers, their counsel, employers, employer association, and Members of the Congress. These run the gamut from construing the act's coverage provisions to determining whether a particular organization is subject to the reporting requirements, to analyzing the bonding arrangements of a pension trust to determine whether proper bonds have been obtained. While there has not been universal agreement in every instance with these interpretive rulings, there has been widespread acceptance and conformance to the rulings. None has been directly challenged by court action. Despite the great volume of interpretations which have been made, limits of time and staff have permitted consideration only of those which are most pressing. There still remain many other cases in which reports have been filed under protest or are based upon a questioned interpretation of the law. These interpretive problems should be resolved but due to the burden of more pressing duties, we have not been able to do so.

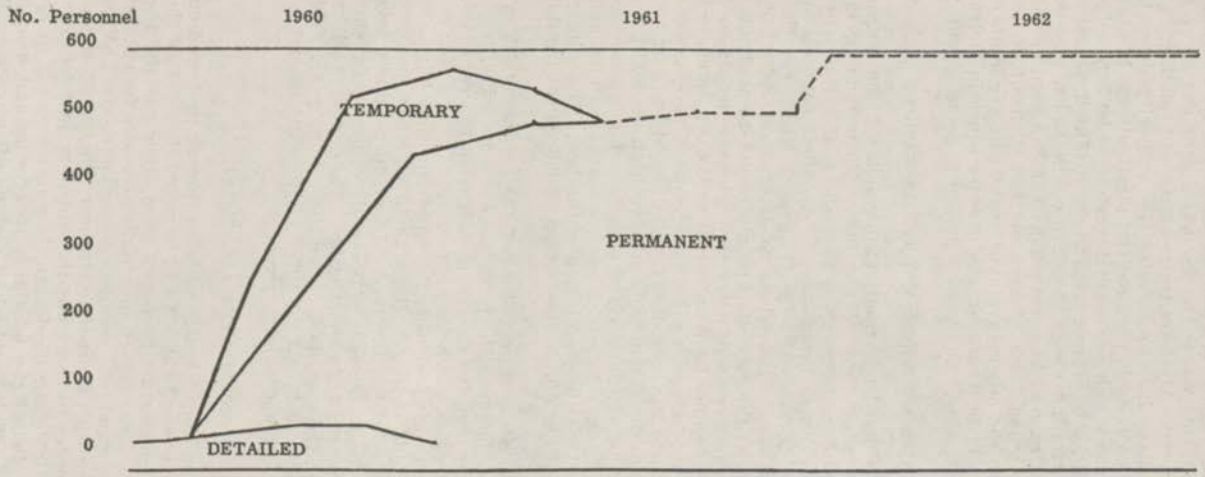
In administering the election provisions of the act, many difficult determinations are required to be made. The problems encountered with respect to each election case include the need for speedy investigation to meet the tight statutory deadlines, determinations as to whether violations of the election provisions have occurred, determinations as to whether the violations may have affected the outcome of the election, and determinations as to whether corrective action has been taken by the organization involved. In an increasingly large number of cases we have the additional burdens of prosecutive support in court cases and of supervising elections pursuant to court order. These efforts will require an increase in our staff for these purposes over the coming year. This increase is reflected both in the field staff and the Office of Regulations and Administrative Determinations in our current budgetary request.

RECRUITMENT AND TRAINING

Chart 4 shows the personnel buildup of the Bureau projected on the basis of workload through fiscal year 1962. It will be noted that at first the Bureau was manned principally by personnel borrowed from other parts of the Department of Labor. As staff was hired slowly, due to the necessity for careful selection according to civil service standards, serious backlogs developed. A mass of reports was filed in accordance with short-time statutory limits before we were staffed to process them. In order to carry out the statutory mandate of making these reports promptly available for disclosure, it was necessary to hire temporary personnel who accomplished the minimum processing and examination of reports as they came in. This resulted in making all reports available for disclosure within 10 days after receipt. The unavailability of funds has made it necessary to terminate this personnel and limit our effort to that which can be done with permanent personnel.

CHART 4

BLMR
ACTIVITIES BY QUARTER
Fiscal Years



Quarter	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th
Reports Rc'd		45170	73903	98713	109820	118047	173000	178000	189000	198000	253000	260000
Investigations		365	1393	2041	3405	4158	5540	6700	7470	8049	9110	10000
Items Mailed		992366	1920885	2232180	2441061	266544	3431000	3731000	3939881	4165364	4929820	5200000

The careful selection and recruitment of civil service personnel has paid off. We have a staff of high ability, aptitude, and devotion. Wherever possible and necessary we have selected people who have the unusual combination of background both in labor and investigation. We have also tried to balance the various kinds of investigative background. Our staff includes former financial investigators from Internal Revenue Service and General Accounting Office; criminal investigators from the Federal Bureau of Investigation and the civilian investigation agencies of the Defense Department; labor-management investigators from the Wage and Hour Division and the McClellan committee staff; and others such as personnel investigators from the Civil Service Commission. We are engaged in as intensive a training program as funds permit for all personnel. Of particular importance is training for our compliance officers who represent all phases of our activity throughout the United States. We plan to continue emphasis on this personnel training program with the funds requested for fiscal year 1962 so that all of our personnel, particularly the field compliance officers, will be able both to provide technical assistance and education in the various aspects of our complicated law and also to perform a skilled but fair criminal investigation in cases where that is needed.

ORGANIZATION

The Bureau is organized into 6 offices in Washington and 24 area offices supervised by 5 regional offices as shown in chart 5. The geographic boundaries of areas and regions are shown in chart 6. Shortage of funds has delayed the organization of the regional offices and held them to skeleton staffing, though this has had the effect of diluting superivsion and reducing the effectiveness of Bureau operation. Furthermore region I headquartered in New York is responsible for nearly half of the Bureau's workload and should be divided into two regions, as originally planned in order to give prompt, adequate supervision and full effectiveness. We are currently engaged in beginning the decentralization of specialized investigative activities which needed direct national office supervision in the first year or so but which we feel can now function more effectively in the field offices.

THE ROLE OF THE BUREAU IN ADMINISTRATION OF LMRDA

The basic question presented in preparing the budget for fiscal year 1962 was this: What is desired of the Bureau and the Department in the administration of the parts of the reporting and disclosure act for which it is responsible? Our experience to date has shown that the most important activities toward assuring both voluntary compliance and enforcement by investigation and prosecution are not always those which are initiated from outside complaints or requests. Frequently the most important activities are those which provide information to people who don't know enough to know that they need it or are afraid to come and ask for it. Similarly we have found it necessary to conduct investigations in those cases where wrongdoing is too well covered to result in complaints or where the complaints are prevented by violence, reprisal, or threats. Yet the actions that are initiated from the outside must be handled. We must file and process reports even if we are not able to touch situations which need investigation on our own motion. We must respond to requests for interpretation, information, and education even though we should be getting to those who don't know how to ask for it. The amount requested for fiscal year 1962 is essential to provide some degree of this most independent and self-initiated activity. Conversely, the 1961 appropriation would not even permit us to perform all of those activities which are required in response to outside requests, complaints, and filings because of new activities such as prosecution support and supervising elections, which will begin in quantity in the next fiscal year, and the effect of annualization as we complete our initial build-up in fiscal year 1961.

CHART 5

U.S. DEPARTMENT OF LABOR

BUREAU OF LABOR-MANAGEMENT REPORTS

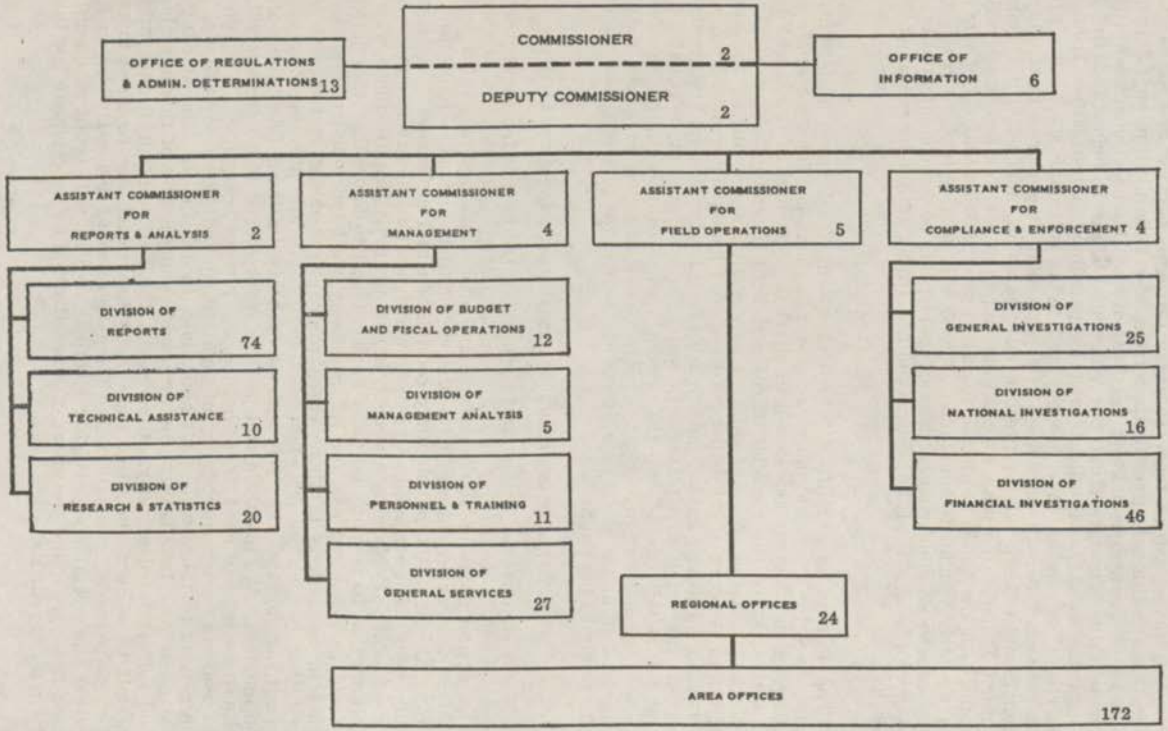
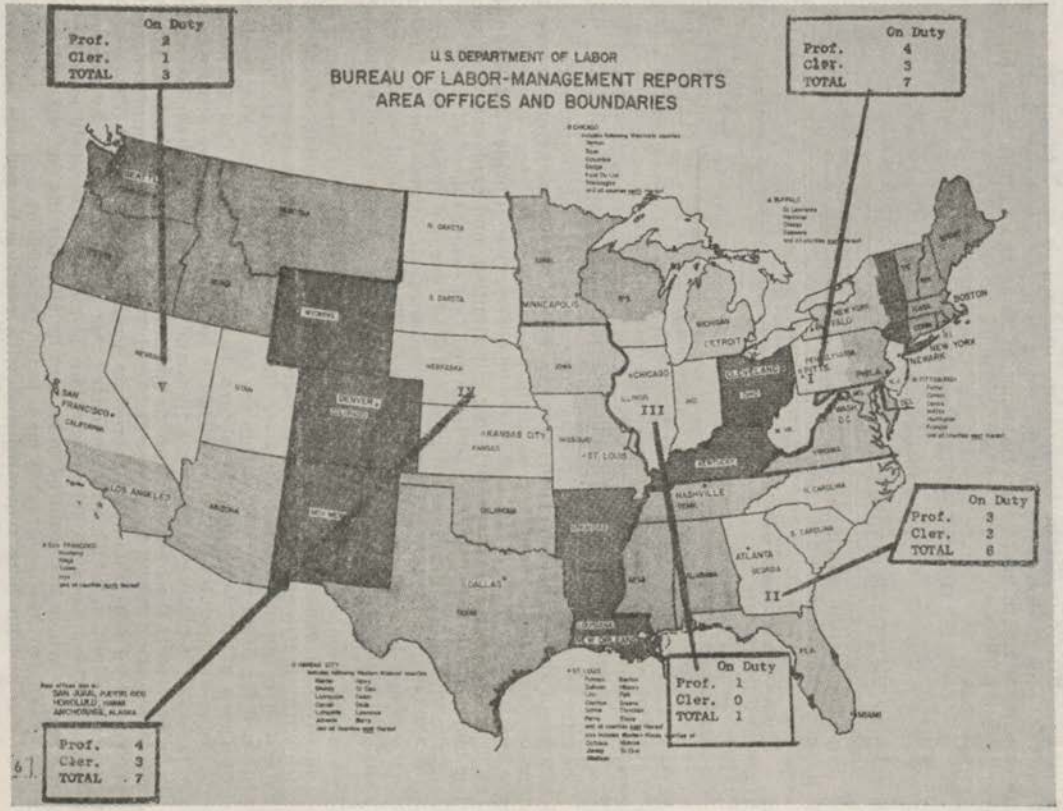


CHART 6


On Duty
Prof. 2
Cler. 1
TOTAL 3
U.S. DEPARTMENT OF LABOR
BUREAU OF LABOR-MANAGEMENT REPORTS
AREA OFFICES AND BOUNDARIES
On Duty
Prof. 4
Cler. 3
TOTAL 7
On Duty
Prof. 3
Cler. 2
TOTAL 6
On Duty
Prof. 1
Cler. 0
TOTAL 1
Prof. 4
Cler. 3
TOTAL 7
V
IV
III
II
I
SAN FRANCISCO
LOS ANGELES
DENVER
KANSAS CITY
ST. LOUIS
CHICAGO
MINNEAPOLIS
DETROIT
NEW YORK
BOSTON
ATLANTA
DALLAS
NASHVILLE

SUMMARY OF 1962 ESTIMATE

While the formal submission which has been made to the committee presents the full detail of the justification in standard form, I would like to close with a brief summary in terms of program areas, comparing the estimate for fiscal year 1962 with the funds to be available for fiscal year 1961. Chart 7 shows this information in tabular form; $5,011,000 was programed for the Bureau for fiscal year 1961 including slightly over $4,741,000 in the regular appropriation and $270,000 supplemental being requested for pay increase costs. The amount required to continue the positions attained by the last quarter of this fiscal year plus the small amounts necessary to annualize the pay increase and the employees health benefits now amount to $693,000, or a total base for fiscal year 1962 of $5,704,000.

CHART 7.—*1962 appropriation estimate*

[In thousands of dollars]

Fiscal year 1961, funds available		$5,011
Regular appropriation	$4,741	
Supplemental for pay increase	270	
Adjustments to annualize 1961 level		693
Total base for fiscal year 1962		5,704
Program adjustments		+571
(*a*) Forms and Instructions	+$212	
(*b*) Conduct elections	+216	
(*c*) Cut backlog of complaint investigation	+228	
(*d*) Improve field supervision and training	+290	
(*e*) Cut backlog of interpretations and determinations	+69	
(*f*) Reduce examination of reports	—444	
Total, fiscal year 1962 estimate		6,275

The total amount in the estimate over this base is $571,000. Experience in this first year of the act has shown us ways in which we can make our forms, instructions, and related publications simpler and more effective. Therefore, we have been "living off the shelf" and it will be necessary to provide $212,000 in the next fiscal year for redrafting, printing, distribution, and explanation of these basic materials in their revised and improved form—and indeed of some forms that have not yet been published at all for lack of time and funds. As explained earlier the responsibility for conducting elections is still largely ahead of us and $216,000 would be required for this purpose. The reduction of our backlog in complaint investigations from more than 6 months to a normal level of not more than 2 months will take $228,000. We must provide the minimum regional office organization previously described in order to provide effective supervision and coordination in the field. This will also permit intensification of our very sketchy training program—particularly in the field where it is most needed: $290,000 is required for this purpose. The accomplishment of the workload envisioned for fiscal year 1962 within the funds required, is based on improved performance at all levels which in turn is dependent upon this increase in supervision and training. Lastly, $69,000 is required to bring on a more nearly current basis the backlog of interpretations and determinations described earlier.

In order to meet these essential program requirements within the total amount of funds requested it will be necessary to reduce the examination of reports by $444,000. About $204,000 of this represents a reduction of central office processing and examination which was conducted last year principally by temporary personnel. The other $240,000 represents a reduction of our field examination of the records which are required to be kept by all reporting persons and organizations to support the reports they make to the Department.

With the amount here requested and with continued emphasis on the development of our personnel and improvement of procedures, the Bureau will undertake during fiscal year 1962 to continue and expand its efforts to obtain understanding the voluntary compliance with the purposes and provisions of this legislation, and to exercise the enforcement authority vigorously in cases where voluntary compliance cannot be obtained.

APPROPRIATION REQUESTED FOR 1962

Mr. DENTON. The committee will come to order.

Now, Mr. Holcombe, there is $5,011,200 available for these activities in 1961 and the request for 1962 is $6,275,000 or an increase of $1,263,800.

How much did the Bureau of the Budget cut the Department's request?

Mr. HOLCOMBE. The original request was $7½ million.

Mr. DENTON. So they cut your request over a million dollars?

Mr. HOLCOMBE. They cut it from $7½ million to $6,275,000, or a million and two hundred and twenty-five thousand.

Mr. DENTON. How much did the Department cut your request?

Mr. HOLCOMBE. The original request submitted by the Bureau to the Department was slightly over $10 million.

Mr. DENTON. So they cut you over 2 million?

Mr. HOLCOMBE. About 2½ million, yes, sir.

EFFECT OF REDUCTION IN ORIGINAL REQUEST

Mr. DENTON. Now, what would you have done under your original request that you can't do under this budget?

Mr. HOLCOMBE. The problem of the enforcement of a law like this, Mr. Denton, is that the first thing we have to do is to respond to the things that we are asked to do from the outside, to process the complaints that are filed with us, to process the reports that are filed with us, and to respond to the requests for technical assistance. In this program the things that need doing most perhaps are those which do not arise from outside activities. In other words, the places that we have found the most serious violations have not been in the places that we had complaints, but those which we initiated by our audit and investigation of the reports.

Similarly the technical assistance that most needs doing is in the people who don't know enough even to ask for technical assistance. Therefore, what we would have done if we had had more money is to make a more careful study and investigation of the reports filed on a spot-check basis, as the Internal Revenue Bureau does, and to get out into the back country where union officers don't have access to international representatives and other ways of getting this information, and make sure they get the information about how to comply with the law voluntarily.

REPORTING PROBLEMS OF SMALL UNIONS

Mr. DENTON. Undoubtedly you have a great many small unions that don't have a full-time employee or employees and don't have the knowledge about making these reports, don't you?

Mr. HOLCOMBE. Yes; that is right, Mr. Denton.

Mr. DENTON. Is there some way you can get a simplified report out to them so that they can handle it easily?

Mr. HOLCOMBE. We have done that to the maximum extent permitted by the law on the basis of our experience to date. The basic report and the one that has to be filed from every union every year is

a financial report. This, in order to provide all the information required by the statute, is an eight-page report.

Using the authority given by the Congress to us in the legislation to simplify this report for all unions under $20,000 in receipts in the year, we have got a simple report that is both sides of one letter-sized sheet. Seventy percent of the labor organizations are entitled to file this report.

We also have provided for these unions a very simple pamphlet that takes them through this on a step-by-step basis, with examples and illustrations of each of the provisions, so that they can make out this simplified report without training and without technical assistance in the form of lawyers and accountants.

This is the maximum simplification that we have been able to arrive at so far.

On the basis of our year and half's experience we plan still further simplifications which we have now found can be made, and some of the funds we are asking for here is to redo some of these report forms with a view to tightening them up, and at the same time simplify them.

Mr. DENTON. I know when we debated this law there was some talk of exempting the smaller unions. Would that be practical or not?

Mr. HOLCOMBE. Well, as you remember, in the hearings that were held in the other body, it was determined that some of the worst violations were on so-called paper locals and the sweetheart contracts. While that is not going on so much as it was before, there are still indications that it is going on. We have some cases of that sort. If we had exemptions we would not be able to get at this kind of violation which would then probably be more rampant than it is right now.

AUTHORITY TO USE OTHER FUNDS FOR INITIAL ENFORCEMENT OF LANDRUM-GRIFFIN ACT

Mr. DENTON. Now, on page 6 you state that this program received from other bureaus "approximately $200,000 worth of service and support—along with hundreds of hours of effort never documented." Title 31, section 628 of the code says:

> Except as otherwise provided by law, sums appropriated for the various branches of expenditure in the public service shall be applied solely to the objects for which they are respectively made, and for no others.

Now, did you have authority to use the other bureaus' funds to the extent of well over $200,000? Did you have legal authority?

Mr. HOLCOMBE. Yes, sir, we did. I think this was known, and there was simply no other way to do it. This law, unlike any of the others I have been associated with—and I have been associated with many new laws in my 28 years of Government service—required that the operation of the law start when the law became effective. The first reports had to be filed 30 days after the law became effective. Over 50,000 labor unions had to file within 90 days after it became effective. Therefore, it was necessary to start out even before the law was passed with a task force detailed from other bureaus in the Department of Labor.

There was at that time no specific authority in the sense that there was no law and no appropriation under which this could be op-

erated. General programs like this that are not within the authority of any particular bureau have to be handled by the Department itself. However, since I was not in the office during most of this period, perhaps the Assistant Secretary, Mr. Dodson, might wish to speak further on this matter.

Mr. DODSON. This cost comes about in detailing, and I understood this was in accordance with law—the Secretary can detail for a period of 90 days under certain conditions people to help get an operation underway or to meet an emergency situation, so that there were several people, let's say, detailed from Wage and Hour, several from BLS, a couple from my office, but we were performing our own work.

Mr. DENTON. Would you let us know which of the Bureaus had enough extra money they could afford to do this? In fact, I think it would be a good idea for you to place in the record the bureaus that furnished this $200,000 worth of service and an estimate by bureaus of the hundreds of additional hours that weren't documented. Can you put that in the record?

Mr. DODSON. Yes, sir. I want to say this: The bureaus objected to this detail. They felt they could use their manpower within their own organizations, but here was a case where a law was passed, they said it was to get underway the very day it was passed, so we had to do some preliminary planning.

Mr. DENTON. But we would like that information. Just put it in the record for us.

Mr. DODSON. Surely.

(NOTE.—The committee was informally advised that no records were kept that would reveal the information requested. The following was submitted in lieu thereof:)

The Labor-Management Reporting and Disclosure Act of 1959 was enacted on September 14, 1959. It was effective on the date of enactment. As of that date, there was no Bureau of Labor-Management Reports nor were there any funds specifically available to enable the Secretary to carry out the responsibilities assigned to him by the act. Certain reports were required to be filed within 30 days and inquiries began to pour in from all parts of the country. It was administratively determined that the Wage and Hour Division's field offices could most efficiently be used as points of initial contact for information. Therefore, a group of these employees was immediately summoned to Washington for a brief training session and returned to their posts to act in that capacity. The Office of the Solicitor participated actively in these arrangements. Everything that was done appears to be in conformity with section 2 of the Reorganization Plan No. 6 of 1950 which provides: "The Secretary of Labor may from time to time make such provisions as he shall deem appropriate authorizing the performance by any other officer, or by any agency or employee, of the Department of Labor of any function of the Secretary."

After appropriations became available and as fast as staff could be recruited and trained for the newly created Bureau of Labor-Management Reports, the functions being performed by other departmental employees lessened and finally ceased.

The Secretary is also given authority under 5 U.S.C. 38 to detail employees within his Department for periods not to exceed 120 days when, in his discretion, it is necessary to do so. Such details also may be renewed upon expiration.

In this entire matter, it is believed that the Department acted in conformity with the recommendations of the so-called Hoover Commission and resulting legislation to give agency heads the flexibility needed to meet unforeseen emergencies and to administer the affairs of their departments to the best of their abilities and in the best interests of the country so long as there is no direct conflict with specific law or express congressional intent.

Mr. HOLCOMBE. May I point out this period we are talking about is not the current fiscal year. Largely it was in fiscal year 1960, calendar year 1959, when this happened.

BACKLOGS

Mr. DENTON. Now in what areas are your most serious backlogs?

Mr. HOLCOMBE. Our most serious backlogs are, first, in the area of processing of complaints. As I stated this morning, the average age of complaints under investigation now is 6 months, which is about three times what it ought to be. Our next biggest backlog is in the area of processing reports. Now here it is a little harder to measure because you can do any amount of examination of reports, but we feel that we are not doing the minimum that we ought to do to assure compliance with the law.

Mr. DENTON. How long will it take you to get on a current basis with a budget of this size that you have now?

Mr. HOLCOMBE. I am not sure I understand.

Mr. DENTON. How long will it take you to get on a current basis with the budget you have this year?

Mr. HOLCOMBE. It would be impossible to get on the current basis with the work we are doing now. What we would have to do would be to cut out some of the things we are doing, just do a more restricted job, so that we could do that more restricted job on a current basis.

Mr. DENTON. How long would it take you to get current with the level of the 1962 budget?

Mr. HOLCOMBE. With the 1962 budget?

Mr. DENTON. Yes.

Mr. HOLCOMBE. By the end of fiscal year 1962 we will arrange to be current. We will simply not do work that puts us behind, so that we will be current at the end of 1962.

CRIMINAL ACTIONS TO DATE

Mr. DENTON. What criminal actions have been taken so far?

Mr. HOLCOMBE. There are nine criminal cases in court right now, or on which there have been convictions.

Mr. DENTON. Who was convicted?

Mr. HOLCOMBE. These are all convictions of individuals for embezzlement of union funds.

Mr. DENTON. That isn't much. They would have been guilty of embezzlement under State law anyhow.

Mr. HOLCOMBE. There are State laws that would usually cover that.

Mr. DENTON. Now as I gather you have had nine prosecutions for embezzlement of union funds.

Mr. HOLCOMBE. Yes, sir.

Mr. DENTON. Have you had any other cases?

Mr. HOLCOMBE. Yes, sir. We have 10 cases on embezzlement. Excuse me, we have nine cases to set aside elections which were in violation of title IV of the act.

Mr. DENTON. Those are civil suits, not criminal?

Mr. HOLCOMBE. Those are civil suits; yes, sir. We have no other criminal suits before the courts.

Mr. DENTON. Have you brought any other actions against either employer or employee other than embezzlement in criminal court?

Mr. HOLCOMBE. No, sir.

Mr. DENTON. Have you any investigations pending?

Mr. HOLCOMBE. Yes, sir; 1,469 violations currently pending under investigation.

Mr. DENTON. How long is it going to take you to investigate those?

Mr. HOLCOMBE. This is an average of about 6 months' intake, and, therefore, at the current rate it would take us, oh, an average of 6 months. Some of them would go beyond that and some less than that.

Mr. DENTON. Now what civil suits do you have pending?

Mr. HOLCOMBE. We have eight election cases. The ninth one has already been decided. The court has set aside the election, and we have held a new election under the court's order.

We also have four cases to enforce subpenas to obtain records. One of those has recently been settled in our favor. In one of them we have recently had a court decision against us, which is under appeal. The other two are pending.

Mr. DENTON. Do you have any other actions that have gone to court?

Mr. HOLCOMBE. No, sir; there have been four cases that went to the Federal Parole Board to determine the union officer who had been convicted should be exculpated of that conviction, or excused, for the purpose of continuing to serve in office under exception to the prohibition in connection with section 504a, and we have appeared on those cases, and in two of them have gotten the Board to rule the man ineligible to continue.

Mr. DENTON. There are 10 cases for embezzling funds, and in all 10 cases you have obtained convictions?

Mr. HOLCOMBE. No, sir; some of them are still pending.

Mr. DENTON. How many of them are still pending?

Mr. HOLCOMBE. Four.

Mr. DENTON. And you obtained convictions in six?

Mr. HOLCOMBE. Yes, sir.

Mr. DENTON. How many cases did you say you had on illegal elections?

Mr. HOLCOMBE. We have eight pending. One has been decided in our favor.

Mr. DENTON. And you have two for subpenas.

Mr. HOLCOMBE. There were four, a total of four subpenas that were challenged.

Mr. DENTON. One decided against you, one for you, and two pending; and the one decided against you is on appeal?

Mr. HOLCOMBE. That is right, sir.

FIELD OFFICES

Mr. DENTON. Now from your staffing table on page 47, it appears that the only one-man offices in the country are Puerto Rico and Hawaii. In these isolated areas it would seem even more important that there be two men in order to have one man in the office to answer inquiries when the other is away.

Mr. HOLCOMBE. That is being done, sir. We are decentralizing our financial investigation staff of 37 people between now and the end of

the fiscal year from Washington, and will provide 1 more person in each of those offices.

PUERTO RICO

Mr. DENTON. While we are talking about that, Puerto Rico is shown as having one clerical employee. There wasn't any in December. Is there any there now?

Mr. HOLCOMBE. There is one clerk-stenographer in Puerto Rico.

Mr. DENTON. Why should Puerto Rico be a suboffice of Miami? They have very little in common, and it delays getting answers to Puerto Rico when they have to go through Miami, doesn't it?

Mr. HOLCOMBE. Because we did not have at the outset the manpower or the personnel to provide for any regional supervision. That office is not now a subordinate office of Miami. As of a few weeks ago, when we got the regional office established in Atlanta, we had it report directly to the regional office in Atlanta.

Mr. DENTON. It seems to me that you delay getting answers to Puerto Rico when you have to go through Miami.

Mr. HOLCOMBE. No, sir; that is not necessarily the case, because the communications go directly to the area offices in any case of urgency, with a copy to the supervisory office, the regional office.

Mr. DENTON. I have never seen a case where things go through a regional office that it didn't make for delays.

Mr. HOLCOMBE. These election complaints that have been handled in 60 days, it is a matter of sending them both ways, both to and from the national office, but with a copy to the regional office, so that the regional office can exercise supervision and direction.

LEGAL SERVICES

Mr. DENTON. On page 29 you state that the Director of the Office of Regulations and Administrative Determinations has as one of his functions serving as legal adviser to the Commissioner. How many people does he have to assist him in carrying out that function?

Mr. HOLCOMBE. This is not legal adviser. The word there is legal "policy" adviser. I find that in the first place we have to have a single person in the Bureau who will have liaison with the Solicitor. Otherwise we will be duplicating requests from several offices of our Bureau to the Solicitor, and we will also have problems of the priority in getting action from the Solicitor. So all of the requests for legal interpretations and so forth are routed through the Director of the Office of Regulations as a liaison with the Solicitor.

Mr. DENTON. How many lawyers do you have working under you?

Mr. HOLCOMBE. We have nobody working under us as a lawyer. I myself am a lawyer, and we have lots of other people who have legal skills. I think legal skills are a good thing to have if you can get them in addition to other skills that are needed. We have no one in the Bureau who is qualified as an attorney. I mean, who must be qualified as an attorney under our civil service rule. All of our people are civil service. Attorneys are generally not under civil service.

Mr. DENTON. You have men who deal with the Solicitor's Office?

Mr. HOLCOMBE. That is correct.

Mr. DENTON. How many do you have in that group?

Mr. HOLCOMBE. That is principally the Division of Regulations, which has 12 professional people.

Mr. DENTON. You have 12?

Mr. HOLCOMBE. In the Division of Regulations. These are the people who draft regulations and get the comments in.

Mr. DENTON. They are lawyers, I presume?

Mr. HOLCOMBE. Not all of them; no, sir. We would like to have all of them lawyers if we could get them in addition to their other qualifications.

Mr. DENTON. We have been appropriating to the Solicitor's Office for many years on the basis that he was the legal adviser on all of the Department's programs. Have we been operating under a false assumption?

Mr. HOLCOMBE. Not at all. The Solicitor is my attorney, and I refer legal questions to him. I have the Division of Regulations and the Office of Regulations and Administrative Determinations to make sure that we recognize legal questions, and that we refer them to the Solicitor, to draft the regulations and other things which are primarily administrative, but which have to be cleared with the Solicitor, and to apply the Solicitor's rulings to varying fact situations, because when you get a legal ruling you have all kinds of fact situations which are slightly different and you must have somebody who can recognize when the factual situation is applicable to the legal ruling or when a new legal ruling must be requested.

Mr. DENTON. You have been with a number of other bureaus of the Government?

Mr. HOLCOMBE. Yes, sir.

Mr. DENTON. Do you know any other bureau that has legal advisers like that?

Mr. HOLCOMBE. Yes, sir; I was myself back in the early days of the employment security program as a young man, with a degree in economics and in law, doing very similar work in the Bureau of Employment Security, in the Division of Legislative Assistance, and in the Division of Administrative Assistance. Lawyers in the General Counsel's Office gave us the rulings, but we handled the correspondence, applied those rulings to the specific factual situations. Exactly the same was true in the Veterans' Administration, where I was the Director of the Division of Codification and Review, passing on individual appeals cases, referring them to the lawyers in the General Counsel's Office there when we had a new legal problem, but otherwise applying the law as laid down by the General Counsel to specific factual situations.

Mr. DENTON. It looks like there is quite a maze of lawyers. You have somebody in the particular bureau that knows the law and then it goes to the Solicitor's Office, and then it goes to the Department of Justice.

Mr. HOLCOMBE. We hope, sir, that everybody knows the law, once they are told its technical interpretation.

Mr. DENTON. It is like the British system. Under the British system, they say they have a solicitor, barrister first class and barrister second class.

Mr. HOLCOMBE. There is some analogy between the solicitor-barrister relationship in our organization. I think it can be said here that our Solicitor only has first class barristers.

Mr. DENTON. Do you know any other bureau in the Department of Labor, Mr. Dodson, that has their own legal advisers?

Mr. DODSON. There will be people working in the Bureau that have a legal background that work for Mr. Holcombe's Bureau. With regard to the activities here, this is a new bureau, and it has not shaken itself down, and I have been taking note of this and will be looking into it very carefully.

Mr. DENTON. I know when I was in law school the men in business school lived at the same place as we did. They studied law and read some of the same books we did on contract and agencies and bills and notes and things like that. They said the reason they were taught enough law was so that they would know enough to go and see a lawyer before they got in trouble.

You think what you need in your department are men with enough legal background to know when to go and talk to a lawyer before they get in trouble?

Mr. HOLCOMBE. That is certainly one of the situations. Being a member of the District of Columbia bar, and at the same time an administrative civil servant for most of my career, I also think legal discipline is good for anybody who is going to be administering any part of the law.

Mr. DENTON. Will you please place in the record a statement showing the nonrecurring costs in your 1962 budget, and the cost of annualizing the 1962 budget in 1963.

Mr. HOLCOMBE. Yes; we will be glad to do that.

(The information requested follows:)

The only costs in the 1962 estimate anticipated to be nonrecurring are (1) $32,000 based on eliminating the backlog in the regulations and interpretations area, (2) $100,000 of printing costs, (3) $13,000 of equipment costs, and (4) $200,000 based on reducing backlog in complaint investigations to about a 2-month level. However the backlog reduction will be accomplished largely by diversion of staff from technical assistance and field examination of reports. Printing requirements in 1962 provide totally new or revised report forms and instructions and some new technical assistance publications. The 1963 requirements will decrease to permit only maintenance of inventory levels. Equipment requirements in 1962 are higher than ordinary replacement needs in order to initially equip new employees and to provide some items for which funds were not adequate in 1961.

No annualization requirement is foreseen for 1963 other than $20,000 to cover full-year costs of the new positions to be added under the 1962 estimate.

Mr. DENTON. I think that is all.

Mr. Marshall?

COST OF PROGRAM

Mr. MARSHALL. Until the Labor Management Reporting and Disclosure Act of 1959 was passed, there was no money spent for this purpose by you. This is an agency that has come into being since that time?

Mr. HOLCOMBE. That is correct. This agency has come into effect—there were some small amounts. There were some reports that were required.

Mr. MARSHALL. But they were comparatively small amounts?

Mr. HOLCOMBE. The amounts spent on them were small because there was no authority in the statute to examine the reports, or to do anything with them. So while there were voluminous reports filed, they were just put away.

Mr. MARSHALL. So that this has grown until this year you are requesting $6,275,000?

Mr. HOLCOMBE. That is correct.

Mr. MARSHALL. And in order to do your work you mentioned to Mr. Denton a moment ago that it would cost more than that if you were to bring your work current?

Mr. HOLCOMBE. No, this will bring the work current. It will not permit us to initiate some work that could be initiated.

Mr. MARSHALL. And again, how much was that that you requested originally?

Mr. HOLCOMBE. The amount requested by the Department of the Bureau of the Budget was $7½ million.

Mr. MARSHALL. Now, prior to 1959 how many employees did you have doing this kind of work over there?

Mr. HOLCOMBE. As you have indicated, there was no Bureau of Labor Management reports. There were no such reports as these. There was no provision for filing or investigation of complaints. So there were no employees doing work which is directly comparable to that which is being done by this Bureau.

Mr. MARSHALL. How many employees overall does this budget provide for, for 1962?

Mr. HOLCOMBE. This budget provides for 596 positions.

Mr. MARSHALL. Now, if your original request to the Bureau of the Budget had been made, how many would you have had to have.

Mr. HOLCOMBE. I will have to supply that for the record. That is now about 6 months old.

(The information requested follows:)

The Bureau's request to the Department provided for 986 positions. The estimate submitted to the Bureau of the Budget provided for 715 positions.

PROCEDURE FOR HANDLING REPORTS

Mr. MARSHALL. Now, how many reports have been filed total? I notice by quarters, but I am interested in total.

Mr. HOLCOMBE. As of February 28, 126,862 reports had been filed, as shown on table 2, which is in the record.

Mr. MARSHALL. That is the number that have been filed. Have they all been looked at?

Mr. HOLCOMBE. All of them except those received in the last few weeks have been looked at enough to see that they are signed; that they are the kind of report that they purport to be; what we call a consistency check.

Mr. MARSHALL. Then having gone through that cursory examination, they go into a file after that?

Mr. HOLCOMBE. No, sir, particularly in the first submission, we gave them more examination than that. We had a temporary staff which at peak was 220 people, who were subdivided with specific things that they looked at, and on a belt line process did considerably more looking at the reports than that, as a result of which we sent about 90,000 letters asking for correction of reports.

Mr. MARSHALL. Now, then you get the return out of the 90,000, they come back in, and then they are given another cursory review?

Mr. HOLCOMBE. Yes, sir; most of those have been reviewed before they were filed, so there would be a full and correct report and disclosure.

Mr. MARSHALL. How many of the 90,000 did you have to send out the second time for correction?

Mr. HOLCOMBE. If memory serves, it is about 10,000. I would like to check that figure for the record.

Mr. MARSHALL. None of these 10,000 or the 90,000 that you sent back are included more than once in this 126,000? If a case comes in and is listed in your 126,862 cases that you have received, if that is sent out and sent in again, it isn't counted twice, as I understand it.

Mr. HOLCOMBE. That is correct. But the 90,000 presumably would include the 10,000 second letters where the first answer was not correct or understandable or was not responsive.

Mr. MARSHALL. These that have been sent back are given this review and are gone through. What happens to those?

Mr. HOLCOMBE. Those are, in accordance with the law, made available for disclosure. We have a public documents room where on request these reports are available for anyone to look at. About 4,000 of the records have been so examined. We also receive requests by mail, and we will photostat or reproduce photographically any reports that are asked for at the cost of 26 cents a page. We have reproduced on this basis through March 2, 2,321 separate reports. The figure on reports disclosed in the documents room through that same period was 4,978.

Mr. MARSHALL. So you are going to have somewhere between 110,000 and 120,000 of these reports that will go on file and never be looked at again; that is about right, isn't it?

Mr. HOLCOMBE. They may be looked at at any time.

Mr. MARSHALL. I understand they may be, but conceivably they won't be.

Mr. HOLCOMBRE. That is correct.

Mr. DENTON. Mr. Laird.

DISSEMINATION OF REPORTS

Mr. LAIRD. Following up on that a little bit, I think the figures you were giving to Mr. Marshall were figures of people actually requesting a copy of the report.

Mr. HOLCOMBE. These were reports which either have been requested in the documents room or through the mail, out of the 127,000.

Mr. LAIRD. But people can go in and ask to look at reports without taking copies, can't they?

Mr. HOLCOMB. I am including those. The reports that we pulled for them to look at in the public documents room were 4,978.

Mr. LAIRD. But you don't have to make copies of all of those reports, do you?

Mr. HOLCOMBE. No, sir, those we just just pull and give to them at a table in the public documents room to study and return for file.

TIME LAG IN ANSWERING CORRESPONDENCE

Mr. LAIRD. How far behind are you presently in answering your correspondence?

Mr. HOLCOMBE. In total we are behind about 1,700 letters. This, however, varies. There are various types of letters. If it is a letter requesting a report which can be answered rather simply, we are not more than 2 or 3 weeks behind on that. If it is a letter raising a substantive question, we are behind only as long as it takes to answer the substantive question. On the more difficult letters that we receive in large number requesting information about their reports, we are currently further behind than we should be.

Mr. LAIRD. When someone writes in for information about a report, you don't necessarily send him a copy of that report, do you?

Mr. HOLCOMBE. No, sir.

Mr. LAIRD. You just answer the question?

Mr. HOLCOMBE. We answer the question, yes, sir.

Mr. LAIRD. Isn't most of your correspondence along that line?

Mr. HOLCOMBE. That is correct, yes, sir, and most of the 1,700 or 1,800 that we are now behind on, the furthest behind, are of that nature.

Mr. LAIRD. But you do finally send an answer to them. I have talked to several people in my congressional district that have written in for information and they have been answered.

Mr. HOLCOMBE. Yes, sir.

Mr. LAIRD. How long does it take them to get an answer? I want to find out how many weeks it takes from the time that letter gets to you to the time you answer it.

Mr. HOLCOMBE. Let me check my records. That type of question takes about 7 to 8 weeks, unfortunately.

Mr. LAIRD. Do you think that this is the type of service that these people are entitled to, 7 to 8 weeks?

Mr. HOLCOMBE. No, sir, I do not. This is one of the items that is handled by this same office, largely the Office of Regulations and Administrative Determinations, which has to give this kind of technical reply. To cut the backlog of interpretations and determinations requires $69,000 more than the amount we are spending on it now—to increase particularly the Division of Determination, because they are largely determinations—"These are the facts. I am covered by your law?" "These are the facts. Do I have to file the report this way? Do I have to file it that way?"

Mr. LAIRD. It seems to me that your biggest job is not going to be handing out copies of these reports, but it is going to be providing information about them. As I understand it that is one of the primary reasons your office was set up. It seems to me that by running that many weeks behind, sometimes the information isn't going to be of much use to the individual writing.

Mr. HOLCOMBE. That is why we are trying to discriminate between those which require immediate answer, and anybody who is just looking for information on whether his organization is covered or not, and we are trying to pick out the most important ones.

Obviously, the best way to do it is to have enough people and enough money to keep up with correspondence on a day to day basis

with only the normal working backlog. That we will be able to do with the amount we are requesting here.

Mr. LAIRD. With the amount that you have in this budget, you can get your mail backlog up to date?

Mr. HOLCOMBE. Down to a normal working backlog to take care of the ups and downs so that you don't have people——

Mr. LAIRD. What is a normal working backlog?

Mr. HOLCOMBE. Well, it depends on the kind of document you are talking about. In the first place, there is the time to go through the procedure. In the second place, there are day to day variations. If you had enough staff so that you could answer every letter in the peak day, then you would have people sitting around on other days. So it works out probably to be something like it would be a 2-week cycle.

Mr. LAIRD. So next year when you come back here before this committee you will have it down to 2 weeks?

Mr. HOLCOMBE. Yes, sir.

Mr. DODSON. Provided he gets the increase requested.

Mr. HOLCOMBE. If the Congressmen assume that, I will be perfectly happy to do so, too.

Mr. LAIRD. You will get this down from an 8-week period to an average of 2 weeks?

Mr. HOLCOMBE. That is right, sir.

AFL-CIO PAMPHLET ON LANDRUM-GRIFFIN LAW

Mr. LAIRD. The other day I asked some questions of the Secretary of Labor, and I received some information this morning that had to do with a booklet which was published by the AFL–CIO on the Landrum-Griffin Act. This booklet was sent out in response to an inquiry from a constituent of a Member of Congress. I quoted certain material from the booklet and pointed out that the Department sending this out was in violation of the statute on the use of appropriated funds for congressional lobbying, and also a violation of the rules of the Joint Committee on Printing.

I received a call this morning informing me that this was not being sent out by the Bureau of Labor Management Reports. I didn't infer to the Secretary that it was sent out by your Bureau. It happened to be out of the Legislative Liaison Office in the Department of Labor, so the information that I got this morning really wasn't in point with the questions that I was asking the other day.

Mr. HOLCOMBE. Well, the matter was referred to my bureau. I did not have the transcript, and so I thought it might have been our Bureau. The fact of the matter is that the pamphlet you have in mind the Bureau got 300 copies of. We distributed over 200 copies to our own staff members who have to deal with the public and have to know what is being said on all sides, and we have all except about 10 of the rest on hand. So I know there has been no distribution from our Bureau.

Mr. LAIRD. I certainly have no objection to the use of a pamphlet in that manner at all. However, I think it is improper and illegal for the Department to distribute it to Congress or the public.

Mr. HOLCOMBE. Now, that we know the particular area to look for——

Mr. DODSON. Mr. Moore had supplied me with a memorandum explaining just what has been said here, but I had several other questions I wanted to pursue in the Department before we give it to you.

Mr. LAIRD. The Secretary in testifying before us the other day stated as follows:

> First of all you will find from Mr. Holcombe that he, with my permission, is developing a presentation which answers some of the objections that organized labor has made to the Landrum-Griffin Act and points out what in the opinion of the Department, are inaccuracies in the presentation. He will give you an illustration of that when he testifies. He took that up with me. I told him that we had to keep the record straight and that he should go ahead with it. In fact, I had given him carte blanche to run his Bureau subject to necessary supervision.

SIMPLIFICATION OF REPORTING REQUIREMENTS

Mr. HOLCOMBE. The pamphlet that you received made much of a tremendous burden of reporting, and I showed the Secretary in our initial briefing what the exact facts are, and to do so I have taken as an example a union that is of normal size, a few hundred members, less than $20,000 income, that wanted to do business with the National Labor Relations Board, and wanted a few dozen exemptions from its income tax. Before the Labor Management Reporting Disclosure Act, that union would have had to file this many forms on an annual basis.

Mr. LAIRD. This was before the act?

Mr. HOLCOMBE. Before the act, they would have had to file the six pages of the report required by sections 9–F and G of the Taft-Hartley Act. They would have had to file this with the Labor Department, and then they would have had to file a report with the National Labor Relations Board saying they had filed this report with the Labor Department. They had to file a non-Communist affidavit on every officer who held office during any part of that year. By actual count of a sample of several hundred from the year before the act was passed, this averaged nine per union. Then they had to file a certificate that all of these reports had been filed for the individual officers, and every time they changed an officer they had to file one of these. This by actual sample count averaged four per union per year.

Then they had to distribute their financial report, and they had to file a certificate with the Government that they had distributed their financial report. Then they had to file a form 990 in three pages. This is the form Internal Revenue requires.

Now we have done three things. We have abolished the Taft-Hartley Act reports which were duplicated by our simpler reporting system, and the affidavits which were no longer required. We simplified, under the authority given to us by the Congress, the financial reports for these unions under $20,000 down to two pages and we have worked with the Bureau of Internal Revenue so that they will accept a copy of this report in place of two pages of their 990, which represents the financial report.

So it is not true, as has been stated, that there is more reporting burden. As a matter of fact, for this kind of union it is quite the opposite. Instead of an average of 23 pages per year, a union now has to file the 2-page financial report, the 1 page of the 990 with a copy of this, and, only if they have had a change of officers or by-

laws, they have to file a 1-page report showing what those changes are to the initial labor organization report they filed once back when they started.

We get about 17,000 of these, so it is an average of about 3½ pages instead of 23 pages. This we feel clearly indicates that there is not a great increase in the reporting burden, and I showed this to the Secretary and told him I was going to use this in speeches and in the prepared statement that I have submitted here, and I am using it everywhere and disseminating it. It is not actually a brochure as of this time. Eventually it probably will appear in one of our brochures.

BONDING REQUIREMENTS

Mr. LAIRD. We have heard a lot of talk about the bonding provisions, and the Secretary was given certain latitude in making a determination as to the correct procedure to be followed. There was a lot of talk about how you couldn't get bonding companies to write that kind of a bond. Have you had any trouble since the Secretary has made his determination in finding bonding companies that would write the type of bonds required?

Mr. HOLCOMBE. There is no difficulty in getting bonding companies to write bonds that cover the situation. Perhaps what is referred to here is the fact that the legislation uses a slightly different terminology than is known to the bonding companies. They have honesty bonds and they have faithful performance bonds. The terminology used in the statute is a faithful discharge bond, which is not a term of the art in the bonding business. What they actually meant is that they have given the maximal coverage bond, a faithful performance bond, even though that may be somewhat broader coverage than actually required by this word in the statute, which has never been interpreted by the courts.

Mr. LAIRD. It isn't necessary to have an individual bond.

Mr. HOLCOMBE. No; the law is specific on that. It specifically says the bonds may be individual or schedule in form.

Mr. LAIRD. There has been information disseminated to unions that this law requires an individual bond, and as I remember the interpretations of the Secretary of Labor that is not the requirement.

Mr. HOLCOMBE. That is not. You are correct. It is not the requirement.

Mr. LAIRD. You have seen some of this material going out that every union officer is going to be required to have an individual bond.

Mr. HOLCOMBE. Yes, and again, we have tried in our press releases, in our technical assistance talks which we give before all kinds of labor gatherings, to clarify that, and I think that it now pretty well is clear in the labor movement that the bond does not have to be individual in form.

Mr. LAIRD. How many copies of your little guidebook for the smaller unions—the green booklet——

Mr. HOLCOMBE. Approximately 100,000.

Mr. LAIRD. That is a very good job.

Mr. HOLCOMBE. Thank you, sir.

Mr. LAIRD. I have had people come to me complaining bitterly about the reporting requirements of the Landrum-Griffin Act. When I have

given them that pamphlet they have come back afterward and have had an entirely different idea of the operation of the legislation. I think you have done a remarkable job in preparing that pamphlet.

Mr. HOLCOMBE. Thank you, sir.

Mr. LAIRD. That is all I have.

Mr. DENTON. Mr. Michel.

Mr. MICHEL. No questions.

RETENTION PERIOD AND STORAGE OF REPORTS

Mr. MARSHALL. Mr. Chairman, a moment ago you showed the number of reports that were filed. If my memory is correct, there were a number of these reports that were filed that were virtually unopened down in the Labor Department, is that correct?

Mr. HOLCOMBE. Not of these reports, no, sir.

Mr. MARSHALL. No; I am talking about the earlier ones.

Mr. HOLCOMBE. That is right. The reports that were before the Labor Management Disclosure Act were not subject to any inspection. There was no authority to make an investigation, no administrative authority in the Department of Labor, and therefore this mountain of paper had little more than filing done to it.

Mr. MARSHALL. Now, one other question: How soon will you be able to archive these reports? Is there any provision for that? When I say these reports, I am talking about the ones that you have authority for.

Mr. HOLCOMBE. The only guidance we have in the legislation is that the legislation requires the unions to maintain the records to make up the reports for 5 years. Therefore at the end of 5 years, if you did find out something in these reports, you would not be able to depend that there would be anything to back them up.

While I have not had a legal opinion on this matter, this suggested to me as an administrator that 5 years is the time that Congress intended to keep this alive.

Mr. MARSHALL. Do you contemplate building any new building in Washington to protect these reports.

Mr. HOLCOMBE. No, sir, we do not.

As a matter of fact, we are going to decentralize one of the copies to our area offices so we can make more effective disclosure with some of the extra money we hope to get here.

REDUCTION OF PAPERWORK IN LABOR-MANAGEMENT REPORTING

Mr. LAIRD. If the gentleman will yield, it seems, from this very illuminating discussion that we have had here today, that you are going to be able to greatly reduce the amount of paper coming in to Washington.

Mr. HOLCOMBE. What we have done here is already in effect, and there is not much you can do to reduce three and a half pages.

Now, it is true that this is 70 percent of the labor organizations for—in other words, 41,000 made this report. There are 14,000 that made a bigger report, on eight pages, and which frequently has a lot of annexes attached, because it is a multimillion dollar organization. And we do hope to make some minor further restrictions and refinements that will reduce this.

But in terms of total volume—in the first place, this is not a big problem. We have reduced it so much that our space is used for people to work on these reports and not for——

Mr. MARSHALL. Is that for a year?

Mr. HOLCOMBE. No, this is since the beginning of the act, which means that it is about from the date the law was effective.

But, of course, we got the first reports in about a month after that.

Mr. MARSHALL. Thank you.

Mr. DENTON. When was the act effective?

Mr. HOLCOMBE. 14th of September 1959. So this is something slightly less than a year and a half.

Mr. DENTON. Slightly less than a year and a half.

Of course, that is a good many papers, 126,000.

Mr. HOLCOMBE. That is correct, sir.

Mr. LAIRD. Well, I understand the new administration has made up its mind that it will not recommend any changes in this law under which you operate during this session of Congress so that you will have a chance to work along on this without being disturbed for a period of time.

Mr. DENTON. It would not be hard to recommend some changes in it, very easy. Especially as far as the part relating to the Taft-Hartley Act is concerned.

Mr. HOLCOMBE. That, you understand, is not covered in our appropriation here.

Mr. DENTON. No; I realize that.

I think that is all.

Mr. HOLCOMBE. Thank you very much, Mr. Denton, Mr. Marshall.

Mr. DENTON. Thank you very much.

BUREAU OF EMPLOYEES' COMPENSATION

WITNESSES

WILLIAM McCAULEY, DIRECTOR
LEROY T. MINOR, ADMINISTRATIVE OFFICER
THEODORE M. SCHWARTZ, CHAIRMAN, EMPLOYEES' COMPENSATION APPEALS BOARD
JAMES E. DODSON, ADMINISTRATIVE ASSISTANT SECRETARY, DEPARTMENT OF LABOR

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Personnel compensation:			
Permanent positions	2,422	2,669	2,987
Other personnel compensation	150	116	127
Total personnel compensation	2,572	2,785	3,114
Direct obligations:			
11 Personnel compensation	2,531	2,741	3,070
12 Personnel benefits	204	244	282
21 Travel and transportation of persons	90	90	100
22 Transportation of things	3	3	26
23 Rent, communications, and utilities	85	82	169
24 Printing and reproduction	41	45	48
25 Other services	60	55	60
26 Supplies and materials	30	30	38
31 Equipment	33	10	41
Total direct obligations	3,078	3,301	3,834
Reimbursable obligations:			
11 Personnel compensation	41	44	44
12 Personnel benefits	3	3	3
21 Travel and transportation of persons	5	6	6
23 Rent, communications, and utilities	1	1	1
31 Equipment		1	1
Total reimbursable obligations	51	55	55
Total obligations	3,129	3,356	3,889

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	455	455	527
Average number of all employees	436	444	511
Number of employees at end of year	455	445	513
Average GS grade	6.3	6.3	6.3
Average GS salary	$5,459	$5,933	$5,752

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
Direct obligations:			
1. Disposition of compensation claims:			
(a) Federal employees	1,997	2,151	2,641
(b) Longshoremen and harbor workers	773	813	851
(c) Administration and management services	173	204	208
(d) Administration of War Claims Act	26	33	33
2. Appeals from determination of Federal employee claims	95	103	103
Total program costs	3,064	3,305	3,836
3. Relation of costs to obligations:			
Costs financed from obligations of other years, net (−)		−4	−2
Obligations incurred for costs of other years, net	14		
Total direct obligations	3,078	3,301	3,834
Reimbursable obligations:			
4. Administration of longshoremen's rehabilitation program	51	55	55
Total obligations	3,129	3,356	3,889
Financing:			
Advances and reimbursements from non-Federal sources:			
Authorized	−51	−52	−55
Proposed increase for pay increases		−3	
Unobligated balance lapsing	2		
New obligational authority	3,080	3,301	3,834
New obligational authority:			
Appropriation	3,080	3,098	3,834
Proposed supplemental due to pay increases		202	

NOTE.—Reimbursements from non-Federal sources are for payments from the fund created by sec. 44 of the Longshoremen's and Harbor Workers' Compensation Act, as amended (33 U.S.C. 944).

EMPLOYEES COMPENSATION CLAIMS AND EXPENSES

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Federal civilian employees benefits	41,778	44,175	47,225
2. Armed Forces reservists benefits	16,604	16,500	16,300
3. War claims act benefits	642	600	600
4. Other benefits	907	925	1,375
Total program costs—obligations (object class 42)	59,931	62,200	65,500
Financing: New obligational authority (appropriation)	59,931	62,200	65,500

Mr. DENTON. Mr. McCauley, we are glad to have you with us.

Mr. MCCAULEY. Thank you, sir.

GENERAL STATEMENT

Mr. DENTON. I see you have a prepared statement. Do you want to file it and summarize your report?

Mr. MCCAULEY. I will be glad to do that, Mr. Chairman, and save the time of the committee. I might hit some of the high points.

(The statement referred to follows:)

STATEMENT OF WILLIAM MCCAULEY, DIRECTOR, BUREAU OF EMPLOYEES' COMPENSATION

As in prior years the budget estimates for 1962 include two appropriations for the Bureau of Employees' Compensation, one for administrative expenses of the Bureau and the other for payment of benefits authorized by the Federal Employees' Compensation Act. The administrative appropriation for the Bureau also includes funds for expenses of the Employee's Compensation Appeals Board, which is a separate administrative unit in the Department of Labor. The estimate also includes an authorization for the expenditure of a specified sum from a trust fund created under the Longshoremen's and Harbor Workers' Compensation Act to provide vocational rehabilitation services for permanently disabled beneficiaries under that act.

APPROPRIATION CHANGES

Administrative appropriation

The budget estimate proposes an appropriation of $3,834,000 for the Bureau of Employees' Compensation for administration of the Federal workmen's compensation program in 1962. This amount includes $103,225 for expenses of the Employees' Compensation Appeals Board. Provision is also made for $55,000 to be derived from the non-Federal trust fund account.

The direct appropriation proposes an increase of $387,900 over the revised estimate for the current fiscal year. This increase is necessary to complete the decentralization of administration of the Federal Employees' Compensation Act and will be discussed in more detail in relation to the specific program involved.

Benefit appropriation

This appropriation is exclusively for the payment of benefits authorized by the Federal Employees' Compensation Act and disability and death benefits payable under the War Claims Act of 1948 and other similar benefit programs. It is estimated that the cost of such benefits during 1962 will amount to $65,500,000, a net increase of $1,300,000 over estimated expenditures for the current year. This increase is the result of the enactment of the Federal Employees' Compensation Act Amendments of 1960 which liberalized compensation benefits and provided increases in the monthly payments to some 13,000 beneficiaries receiving compensation for injuries prior to January 1, 1958. These adjustments have been made and the increased benefits are currently being paid to eligible beneficiaries.

BUREAU PROGRAMS

The Bureau's programs are confined solely to administration of Federal legislation providing workmen's compensation protection or similar benefits for some 3 million employees. The budget for 1962 does not anticipate any change in the scope or size of these programs.

However several legislative enactments by the 86th Congress in 1960 substantially increased the administrative workload of the Bureau.

The Federal Employees' Compensation Act Amendments of 1960, in addition to providing increased benefits for injured employees and their dependents, requires that all Government employing establishments be billed annually for expenditures from the compensation fund for compensation and related benefits on account of injuries sustained by their employees on and after December 1, 1960. Statements of such costs must be furnished each establishment by August 15 each year covering expenditures for compensation benefits during the preceding fiscal year. Each agency is required to include in its budget a request for an appropriation in an amount equal to such billing for subsequent deposit in the Treasury to the credit of the employees' compensation fund. This new statutory requirement, which is designed "to further the promotion of safety" in Federal agencies, will necessitate more detailed accounting and recordkeeping by the Bureau. A current record of expenditures will have to be maintained for each Government agency for all injuries within the purview of the amendment.

The Federal Employees' Health Benefits Act of 1959 provided a comprehensive system of health benefits, effective July 10, 1960, for Federal employees and for persons who qualified as annuitants after the effective date, including surviving beneficiaries. An annuitant is defined in the act to include an employee receiving

compensation under the Federal Employees' Compensation Act. Benefits under the act are financed through contributions by the Government and withholdings from the compensation of the annuitants.

The Retired Federal Employees' Health Benefits Act, approved September 8, 1960, provided a system of health benefits for annuitants which is applicable to most beneficiaries who were placed on the compensation rolls prior to July 10, 1960. Benefits will become effective on July 1, 1961, but Government contributions and withholdings from the compensation of annuitants are effective on June 1, 1961. Annuitants may elect to participate in a Government-approved plan or retain an existing plan. Since eligibility for health benefits must meet certain criteria, the Bureau is currently examining between 13,000 and 15,000 annuitants on the compensation rolls who may be eligible for health benefits.

Both of these health insurance programs also add to the administrative detail in processing disability and death compensation payments. Premium withholdings must be made and accounted for in all cases covered by the programs.

Amendments to the Longshoremen's and Harbor Workers' Compensation Act, approved September 13, 1960, provided an employee the right to select his own physician from a panel of physicians named by the employer and approved by the Bureau's Deputy Commissioner. There are approximately 65,000 employers subject to the act and its extensions and each district office of the Bureau is required to maintain appropriate records of the approved medical panels.

FEDERAL EMPLOYEES' COMPENSATION ACT PROGRAM

The Federal Employees' Compensation Act applies to all civilian officers and employees of all branches of the Federal Government and to certain other employments to which this act has been extended from time to time. The latter includes officers and employees of the District of Columbia (except members of the police and fire departments), members of the Civil Air Patrol and members of the Reserve Officers' Training Corps, while in training at camp or on cruises or en route to or from such activities. It is estimated that 2,400,000 employees will be within the purview of this program during 1962.

Benefits under this law were extended in the past to a number of discontinued programs such as the emergency work relief projects operated prior to World War II. Prior to January 1, 1957, the law was applicable to members of the reserve of the Armed Forces on active or training duty in time of peace. A large number of cases arising out of such employment remain on the compensation rolls and will be entitled to benefits for some years to come.

A major part of the operating expense of the Bureau is attributable to the administration of this program.

Decentralization of this activity was initially begun in fiscal year 1953 when the district office at San Francisco for administration of the Longshoremen's Act was expanded to handle Federal employee claims for six Southwestern States. Experience of this office clearly demonstrated the advantages of servicing claims under a decentralized operation. As a result, additional funds were provided in fiscal year 1958 for further decentralization of this activity. The district offices of Boston, New York, and Chicago were expanded to handle Federal employee claims in New England; New York and New Jersey; and nine Midwestern States. Operation of these offices has been equally successful. The records for 1960 indicate that 85 percent of the claims processed by the field offices were paid within 2 weeks as compared with 70 percent in the central office.

With the opening of these additional offices this activity is 50 percent decentralized. While the servicing of claims has improved considerably, even in the central office, it is felt that further improvement can only be attained through complete decentralization. There are still 27 States, including all the Southern States and the Northwestern States, reporting injuries and filing claims with the central office. This necessitates a great deal of correspondence which in turn delays the adjudication and processing of legitimate claims.

The Bureau proposes to complete decentralization during fiscal year 1962 through expansion of the Longshoremen's offices at Jacksonville, New Orleans, Cleveland, and Seattle. Operations under this program in Washington, D.C. and adjacent States will be handled through a local field office.

More complete details of this proposal are shown in the budget submission which I shall be glad to explain in such further manner as the committee may desire. However, I may note at this point that one-third of the first year cost for complete decentralization estimated at $387,900 represents nonrecurring

expenses. The added continuing cost after the first year is estimated at $258,600 representing principally the annual cost of salaries for 36 additional positions to be established in the field offices.

LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT PROGRAM

This act, enacted in 1927, to provide workmen's compensation benefits for employees in private maritime employment while loading, unloading, and repairing vessels on the navigable waters of the United States, was subsequently extended to certain other private employment within Federal jurisdiction. These included are private employment in the District of Columbia, employees of Government contractors employed at defense bases or engaged in public works outside the continental United States, employees of post exchanges and other nonappropriated fund instrumentalities of the Department of Defense, employees working on the Outer Continental Shelf in the exploration and development of natural resources, employees of contractors on certain projects outside the United States financed and approved under the Mutual Security Act, and employees of the Red Cross and similar organizations associated with the Armed Forces outside the United States.

Liability for the payment of compensation benefits under this program rests upon the employer and the only expense to the Federal Government is for the administration of the program. The employer must insure his liability for the payment of compensation benefits with an insurance carrier authorized by the Bureau to write such insurance or by meeting requirements authorized by the Bureau to write such insurance or by meeting requirements of the Bureau to qualify as a self-insurer. The administration of this program is completely decentralized and operations are conducted through 13 district offices in the field. The program relating to employments in the District of Columbia is administered through a local district office. The expense for the latter is paid from funds appropriated to the Government of the District of Columbia and transferred to the Bureau.

LONGSHOREMEN'S AND HARBOR WORKER'S COMPENSATION ACT REHABILITATION PROGRAM

The budget estimate includes an authorization to use $55,000 from the trust fund created by section 44 of the Longshoremen's Compensation Act. This sum is to be used in connection with the rehabilitation of permanently disabled beneficiaries of this act. The trust fund is made up of sums paid by employers in certain fatal cases and from fines, penalties, and interest on invested surplus. The amount requested, which is the same as that estimated for the current year, is for the services of seven employees to aid in the rehabilitation of seriously disabled employees through use of the facilities and services of State rehabilitation agencies. Further progress was made during the past year under this program. Over 2,000 cases were reviewed and 1,200 were selected for development of rehabilitation services. One hundred and fifty-two permanently disabled employees were placed in employment without training and of 67 others who completed training, 62 were placed in employment. The record for 1959 showed that 987 cases were reviewed of which 622 were selected for rehabilitation services. One hundred and eighteen beneficiaries were placed in employment without training and of 29 completing training, all were placed in employment.

WAR CLAIMS ACT

This is a liquidating program under which benefits are being paid to American citizens who were captured or detained by the Japanese during World War II in the Philippine Islands. The sum of $32,970 is required for the services of a small staff of six employees engaged in handling cases arising out of this program.

EMPLOYEES' COMPENSATION FUND

This fund established under the Federal Employees' Compensation Act covers the cost of all benefits provided by that act and disability and death benefits payable under sections 4(c) and 5(f) of the War Claims Act of 1948. It is also used to pay benefits for a small number of defense workers injured prior to April 30, 1945, or their dependents, who are eligible for certain benefits under the civilian war benefits program.

It is estimated that the expenditures from the fund will amount to $65,500,000 during 1962. This represents a net increase of $1,300,000 over the estimated cost for 1961.

The Federal Employees' Compensation Act Amendments of 1960, previously mentioned, provided, effective October 1, 1960, for increased disability and death benefits where the injury occurred prior to January 1, 1958. Increases were also provided in the maximum allowance for burial expenses, for minimum compensation for total disability, in the allowance for attendants, and in the maintenance allowance for persons undergoing vocational rehabilitation. Adjustments for increased compensation have been made. These increases, averaging $25 per case per month, affected 12,494 old cases on the compensation rolls. The continuing increase in annual cost is estimated to be $3,750,000.

The net increase of $1,300,000 is the result of an increase of $1,500,000 annualization cost of the increased benefits effective October 1, 1960, offset by a decrease of $200,000 in the gradually liquidating program of benefits for reservists of the Armed Forces.

The effect of the statutory change requiring Federal agencies to reimburse the compensation fund for expenditures on account of injuries occurring after November 30, 1960, will not be felt during fiscal year 1962. It will be reflected for the first time in the estimate for this fund for fiscal year 1963.

Statements accompanying this submission explain the basis for the Bureau's estimates but I will be glad to furnish such additional information as the members of the committee may desire.

PROGRAM DECENTRALIZATION

Mr. McCauley. We are asking, as you noted, for an increase of $381,700 in our administrative appropriation for this year. That is for the purpose of completing decentralization of the program under the Federal Employees' Compensation Act.

Mr. Denton. Will you tell us just a little bit more about that?

Mr. McCauley. Yes, sir.

If you will recall, the committee authorized us 8 years ago to undertake a pilot project of decentralization.

Mr. Denton. That is right.

Mr. McCauley. We opened an office, or rather expanded our office in San Francisco to take on this added work.

Subsequently, we were granted funds to extend decentralization further. We opened additional operations under the Federal Employees' Compensation Act in Boston, New York, and Chicago. So we have four of our existing field offices now handling Federal employees' claims.

Under this proposal now before you, we are asking funds to enable us to complete decentralization into four additional locations in the field.

Mr. Denton. Where will they be?

Mr. McCauley. There will be one office in Seattle to take care of the northwest area, one in New Orleans, one in Jacksonville, and one in Cleveland.

We are hopeful that, if we can make the necessary arrangements, we can also permit the district office in Honolulu to take care of cases arising in the State of Hawaii.

Mr. Denton. While you are on that, is there any way that your Board of Appeals can hold hearings anyplace other than in Washington? Have you done anything about that?

Mr. McCauley. The Department has not, so far as I know, proposed any changes in that at the moment.

Mr. DENTON. It always seemed to me it was awfully unfair to ask a man to come from Honolulu to San Francisco, or Washington, for a hearing on an employees' workmen's compensation case.

Mr. MCCAULEY. I would presume—and it is merely presumption on my part; I do not know what Mr. Schwartz' plans are; he can speak for himself on that—but I would assume, after we've completed our decentralization, he would consider having a roving board.

Mr. DENTON. I always thought you could use that Longshoremen's Board. They travel all over the country.

Mr. MCCAULEY. Well, we are using the longshoremen's offices over the country, Mr. Chairman.

Mr. DENTON. You are holding hearings with the longshoremen in San Francisco?

Mr. MCCAULEY. No, we have no provisions for holding hearings.

Mr. DENTON. But you do have a longshoremen's board that goes all over the country?

Mr. MCCAULEY. No, we have a deputy commissioner who holds hearings in the compensation district to which he is assigned.

Mr. DENTON. Who holds hearings.

Mr. MCCAULEY. Yes, sir. But he is the initial adjudicator of the claim under the Longshoremen's Act. He is not the reviewing body.

Mr. DENTON. Well, of course, if you had somebody as a hearing member and he took the initial testimony, that would be all that would be necessary.

Mr. MCCAULEY. We may be able to work out provisions for having a deputy commissioner to hold hearings in some of these very difficult cases. The general run of cases do not reach a point where you have to have this.

Mr. DENTON. I remember one out in my district; a man had something wrong with his eye, and they administratively decided against him, and he took it before the board, and they decided for him. But he had to hire a lawyer, and they both had to come down to Washington. It seemed to me that was putting the man to a tremendous amount of expense he should not have had. And we know that no Government employee should be subject to that.

Mr. MCCAULEY. Well, as I say, I have not done anything in regard to the hearing processes for appeals.

Mr. DENTON. With respect to any corporation doing business in a State, they have to have compensation insurance and any compensation action must be held in the State where the accident occurred.

Mr. MCCAULEY. Oh, yes. That would be necessary; because, you see, that involves a different situation, Mr. Chairman. That would be an adversary proceeding. Here we do not have an adversary proceeding. That is the difference between the Federal employees program and State coverage.

Mr. DENTON. The difference is that you determine it administratively, but then they do have a right to go to court after that.

Mr. MCCAULEY. Under the State and the Longshoremen's Act; yes, sir.

Mr. DENTON. They could do that here, too.

Mr. MCCAULEY. Yes, sir; but the right to appeal is limited to the Employees Compensation Appeal Board.

Mr. DENTON. Go ahead.

NEW DUTIES IMPOSED BY RECENT LEGISLATION

Mr. McCauley. As I stated a moment ago, the increase in our operating budget for this year is almost entirely due to decentralization. There are some additional costs due to the annualization of added expenses. We have had added work due to legislation enacted at the last session of Congress. There were four measures enacted which have added considerably to our administrative work. The amendments to the Federal Employees' Compensation Act, which increased compensation rates, required readjustment of all old cases on the rolls.

It also provided that, beginning December 1, 1960, the Bureau shall record the costs of benefits paid according to agencies, and bill the agencies at the end of the fiscal year for the amount of benefits paid.

That means that we have to set up accounts in our office to be able to prepare such charges and to bill the agencies.

The agencies, in turn, will include the amount of our charges in their appropriations for the next fiscal year, and we will be reimbursed 2 years after the year in which the costs were incurred.

Ultimately, that will affect the amount that we require for the payment of compensation benefits. But it will not affect us at this moment.

The second measure enacted last year which affects our operations is the Employees' Health Benefits Act for 1960, and also the act for 1959. Under those acts we are required to withhold from compensation beneficiaries the amount of premium which is normally withheld from their salary while on the payroll. We have to handle those accounts and make the deductions, account for them to the Civil Service Commission, make the necessary payments, and that too entails additional administrative detail in our office.

The fourth measure is an amendment to the Longshoremen and Harbor Workers' Compensation Act, which requires employers or their insurance carriers to establish panels of physicians available for the treatment of their injured employees. They must file their list of panels with the Deputy Commissioner under the Longshoremen's Act, who is required to approve the qualifications of the physicians and see that there is an adequate number on the panel.

That, of course, means handling the many panels that will be filed, and keep the panels current with changes that will occur from time to time.

That, in brief, represents the changes in our program during the last year, or since we last appeared before you.

EMPLOYEES' COMPENSATION CLAIMS AND BENEFITS

The benefit appropriation is affected by the scale of benefits which was increased in several respects. The added cost of benefits, we estimate, will run about $3.5 million a year. The principal change was effective October 1, 1960, and our cost for this year will amount to approximately $2.8 million.

Mr. Minor. That is right.

Mr. McCauley. The estimate we prepared for the benefit fund in September is higher than it now appears will be necessary for that purpose. So, when we get to that particular appropriation, I will be glad to indicate what adjustments we propose to make in that.

We had asked for an appropriation of $65,500,000, but that will be considerably in excess of our needs according to the present level of payments. And we feel that an appropriation of $64 million will be adequate. So this estimate could be reduced by $1.5 million.

The remainder of our program continues as it has over past years, and I shall be only too happy, of course, to answer any questions you may have as to any phase of the program.

If the committee should approve funds for the decentralization, we hope to be able to begin that shortly after the first of the fiscal year. It will mean transferring records, personnel, and operating equipment to the field offices in which the program will operate.

SUPPLEMENTAL APPROPRIATION FOR 1961

Mr. MARSHALL. Mr. McCauley, under your item "Salaries and expenses" you had a supplemental request of $354,000. What was that request intended to cover?

Mr. MCCAULEY. The supplemental appropriation?

Mr. MARSHALL. Yes.

Mr. MCCAULEY. That was $152,000, sir, and was intended to cover the costs during the present fiscal year for these new programs I referred to a minute ago.

Mr. DODSON. The additional amount between the figure you gave, Mr. Chairman, and the one Mr. McCauley referred to is for pay increase.

Mr. MCCAULEY. Oh, there is $202,000 for pay increase. I did not mention that.

Mr. MARSHALL. That request for $152,000 was reduced $47,000.

Mr. MCCAULEY. Yes, sir.

Mr. MARSHALL. What happens to you if that reduction stays?

Mr. MCCAULEY. Well, it will handicap us some, Mr. Chairman, to operate on the smaller figure. The claims we have to adjust, the records we have to maintain, and procedures we have to follow are necessary. Part of the increase in cost was used for overtime pay to enable us to complete the readjudication of the compensation rates of claimants on the rolls. We could not recruit new people and expect them to know how to do that.

So we have expended, I believe, approximately $30,000 already in overtime pay to make these adjustments and to set up other necessary procedures.

We had proposed an increase of 29 employees for the several programs, or the equivalent of 18 man-years for the part of the year. And we will just have to cut back on what we intended to do.

All of this personnel, I might add, is clerical.

There is one grade 7 job and, I believe, two grade 5 jobs out of the 29 position we have asked for. The rest would be grade 4 clerical personnel.

Mr. DODSON. Mr. Chairman, we have not given up yet, because the Senate next Tuesday acts on that particular item.

Mr. MARSHALL. I note that the program increase for 1962 is for $387,900 and 43 positions. Now, does that complete your decentralization program?

Mr. MCCAULEY. Yes, sir; that will complete the decentralization program.

NEW POSITIONS UNDER THE INCREASE FOR DECENTRALIZATION

Mr. MARSHALL. These new positions that you were talking about, they are all in the field?

Mr. MCCAULEY. There will be only one new job——

Mr. MINOR. One new job.

Mr. MCCAULEY. One new position in Washington, in the central office headquarters.

We will have a field office in Washington, where we will have 39 or 40 employees.

Mr. MINOR. Yes; 39 regular.

Mr. MARSHALL. With this decentralization, should we not expect some reduction in your national office in Washington?

Mr. MCCAULEY. Yes, sir; we will transfer 86 positions out of the Washington office into the field.

Mr. MARSHALL. Eighty-six positions will be transferred out of Washington, but your decentralization over and above that requires 43 additional employees.

Mr. MCCAULEY. Forty-three more, in addition; yes, sir; and 42 of the 43 will be in the field offices.

Mr. MARSHALL. Could we expect that you will further reduce your Washington office next year?

Mr. MCCAULEY. No, sir. I think that will bring it down pretty close to the minimum we will ultimately have to have here.

We have, or will have, 36 employees in the central office on the Federal program, we will have 10 on the longshoremen and harbor workers' program, and 20——

Mr. MINOR. Twenty-seven.

Mr. MCCAULEY. Twenty-seven on general administrative services—budget and accounting and supervision, and so forth.

NONRECURRING COSTS IN 1962

Mr. MARSHALL. Will you have any nonrecurring costs in 1962?

Mr. MCCAULEY. Yes, sir. There will be—of the $387,900 required for decentralization, there will be nonrecurring costs of $129,000.

What is that figure?

Mr. MARSHALL. You can put a breakdown of that in the record at this point.

Mr. MCCAULEY. Yes, sir; I will be glad to do that.

(The data requested follow:)

New positions to be established under final decentralization of FECA activities, fiscal year 1962

	Recurring costs						Nonrecurring costs		Total increase	
	Central office		Field		Total		Positions	Amount	Positions	Amount
	Positions	Amount	Positions	Amount	Positions	Amount				
Total	7	$39,394	36	$174,526	43	$213,920			43	$213,920
Deduct lapses	.6	3,584	3.1	15,308	3.7	18,892			3.7	18,892
Net permanent	6.4	35,810	32.9	159,218	39.3	195,028			39.3	195,028
Reimbursable details				21,840		21,840				21,840
11 Personnel compensation		35,810		181,058		216,868				216,868
12 Personnel benefits		3,212		24,480		27,692				27,692
21 Travel and transportation of persons		5,000				5,000		$5,700		10,700
22 Transportation of things								23,900		23,900
23 Rent, communications, and utilities		655		4,345		5,000		65,000		70,000
25 Other services								4,440		4,440
26 Supplies and materials		700		3,600		4,300				4,300
31 Equipment								30,000		30,000
Total		45,377		213,483		258,860		129,040		387,900

ADVANTAGES OF DECENTRALIZATION

Mr. MARSHALL. What would be the advantages of this complete decentralization to the Government and to the claimants?

Mr. MCCAULEY. Well, on the basis of the experience we have had thus far with the four offices carrying on a decentralized program, the most important effect is speeding up of the adjudication of claims. In the field offices now operating a decentralized program, about 85 percent of the first payments have been made within 2 weeks from the date of receipt of the claim in the office.

The best we have been able to do at any time under the centralized program has been about 70 percent paid within 2 weeks.

Another principal advantage touches on the point that Mr. Denton made a moment ago. It puts the Bureau's operating staff in closer proximity to the people they are serving. It is more convenient for them to meet with the claimants to hear them firsthand. It facilitates the investigation of claims, where that is necessary. It also enables them to work in closer cooperation with the medical personnel who treat injured employees. They are able to get in touch with them by phone, and discuss medical problems with them.

So, all in all, it has proven very satisfactory. It has decreased the number of complaints concerning the handling of cases. The unions who represent the employees are highly pleased with the way the program has been operating under the decentralized procedure. They had some doubts about it in the beginning, but they are very well pleased with the way it operates now.

EMPLOYEES COMPENSATION APPEALS BOARD

Mr. MARSHALL. Do you have any change in your Appeals Board?

Mr. SCHWARTZ. No.

Mr. MCCAULEY. No; there is no change in the appropriation now.

Mr. Theodore M. Schwartz, Chairman of the Employees' Compensation Appeals Board, will address himself to that.

Mr. MARSHALL. Mr. Schwartz, do you have a statement you would like to make at this time?

Mr. SCHWARTZ. Yes; I have a written statement I would like to submit, which indicates that there are no program changes, that our operations are essentially current.

Mr. MARSHALL. With no objection, we will place that in the record at this point.

Mr. SCHWARTZ. Yes, sir.

(The statement referred to follows:)

The Employees' Compensation Appeals Board, a three-member quasi-judicial body, has exclusive jurisdiction to review appeals filed by Federal employees from final decisions of the Bureau of Employees' Compensation pursuant to the provisions of the Federal Employees' Compensation Act. Board review is limited to the case record upon which the Bureau rendered its decision; new evidence may not be submitted to the Board. The procedures of the Board are informal and designed to facilitate expeditious and careful consideration of issues raised on appeal.

The operations of the Board are essentially current and no program changes are being requested for 1962.

EMPLOYEES COMPENSATION CLAIMS AND EXPENSES

Mr. MARSHALL. Under the item "Claims and expenses," the appropriation for 1961 was $62,200,000. The supplemental request was for $2 million and $800,000 was allowed. The request for 1962 is $65,500,000, an increase of $1,300,000 if the supplemental request had been allowed and $2,500,000 over 1961 as the supplemental bill now stands.

CHANGES IN LAW

Now, what changes in the law prompted this supplemental request.

Mr. MCCAULEY. The principal cost, Mr. Chairman, came as a result of the legislation authorizing the readjudication of the compensation rates in old cases on the rolls.

In cases in which injury occurred between December 31, 1950, and January 1, 1958, the wage rate for the purpose of computing compensation was raised 10 percent. In practically all cases in that group the compensation rate was increased 10 percent.

For the group of cases in which the injury occurred between December 31, 1945, and January 1, 1951, the increase was 20 percent. And in the cases for which the injury occurred prior to January 1, 1946, the increase was 30 percent.

There were almost 13,000 cases affected by these readjudications. And such benefits will continue on.

It is necessary for us to go back and review each of those cases, and recalculate the award on the basis of this increase. In substance, the increase in the benefit payment was comparable to these percentages here. There were some cases in which there was a little higher increase in benefits because of changes in the minimum rate.

The other changes did not result in too substantial an increase in costs. The minimum compensation for total disability was raised from $112 a month to $180. However, there are very few new cases affected by that, because in almost all of the cases we get now, the wage is actually more than $180.

The burial allowance was raised from $400 to $800. That was not a costly item on an annual basis, because ordinarily we receive about 300 approved fatal cases a year, so the added cost would be about $120,000 for that item.

Benefits for the emergency relief workers were doubled. There are about 1,300 such cases still on the rolls from the old CWA, WPA, and CCC programs, most of them being death cases.

The other adjustments had only a minor effect on compensation costs—the maximum attendants allowance for a totally disabled employee who requires constant attendance was raised from $75 to $125.

Additional compensation for an employee who is undergoing vocational training and entitled to maintenance, was raised from $50 to $100. But the number of cases in which these benefits are involved is quite small proportionately, and the aggregate cost is not very much. The principal cost is due to the raise in the monthly compensation awards.

Mr. MARSHALL. What will be the effect of this reduction in your supplemental request?

Mr. MCCAULEY. That was voluntary on our part, Mr. Chairman. We had submitted our estimates before we had made some of these

adjudications. We were unable to determine just what the effect of the legislation would be. We found, however, when we appeared before the supplemental committee, our request was greater than we actually needed, so we determined that we could get along with an increase of $800,000 for the current year.

And we feel that the estimate here is subject to the same readjudication. The costs should not go above the $64 million figure.

So I think it is entirely safe, as far as we can see, to reduce it to $64 million.

WAR CLAIMS ACT

Mr. MARSHALL. We notice that in 1962 you are requesting $32,970 for the administration of the War Claims Act.

Mr. MCCAULEY. That is a continuing or rather a liquidating program which still continues. We have on the rolls a small number of cases that will be carried for some considerable time.

We have 376 cases involving civilian American citizens who were captured in the Philippines. We have 222 contractor's employees who were captured at Wake and Guam and in the Philippines, and we have 42 cases involving payment of civilian war benefits. There are no new cases—or should be no new cases coming in under these programs. It is a question of liquidating those on the rolls. We have six employees at the present time who work on that program.

Mr. MARSHALL. How long do you think it will be before this program will be liquidated?

Mr. MCCAULEY. Well, that would be rather difficult to state, because there is not any limit on the duration of certain benefits. In the permanent disabilities and the fatal cases—payments will probably continue during the lifetime of the certain classes of beneficiaries.

Mr. MARSHALL. Mr. Laird.

Mr. LAIRD. I have no questions.

Mr. MICHEL. Mr. McCauley, under the War Claims Act, how many claims were filed last year?

Mr. MCCAULEY. Only 14 new cases came in from civilian American citizens who were captured in the Philippines.

Mr. MICHEL. Fourteen new cases. And there is a staff of six employees to handle these cases.

Mr. MCCAULEY. Well, those were 14 new cases, sir.

Mr. MICHEL. Fourteen new cases. And how many would be pending?

Mr. MCCAULEY. We have 376 cases arising out of that program. We also had 222 Government contractor's employees also included in captured personnel. So altogether there were about 600 cases on the rolls.

Now, the payment of compensation is not the extent of the activities in these cases because we are continually having to answer inquiries as to whether they are not entitled to additional benefits, arrange for medical care, and the like.

Mr. MICHEL. How many of those cases would be adjudicated in this coming year?

Mr. MCCAULEY. These are cases in which payments are being made.

Mr. MICHEL. In all of these?

Mr. MCCAULEY. In all these 600 cases; yes, sir.

Mr. MICHEL. Six hundred. So then the bulk of your work is just a matter of continuing service?

Mr. McCauley. Yes, sir. Just servicing cases.

Mr. Michel. Handling this information.

Mr. McCauley. Information, arranging medical care, things like that.

The cases I referred to, the 600, are cases in which we are paying disability or death benefits. In addition to that, there are a large number of cases which would be entitled to medical treatment, if any is needed.

Mr. Michel. Do you have any idea how long this will continue? Will this go on indefinitely?

Mr. McCauley. That was the question of the chairman a minute ago. It is rather hard to tell, because in the case of the contractor's employees there is no stated duration. In the case of a totally disabled employee or in a death case the payments would be for the life of the beneficiaries.

I think the number of personnel administering this program probably would decline in the next few years.

Mr. Michel. This was going to be my next question.

How long have there been six employees?

Mr. McCauley. I think we had 6 last year, and about 8 or 10 a year before.

I think this can all be absorbed eventually by the regular staff.

RECEIPT OF PRESIDENT'S AWARD BY MR. M'CAULEY

Mr. Marshall. Mr. McCauley, this committee was very pleased to note that you received the President's award.

In this connection, without objection, I would like to place in the record the Secretary of Labor's statement, which is a commendation of your services.

Mr. McCauley. You are very, very kind, indeed, sir.

(The commendation referred to follows:)

I join with all of Mr. McCauley's friends and associates throughout the Government in extending to him my warm congratulations on his selection for this very high honor. He has fulfilled his role as Director of the BEC with an uncommon degree of executive excellence, and in doing so has won for himself the respect and appreciation of Federal employees everywhere. The employees compensation system which Mr. McCauley has so successfully directed and developed today stands as a vital element in the personal security of all of the men and women of the Federal service. I greet President Eisenhower's tribute to him with a sense of personal pride.

Mr. Marshall. Is there anything else that you would like to present the committee?

Mr. McCauley. I do not think of anything further to report.

I feel that you will want to give sympathetic consideration to the decentralization program, because last year I believe you wanted to know why we did not do something more about it. I think it would be really a worthwhile undertaking to complete this phase of the activities. Right now we are operating 50 percent decentralized and 50 percent centralized, so we do not get the full benefit of either plan.

Mr. Marshall. We thank you for your appearance before the committee.

Mr. McCauley. You are welcome, indeed, sir.

WEDNESDAY, MARCH 8, 1961.

WOMEN'S BUREAU

WITNESSES

MRS. ESTHER PETERSON, DIRECTOR, WOMEN'S BUREAU, AND ASSISTANT TO THE SECRETARY OF LABOR
MISS FRANCES A. AMBURSEN, DEPUTY DIRECTOR, WOMEN'S BUREAU
MRS. STELLA P. MANOR, CHIEF, DIVISION OF PROGRAM PLANNING, ANALYSIS, AND REPORTS
JAMES E. DODSON, ADMINISTRATIVE ASSISTANT SECRETARY, DEPARTMENT OF LABOR

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1960 actual	1961 estimate	1962 estimate
11	Personnel compensation:			
	Permanent positions	371	432	452
	Positions other than permanent	13		
	Other personnel compensation	3	1	
	Total personnel compensation	387	433	452
12	Personnel benefits	25	30	32
21	Travel and transportation of persons	20	20	20
23	Rent, communications, and utilities	15	13	13
24	Printing and reproduction	36	35	38
25	Other services	16	15	15
26	Supplies and materials	7	6	6
31	Equipment	3	2	2
	Total obligations	509	554	578

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	61	61	64
Full-time equivalent of other positions	2		
Average number of all employees	58	61	64
Number of employees at end of year	65	61	64
Average GS grade	8.2	8.3	8.3
Average GS salary	$6,768	$7,262	$7,226

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Advancement of women's employment opportunities and status	386	435	454
2. Administration and management services	114	124	124
Total program costs	500	559	578
3. Relation of costs to obligations:			
Costs financed from obligations of other years, net		−5	
Obligations incurred for costs of other years, net	9		
Total obligations	509	554	578
Financing: New obligational authority	509	554	578
New obligational authority:			
Appropriation	509	521	578
Proposed supplemental due to pay increases		33	

BACKGROUND OF THE DIRECTOR

Mr. MARSHALL. We are pleased at this time to have before us the Women's Bureau. Mrs. Peterson, it is customary, when a witness comes before the committee for the first time, for us to ask that they give us a brief biography for the record.

Mrs. PETERSON. I am delighted to do that. In fact, I think I have a biography, if I may leave that with you.

I am Esther Peterson. I was born in Provo, Utah, and grew up in the West. I was graduated from Brigham Young University in 1927. I taught school first in Cedar City, Utah, and came to Columbia University Where I got my master's degree in 1930.

My field, really, has been teaching. I became interested in the problems of employed women while I was teaching.

As a volunteer in the YWCA, I was assigned to the industrial department; from that interest, I went on to teach school at the Bryn Mawr summer school for women workers in industry, near Philadelphia, which is a cooperative venture between women's colleges and various people, I would say, with good will, who were interested in working with women who have had little formal education, people who had to leave their education because they had to earn a living. I taught there for 6 years. During this period I was also raising children; may I say I have four children, three sons and a daughter. But I did part-time work, and I was interested in this for a long period.

After working in these various educational areas, I became employed by the Amalgamated Clothing Workers of America as assistant director of education. In that capacity I traveled a good deal. More women are employed in that industry than men, actually. So I had a chance to learn firsthand the problems of employed women. It is a rather low-wage industry, and it was education in the broad sense, teaching them. And the experience interested me a great deal.

Then, in between having children, I was fortunate to be able work parttime and keep my interest in this.

I came to Washington when my husband was transferred here and became legislative representative for that same union. And I was here for 3 years, until my husband was transferred abroad.

I lived abroad with the children and my husband for about 10 years, in Sweden and in Brussels, and in these two posts I had an opportunity to observe firsthand the way other countries dealt with these problems of workingwomen. I found this extremely interesting and very profitable.

When I came back, my husband was returned here, I was legislative representative for the Industrial Union Department of the AFL–CIO.

And then, just this year, President Kennedy appointed me to this position.

That is sort of a thumbnail sketch, but if any of you want to ask me about any part—at this moment, I will answer. Or I might just file this biography, if that is all right.

Mr. MARSHALL. Thank you, Mrs. Peterson.

Mr. LAIRD. Mr. Chairman, I would like to put an editorial in the record at this point from the Salt Lake Tribune of January 10, 1961.

Mrs. PETERSON. How did you know about this? I thought this was only my——

Mr. LAIRD. If there is no objection.

Mr. MARSHALL. There is certainly no objection.

(The editorial referred to follows:)

[From the Salt Lake Tribune, Jan. 10, 1961]

AN EXCELLENT CHOICE

Mrs. Esther Eggertsen Peterson's appointment as an Assistant Secretary of Labor is in recognition of the great talents of a competent leader in the labor movement. And it brings an additional honor to a splendid Utah family.

Mrs. Peterson will direct the Labor Department's Women's Bureau which, among other things, fixes national standards for women working outside the home.

For the last 3 years, Mrs. Peterson has been legislative representative in Washington for the AFL–CIO Industrial Union. In that capacity she worked with Senator Kennedy on his minimum wage bill. During the campaign she orranized and helped direct Labor's Women's Committee for Kennedy and Johnson. She also has worked for legislation on a broad variety of issues in the welfare field. The Washington Star recently quoted an unnamed observer on Capitol Hill, as saying "She's one of the few women in politics or the trade union movement who is not regarded by men just as a woman. She's very smart and able."

When her husband, Oliver Peterson, currently labor adviser to the State Department on African Affairs, was in Sweden and Belgium (1949–57) it was said that the United States "got two employees for the price of one."

Mrs. Peterson did extensive volunteer work in Europe with women's organizations and labor groups.

In Brussels she was president of the American Women's Club, was on the board of the International School, and represented the American union movement at international conferences.

A daughter of the late Lars Eggertsen, well-known Utah County educator, and Mrs. Annie Eggertsen, who died last week at 93 in Provo, she attended Provo schools and was graduated from Brigham Young University, a classmate, incidentally, of Ezra Taft Benson, outgoing Secretary of Agriculture. A sister, Mrs. Algie Baliff, is a prominent State legislator from Utah County.

The appointment is worthy of applause.

Mrs. PETERSON. Thank you. Thank you very much. This is my home, and it does mean a great deal to me to have this expression of confidence.

GENERAL STATEMENT

I do have a statement prepared, and I would like to file that. Having worked on the Hill, I know it is awfully deadly to read a statement. And I think I might—I think you are very well acquainted with the Bureau, because I read your hearings from last time. I thought I would like to make a few points, if I may.

Mr. MARSHALL. The committee would be very glad to have your statement placed in the record at this point, you may proceed to highlight it.

(The statement referred to follows:)

STATEMENT OF MRS. ESTHER PETERSON, ASSISTANT TO THE SECRETARY OF LABOR AND DIRECTOR, WOMEN'S BUREAU, DEPARTMENT OF LABOR

The Women's Bureau budget request for $578,000 was prepared last summer within a framework of an economic picture quite different from that which confronts us today. The current situation will necessitate some changes in the emphasis and direction of our program, yet a large part of the ongoing work of the Bureau is of such importance to the future that it must be continued despite our deep concern for the present economic situation.

For example, continuing study of all aspects of women's participation in the labor force is needed in order to provide essential information to the many organizations and agencies concerned with the welfare of women workers. For this reason, we are requesting a modest increase in the budget for 1962 of $24,100 to provide for the analysis and publication of 1960 census data relating to women workers. The decennial census is the only source of detailed occupational and industrial employment data which makes possible an analysis of the trends in women's employment and economic status, and suggests their potential role in building and maintaining the economic strength and growth of this country.

Because this committee has always been interested in trends of women's employment, I should like to summarize the current situation briefly.

In 1960, the number of women in the labor force again exceeded all previous records, averaging 23½ million—almost three-fourths million more than in 1959 and almost 3½ million more than the highest figure of World War II. However, a much larger number of individual women work at some time during a year, some for only short periods of time. For example, a total of about 29 million women worked at some time during 1959.

The number of employed women, also higher than the previous year, averaged almost 22¼ million in 1960. This was about one-third of all adult women in the population. They filled one out of every three jobs. The largest number—about 6½ million—were clerical workers; more than 2¼ million of these were employed in secretarial, stenographic, and typing jobs. About 1¼ million were teachers, another half million nurses, and about a million were managers, officials, and proprietors.

More than 1⅓ million women were unemployed in 1960—50,000 more than in 1959. In January of this year the number had risen to a total of 1,669,000. This number equaled 7.2 percent of the woman labor force—considerably higher than the 6 percent a year earlier. More than one-half of the group of unemployed women were receiving unemployment benefits. The remaining group had either exhausted their benefits or were not covered by unemployment insurance.

All of the information we have points to the fact that most women work to support themselves or to supplement family income. We have over 5 million single women workers and another 5 million who are widowed, divorced, or separated. Among these are over 2 million working women who are heads of families, with primary responsibility for the support of others as well as themselves.

Implications for women workers inherent in the shifting occupational and industrial structure necessitate our further investigation of employment opportunities in selected manufacturing industries, in banking, and in insurance. This program will involve primarily a review of available secondary data revealing trends in the industries and the occupations affected, and an analysis of these trends and their implications for the counseling, employment, and training of women.

Girls now in school will be entering a labor market where a variety of skills unknown just a few years ago will be needed. Considerable emphasis in their world will be upon such fields as electronic computing and the fields of mathematics and nuclear physics which are creating many new technical and scientific jobs. These are the glamour jobs which will accompany the space age and competent women will have a chance at them. But we must also keep in mind the fact that large numbers of women will be needed in teaching, nursing, social work, and women's traditional fields of endeavor. Our job is to make such information available to parents, teachers, counselors, students, and those who may already have entered the world of work.

In these times, we have to plan in terms of women's contribution to the economy, and bear in mind the fact that large numbers of women undoubtedly will enter the labor force during the present decade. In fact, Department of Labor statistics indicate that if the needs of the expanded population of 1970 are to be met, our economy will have to provide either full- or part-time jobs for two out of every five women in the 19 to 65 age group. In view of this, we may see the total number of women workers increase by 25 percent to an anticipated total of about 30 million. This means that more than one out of every three workers will be a woman.

While our Bureau's program in 1962 will follow the general outline described in our formal budget statement, it will, of necessity, be adapted to the needs of the present and to the changes developing so rapidly in today's labor market.

In addition to the work projects described above, the Bureau will initiate a survey of the first jobs of women college graduates in the class of 1962; update its publication on "Women in the Federal Service"; perform preliminary research on all aspects of women at work for a yearbook on women workers; cooperate with all bureaus of the Department on programs for older workers; and revise its basic reference materials.

In planning for the Bureau's work for the 1962 fiscal year we must give due attention to the long-range program of improving the opportunities and the working conditions of women. For many years women's and other voluntary organizations, unions, and State agencies have cooperated on programs to insure application of the principle of equal pay for equal work, establishment of a floor to wages, and good working conditions. In the 1962 fiscal year we must expand our technical services to such groups.

In the equal-pay field, for example, this will mean stepping up our advisory services to groups interested in the adoption of Federal and State equal-pay legislation, and giving increased technical assistance to State labor departments charged with responsibility for administering and enforcing the equal-pay laws already on the books of 20 States. We must assist union members in obtaining implementation of equal-pay practices through union contracts. We must help all women to understand the provisions of laws which affect their status as citizens and as workers.

In the minimum-wage field, State administrators have requested that the Bureau hold an annual technical conference of State minimum-wage administrators. Other technical services requested by State administrators and departments include assistance on hours and earnings surveys for minimum wage use and preparation of cost-of-living budgets for self-supporting women workers. In addition, the proposed extension of coverage of the Federal wage and hour law can be expected to lead to increased requests from women's organizations, unions, and others to secure the establishment of new laws or effective enforcement of existing State minimum-wage rates and standards for women workers in retail, laundry, and other service establishments that will not be covered by the proposed amendments to the Federal act.

The Bureau will continue to cooperate with international agencies concerned with improving the status of women, including the United Nations Status of Women's Commission, the Inter-American Commission of Women, and the International Labour Organization Panel of Consultants on Problems of Women Workers. The Bureau receives many requests from women's organizations, unions, and other voluntary groups interested in international women's programs and we expect to expand our advisory services and information in this field.

My few short weeks in my new job have emphasized for me the importance of the work of the Bureau which I now head. A major interest throughout my life has been the improvement of wages, hours, and working conditions for the American work force, of whom women form an increasingly significant part. In the present recession period, we must take care to see that good standards, which have been established by law and collective bargaining with great effort over a period of many years, are maintained and that we do not permit a gradual erosion such as the undue lengthening of work hours of women which has been reported to us from some regions. I am currently reviewing the Women's Bureau program to see what areas should be expanded to bring greater benefits to workers, what new projects may be necessary, and how the special needs of women may be met, such as through the expansion of day-care facilities for children of working mothers.

I am glad to have a part in the vitally important work of the Labor Department, and to do what I can to help solve today's problems while planning for a better future for all our workers. I shall be glad to answer any questions, Mr. Chairman.

Mrs. Peterson. I am really very grateful for this opportunity. And I have to be frank with you; I feel the responsibility of this position. I am almost a little frightened.

Is it all right to admit it? I guess one has to.

I have long had regard for the Women's Bureau and, as you can tell by the experience I have had, I have relied on them very heavily for information. I have always found them factual. And I think the Women's Bureau has a long, fine tradition, and I am going to

carry this on. I think it has had a long history of usefulness to working women.

In asking for this budget of $578,000, I myself feel it is extremely modest for the work that is done and the work that is contemplated to be done, when you realize that 1 in 3 workers of our labor force are women, that 23,500,000 are in the labor force, that 29 million worked at some time or other during the year—22,500,000 employed, is that right, Mrs. Manor?

Mrs. MANOR. 22,250,000.

Mrs. PETERSON. These women are making a substantial contribution, I think, to the economy f the country.

WOMEN IN THE LABOR FORCE

It has been interesting to me in this position how many letters came in asking, "Why do the women not stay home?"

I have often wondered, if all the women stayed home, what would happen to our schools, what would happen to our hospitals, what would happen to our offices where the women are employed to such a large degree?

I think it was extremely interesting the other day when I sat with the Secretary and Mr. Clague pointed out the projection of the labor force to 1970, and you could see, as he pointed out, that there would be large increases in the younger and in the older workers, if you noticed, and a large percentage of these would be women.

So it is not a matter of contracting; it is a matter of an expanding group of workers. I think an increase of 25 percent is expected in the women.

Is that right?

Mrs. MANOR. That is right.

Mrs. PETERSON. Whereas it is only 15 percent in the men.

So I think the Women's Bureau, since this is the one agency of the Government where women can come for help and which can advise other Government agencies, increases in importance at this time.

Look at where these women work; we know that in the old days it used to be largely as domestics, and now there is a reversal. Our bulletins have been bibles to me for years, on the occupational outlook, keeping abreast of how the changes are taking place. If you recall the chart that Mr. Clague had on the board here showing the increase in the areas—the changes in the occupational outlook, you will remember he showed how the service industries were expanding—now this broad definition—this would take in, I think, banking and insurance as well as the personal service areas, would it not?

Mrs. MANOR. Yes.

Mrs. PETERSON. As well as the areas where the women are already largely employed. So the big increase is coming in this service area and a large number will be women who are moving into these areas.

As we were asked by Congress under the bill that set us up to set standards for employed women, to watch out for their opportunities for advancement, I think we have an increasing responsibility with the projected labor force, as Mr. Clague pointed out and as the Secretary pointed out, in these two areas. There is a wide range of subjects that we must look at.

I have a great concern—probably it is because my experience over the last years has taken me into the areas of women in the low-wage industries—I am extremely concerned about doing what we can to help women in these areas.

I have just had a group of textile workers in the other day, and it was interesting to me. There were—I do not know how many—24 or so; and they had heard this comment that they should "go home." We asked for a show of hands on why they worked. Almost every one of them were either widows supporting themselves, or supporting their families; and I think there were two, probably, whose husbands were employed in this group. And these women were not making a great deal.

They laughed when somebody said: "We heard in Congress today that you were just working for a mink coat."

They are doing constructive work. And I have a real concern for the women in a laundry, the women that are cleaning, doing the dirty work, if I may say so; and these are the women that are in the low-wage areas.

RESPONSIBILITIES OF THE WOMEN'S BUREAU

And I feel that it is wonderful that they can feel that there is a place in the Government when they can go and where they can look for some help. And I feel that, if we stimulate the training opportunities for women, if we open the doors to them so that the women who need to work can get satisfaction, can get fair remuneration for what they do, they will have opportunity for advancement and also will be trained to meet the needs of our growing population and we will be doing our job. The Secretary and Mr. Clague pointed out that we will need these women. We will need them in the new occupations that are coming; not only in the usual women's occupations, but we will need them as technicians, we will need them in—well, as I put it in the statement, in some of the glamour jobs of the space age. We will need computers, we will need mathematicians, we will need many of them. And, of course, there are many other opportunities.

We have a responsibility. I met with personnel directors of some of the women's colleges when they were here last week, and I was impressed on how they rely on the Women's Bureau for their material, and how they want us to advise them on the occupations where women will be able to get employment. There are lines that the Women's Bureau has established, and I am hoping to strengthen them and go on with them, of communications with all these groups in our communities, that help to interpret and aid the climate of opinion for the kinds of employment that we want.

We have problems with the older women trying to get retraining and get back into jobs. We have problems of the younger women who are seeking employment.

And then, in addition to that, we have the usual services that we conduct as a Bureau in advising States on legislation when they ask for it, in helping women's organizations that are interested in various programs. And there is the complete area of supplying material, collecting material, interpreting material, and making it available. I mean all of these things, in general, fit into areas of service.

I think I would like to point out, in relation to the present economic situation, which is serious, and with the letters I have been telling you about with people saying "women should go home," that women have been hit very hard by the unemployment picture. I think it is 1,700,000 women unemployed.

Is that the last figure out of the large figure that was given out?

Mrs. MANOR. January.

Mrs. PETERSON. Of women that were unemployed. And many of these—these are not largely women who are doing men's jobs. In the areas where they are, we find the unemployment of women is even higher than that of men. For women operatives I think it is 10-something percent, and 7 for the men. Is that right?

Mrs. MANOR. Yes.

Mrs. PETERSON. So we have an obligation to the public to give the facts, and so that people can make intelligent decisions and have bases for the conclusions and for the programs that they support. We have a real responsibility in the education field to supply this factual information as we get it.

There are many areas of concern. I am also concerned greatly about the women who are heads of families. I think—Mrs. Manor, how many women are heads of families and working?

Mrs. MANOR. Something over 2 million.

Mrs. PETERSON. Something over 2 million who are heads of families and supporting them.

And then we find, too, that the larger number of women who work when there is a husband and wife working are among the wives of men who are not making a high income. I think among those whose husbands are making about $10,000, the number is proportionately small. So, again, these are the areas of our population where we have a responsibility.

It is on both ends of the scale—those that are on the low end to help them, and then on the top end to see that there is opportunity for advancement and for moving ahead.

And, in general, these are the areas where I really feel that I have inherited a wonderful thing in the Bureau, and I hope to go on with these programs. I think new things will develop. I think the problem of automation really is serious. And the indications come to us constantly of the problems that are arising relative to women's jobs.

Just as an example, where women have been in the low-wage areas, low-wage classifications, are these same classifications going into new jobs where the skills are comparable between the men and the women? We do not want to carry any of the old traditions from the old period of industry into the new, if we can help it.

We would like to be in the position to have the facts so that, when we are called upon, we can advise and help; not only employers, but trade unions and women's groups or community organizations, where and if they are interested.

We have the area of day care for children, especially for working mothers, which is very high in my mind.

These are some of the areas where I think we need to work.

Mr. MARSHALL. We thank you for a very fine statement. It certainly shows that you have made a study of your work.

BUREAU PUBLICATIONS

Last year this committee increased your budget by $10,000 to allow for greater distribution of your publications. Are these funds all being used for this purpose?

Mrs. PETERSON. Yes. And it was a great help, because it has made possible much wider distribution, especially in the areas of training, to the schools, to the colleges, and to many organizations. It would not have been possible had we not had that help, especially in distributing the publications on the sciences and training to reach as many as we did.

Maybe Miss Ambursen wants to enlarge on this.

In looking over the distribution of the publications, I have—and you might want to have it—a résumé of the distribution that has been made. But certainly with the additional appropriation, it made it possible to step up the distribution, especially to the schools.

I think the interest that has been evoked by this is evident in the kinds of requests for our people to come into the field and, from the schools, for more information.

Mr. LAIRD. Did you increase the distribution of those pamphlets for the high school girls?

Miss AMBURSEN. We have not gone back to print on that, sir. Our free supply is still adequate to take care of the requests. The Government Printing Office to date has sold about 29,000 copies of that particular pamphlet. About 20,300 went out in addition to that.

DEVELOPMENT OF STATISTICS ON EMPLOYMENT OF WOMEN FROM 1960 CENSUS

Mr. MARSHALL. We note that you have asked for three additional employees. What do you intend to have those three persons do?

Mrs. PETERSON. Yes; it is very necessary for us to have additional information relative to employment of women. And the only place we can get that is by examining the census, and this will require, as is pointed out in the budget, several additional persons. This will be picking out the information that has already been collected, but taking from the census the information that we need.

Do you want to explain, Mrs. Manor, more in detail what that is?

Mr. MARSHALL. We would like for you to do so.

Mrs. PETERSON. Fine.

Mrs. MANOR. It is only in the decennial census that we are able to get information on detailed occupations and detailed industries, so that we can, for example, analyze this trend for diversification of women's employment that we have been talking about for the last decade. We are looking toward this census to be able to see exactly what has been happening in the employment of women.

Mrs. PETERSON. It means, really, updating these basic documents that are the standard documents for the subject of women's employment.

Mrs. MANOR. Yes.

Mrs. PETERSON. And that is because in getting that from the 1960 census, we would have to have extra help.

APPROPRIATION REQUESTED IN BUDGET AMENDMENT

Mr. MARSHALL. How much did you ask for in your request to Budget Bureau for a budget amendment?

Mrs. PETERSON. We asked for a budget amendment of an additional $90,000. I felt very strongly about that. I came in as the new Director and looked over the work that has been done and the areas I felt that we would like to move into; not only my ideas, but results of requests that have come in and the needs that the present economy presents.

In these areas—may I go into what I asked for, why I felt we needed $90,000?

Mr. MARSHALL. We would like for you to do so.

AUTOMATION

Mrs. PETERSON. Thank you. One is to explore the area of automation and mechanization. Now, we do know that there is a request for money for this area of work. Our particular responsibility is to analyze the materials that are collected as they relate to women.

We have recently had, for example, requests to look into some of the meatpacking plants where mechanization is taking place. And we do not know much about what is happening. This is a new field. And since the Bureau of Labor Statistics will be making some studies, we would like to have enough money to obtain additional information to determine how the mechanization and automation relates to women.

At a recent meeting of the packinghouse workers, where some of our field people went to help on some of these problems, it was amazing to find what was happening there, among women who were losing their jobs because of mechanization. In some cases not complete automation but really mechanization. There are letters that have come from women saying how wonderful it is that the Government is interested in their problem.

We do not know all the answers, but we know that we do not have the facts. We want to see how automation is affecting women and women's employment. This is one of the major reasons why we needed a little extra budgetary help.

Without it, we will not be able to get the specific kind of information that we need to make really intelligent observations and to give good advice in this area.

EQUAL PAY

In addition, we need help on the question of equal pay. There is tremendous interest in the equal pay question. We, of course, are keeping up our analysis of the laws, and we are making various recommendations to the States where people want information and technical services. But when we come right down to case histories and how the laws are working, we find we do not have the information.

And I have been asking my staff: Look, I would like to know why we are asking for equal pay. What factual basis do we have to justify our going to the Congress; could we go before a group and say: We have the facts to show this request is legitimate? We have ideas, we have samples, we have scattered information—sometimes just from voluntary agencies, but we do not have real accurate, comprehensive

studies. We should have some real pilot studies of a few plants so we could come to Congress with a good case if we are serious about wanting to work on equal pay.

You know there is a tremendous interest in this question. I do not know whether you saw the headlines in the San Francisco paper where a woman won equal pay. And a number of States are passing equal pay laws. There are 20 now.

STATUS OF REQUEST

Mr. MARSHALL. You are presenting a very strong case to this committee. Why does not the Bureau of the Budget approve it?

Mrs. PETERSON. I do not know, and I wish I could appear before them and ask. I really do. Because I think we have a compelling need.

Mr. LAIRD. I think the New Frontier is discriminating against women. The Secretary told us about these other requests that had been approved but he said yours had not been.

Mrs. PETERSON. How about your helping us?

You will have to excuse me if I am——

Mr. LAIRD. I gave the Secretary a little encouragement, when he was here, to go back to the Bureau of the Budget. I explained to him that I thought this was not a very realistic position for the New Frontier to take on one of the first requests made in the area of help to women.

Mr. MARSHALL. The chairman of our committee, Congressman Fogarty, was detained this afternoon because of important business in the House, and he regrets that very much. This is an item that he, too, was very much interested in, as you know.

Mrs. PETERSON. Yes.

Mr. DODSON. I have some later information. You may still get this $90,000 estimate.

Mrs. PETERSON. I hope so.

This I feel very strongly about. I have had many Congressmen and women call me for substantive information in this area, and I have felt like saying: I am hoping that we will be able to give you this. And I think this is a responsibility for us. There is no agency that does this work, no other that collects this information. I will not go into the technicalities, but I would be very glad to give you a brief on this, if it will help.

CHILD CARE FOR WORKING WOMEN

The only other item I want to mention in this respect—and I feel strongly on this—is in the area of day-care help. You remember last year there was a big conference on day care, and we know a lot about it. We know that there are needs, we know there are many women that have children, we know that the standards differ from place to place. We know that there are not enough centers to take care of the children needing them. We know there are various ways of financing. But we have not really tried, except just again through volunteer organizations, to collect needed information. And one of our responsibilities, of course, is setting standards and helping in this area.

I think the Women's Bureau has a responsibility to work with the Children's Bureau—which we always do on this question; we work very cooperatively with them. I have been on advisory committees with both, so I understand how these things operate.

And I think we can do just that. I think we can make a real contribution to the United States and our homes. I feel very strongly about these problems that life brings children and the stories of latchstring children are problems right on our doorstep.

And I think it is only right that we follow up on the recommendations of that large conference that was held last year by giving some really substantial help in this area. That one is needed.

REGIONAL CONFERENCES

Then we are hoping, if possible, to run some regional conferences which bring all these problems together, using all agencies in the community, where communities have asked us to come in to help them sit down and analyze employment opportunities, what the problems are of the women who are employed, what the problems are of the women who have the dual arrangement of being wife and breadwinner, wife and worker, in relation to part-time employment and all.

And I really feel that, if we had this additional amount of money, we could make a real contribution in this field.

Mr. MARSHALL. Thank you, Mrs. Peterson.

Any questions, Mr. Laird?

Mr. LAIRD. Yes.

EQUAL RIGHTS FOR WOMEN WORKERS

Mrs. Peterson, I would like to find out a little bit about your feelings regarding equal rights legislation for women.

Mrs. PETERSON. Well, I am for equality, but I may differ with people, that is, with some people, as to how we achieve equality in general.

Mr. LAIRD. Well, are you for equal rights which would mean abolishing the Women's Bureau?

Mrs. PETERSON. Maybe; I think if the time came when women had equal access to jobs, when their wage levels were somewhat the same, would not that be splendid? Maybe we would not need one. I will go that far with you in this question.

Mr. LAIRD. Do you think that the day is coming?

Mrs. PETERSON. I do not think we are ready for that yet.

Mr. LAIRD. Well, how do you feel about the equal rights amendment?

Mrs. PETERSON. I do not think this is the way to accomplish it. I differ with the people who are proposing the amendment. I definitely feel strongly that we have to move ahead on these things in our constitutional way, for in our country we have gone after each specific piece of legislation. Congress has done this on our major problems. You have set the pattern for us in this, where you see the issue and you deal with each specific issue on its merits.

And I really feel I know the pressures of the people on equal rights. Just look at the history. For 30 years this has been before Congress.

Mr. LAIRD. Do you feel they could accomplish more if they put their efforts behind equal pay legislation?

Mrs. PETERSON. I would prefer that we would have equal pay and that we would work not only for that but against the legal discriminations in State laws. This is where it is really serious.

One of the things again that I am thinking about, and I have not moved ahead on it, is that of having a really good commission—some good lawyers and some of our best staff members—analyze what are the discriminations that exist against women. We do know that there are many in relation to property rights. We know that the States differ in these areas. But the way we will have to do this is to tackle them one by one.

But I think a very good study—I have not discussed this with the staff yet, but this is again something I would like to get into—could be done.

I think again that all of these women interested in this subject—they are intelligent women, well trained—could sit around a table and work out where are some of the discriminations that exist and work out a plan. This is something that I would like to do very much, for there are discriminations that exist.

But with the amendment approach to it, we run the danger of throwing into all kinds of litigation and court confusion laws that we now have. There are, for example, the widows' pensions. Under the strict interpretation of the equal rights amendment, we could not have these because they are based on sex: widows happen to be women.

Look at the social security laws where you have these various provisions. It is in these areas that I differ with them. I have no fight at all with the objective of removing discriminations. I have a fight with the method of accomplishing the objectives.

And I really feel like this is something else I am going to work on very hard. I feel that we can get them around a table intelligently and look at this thing.

Mr. LAIRD. I wonder if we can get for the record, an up-to-date list of the organizations for and against the equal rights amendment. We have a list that was inserted in the record last year from about the 84th Congress. There must be a list that is more up-to-date than that.

Mrs. PETERSON. I think it is quite possible to get the list of the people who asked to testify before the Republican and Democratic Conventions. This is about the most recent list that I know of. Because there you have lists of organizations on both sides.

Mr. LAIRD. Well, see if you can get a more up-to-date list than you had last year.

Mrs. PETERSON. Fine. We will be very glad to get that.

(The information requested follows:)

Senate Report No. 303, 86th Congress, 1st session, contains the following statement:

"A number of nationwide organizations are working for its adoption. Among these are—

"National Women's Party.
"National Federation of Business & Professional Women's Clubs.
"American Medical Women's Association, Inc.
"Association of American Women Dentists.
"American Federation of Soroptimist Clubs.
"American Association of Women Ministers.

"Alpha Iota Sorority (graduates of business colleges).
"General Federation of Women's Clubs.
"National Association of Women Lawyers.
"The Wheel of Progress.
"Ladies of the Grand Army of the Republic."

The following 24 national organizations opposed the so-called equal rights amendment before the Democratic platform committee, July 7, 1960:

Amalgamated Clothing Workers of America.
Amalgamated Meat Cutters & Butcher Workmen of North America.
American Civil Liberties Union.
Americans for Democratic Action.
American Federation of Teachers.
American Nurses Association.
Communications Workers of America.
Department of Christian Social Relations Woman's Division, the Methodist Church.
Industrial Union Department, AFL–CIO.
International Ladies' Garment Workers Union.
International Union of Electrical, Radio & Machine Workers.
International Union of United Brewery, Flour, Cereal, Soft Drink & Distillery Workers of America.
National Consumers League.
National Council of Catholic Women.
National Council of Jewish Women.
National Council of Negro Women.
National Federation of Settlements & Neighborhood Centers.
Oil, Chemical & Atomic Workers International Union.
Retail Clerks International Association.
Textile Workers Union of America.
United Automobile, Aircraft & Agricultural Implement Workers of America.
United Steel Workers of America.
United Textile Workers of America.
Young Women's Christian Association.

DEVELOPMENT OF STATISTICS FROM 1960 CENSUS

Mr. LAIRD. Now, in your justification backup sheets here on page WB–6, is an item titled "Explanation of Program Increase."

Mrs. PETERSON. Yes.

Mr. LAIRD. There is one sentence there, and I quote:

The Bureau plans to analyze and publish during fiscal year 1962 the pertinent information in these data on women workers in response to many requests from schools, management, labor, women's organizations, professional organizations, and others for up-to-date information on the woman work force of the Nation.

Is this the justification for the positions to analyze the census?

Mrs. PETERSON. This is the justification for the positions to analyze the census. It is really to bring this——

Mr. LAIRD. It is my understanding from this that these people are just going to be included in this 1962 budget.

You are not going to analyze that census for a continuing——

Mrs. PETERSON. This is the 1960 census. Mrs. Manor, would we?

Mrs. MANOR. Some of the data will be available by October 1961; some of the data will not be available from the 1960 census until 1962. Now, how far and how much can be done depends——

Mr. LAIRD. Well, you will have all the data available to you by the end of fiscal year 1962?

Mrs. MANOR. By the end of fiscal year 1962.

Mr. LAIRD. Now, from this justification I assume this is a 1-year proposition in fiscal year 1962; is that right?

Mrs. MANOR. That is what we are asking this time and for the publication of the data on women by State, which we can get through. How much beyond that, you see, we can do on the detailed industry and detailed occupation data, depends on how fast we get it.

Mr. LAIRD. When is this information going to be available?

Mrs. MANOR. It is scheduled for April 1962. See, that takes us very close to the end of fiscal 1962.

Mr. LAIRD. Is any of the information now available to you?

Mrs. MANOR. None of the employment information is yet available.

Mr. LAIRD. When will it be available to you?

Mrs. MANOR. It was scheduled to be available between April 1961 and October 1961. They are running a bit behind schedule. But we expect to have the State data. The statement there which deals with the 1962 publication is the publication based on the data which we are promised by October 1961. They are going to be a little late. But we still think that we will have the data for publication during this coming fiscal year.

Mr. LAIRD. Well, I was just trying to determine whether this was a recurring expense or whether it would show up just in the 1962 budget. It would seem from the justification that it was not a recurring expense.

Mrs. MANOR. No. It is based only on the 1960 census data, and the speed with which it can be accomplished depends on the——

Mrs. PETERSON. Availability.

Mrs. MANOR. That is right; availability of the data. But this portion of it definitely will be.

Mrs. PETERSON. But if some of the material is not available, if the information is not available until the end of that year, there is a possibility it could go through 1 more year.

But I would not want to—I think we would have to keep that fluid until we see how much information we have by then.

INCREASE OF EMPLOYED WOMEN

Mr. LAIRD. Now, it is my understanding that the rate of increase in women workers this last year was a greater rate of increase than for men.

Mrs. PETERSON. Yes.

Mr. LAIRD. How do you explain that, in view of economic conditions?

Mrs. PETERSON. I think it is related partly to the birth rate; is it not the period when this new group would be coming into employment?

Mrs. MANOR. Well, they have to be either in the labor force or seeking work in order to be counted as part of the labor force.

Are you talking about the employed group, the number of employed?

Mr. LAIRD. Yes.

Mrs. MANOR. Yes. We did have an increase from January to January of some 700,000 as far as employed women are concerned.

I think that is chiefly a function of the kinds of occupations that women are in. They are in the growing, expanding industries—service and trade. And then this accounts for the difference in employment.

Mr. LAIRD. Is it because the women are getting better training than the men and can take jobs that require training?

Mrs. MANOR. No, I think it is unrelated to the training. But women have been in many shortage occupations—nurses, teachers; there has been a big recruitment of workers in the health fields—practical nurses, technicians, medical technicians, and so on.

Mr. LAIRD. It does not relate to training, then? I should think those that you are talking about would relate to training.

Mrs. MANOR. In those occupations, yes. These have been shortage occupations.

Mr. LAIRD. Well, don't all the shortage occupation jobs require training? I thought that was where we had all our shortages today, in the occupations that require training.

Mrs. MANOR. The jobs of the future; our projections show that the jobs of the future are increasingly now requiring training. This is true.

Mr. LAIRD. You do not think you can relate this 700,000 increase in this year to the fact that these women had more training and were filling the trained occupations rather than untrained occupations?

Mrs. PETERSON. I think observation, to a degree, will say this.

Mrs. MANOR. Some of them, yes. The secretaries, stenographers, typists, women workers in general have a slightly higher median amount of education, you know, than men workers. They tend to stay through high school. It is only above that level that you get a difference between men and women in the other direction. But they have been recruited and urged to take additional training in order to be able to teach and in order to be able to nurse. In particular, those are the two really large trained professions of women.

Mrs. PETERSON. Yes. It is hard to say this results from this. But I would think certainly that these great campaigns for training and the work through the schools have resulted partly in this. My observation would be to this effect. But I am not a statistician.

Mrs. MANOR. But the increases have usually been a result of the fact that there have been a lot of so-called women's occupations that have been growing.

Mrs. PETERSON. Expanding. Well, this is what I was trying to point out, what Mr. Clague pointed out the other day, when he described what these new occupations are.

And these are areas where women are being employed, and we look to more of that as we stimulate training for women.

ADEQUACY OF 1962 BUDGET AND REQUESTED BUDGET AMENDMENT

Mr. LAIRD. Do you think, on the basis of the budget that you are supporting today, that the Women's Bureau could do an adequate job in 1962?

Mrs. PETERSON. Will you define "adequate"? That is a hard one, is it not? Because certainly you could do lots more if you had more money, could you not?

I mean it is a matter of degree. That is a hard question for anyone to answer yes or no. I cannot. We could do a better job if we had more.

Mr. LAIRD. Well, are you satisfied with this budget?

Mrs. PETERSON. No.

Mr. DODSON. I have to raise the question, though, are you including the amendment in your thinking?

Mr. LAIRD. I was including the amendment in mine, because I understand you have gone back to the Bureau of the Budget and they may change their minds and let you have the requested increase.

Mrs. PETERSON. Then I think we would do a better job and well enough, I would feel, that I could come back to you next year and say: "Look, we have done this and this and this, and this amount is justified for this work, just like that." I really feel that we could.

Mr. LAIRD. You see, it is really hard for me to see which budget you are justifying here.

Mrs. PETERSON. Well, if we are to move in these areas we are talking about, we would need to supplement the budget.

Mr. DODSON. You could not go as far as you have expressed yourself?

Mrs. PETERSON. This is what I mean. If we are going to move in these areas that I have described, it would be on the basis that we would have the supplementary appropriation.

Mr. LAIRD. The Secretary told us that some of these items were approved late last week. He also told us that the one for the Women's Bureau was not approved. Now there is some indication it will be approved. I am just trying to get some testimony developed here on the record as to what budget is being defended. It seems to me that we are in a position where we cannot be considering and reconsidering supplementals every few days. We ought to know pretty soon where we are.

Mr. DODSON. I hope so.

But I do want to say, Mr. Laird, that I have had later information since the other day when we talked about supplementals, and I have the real feeling that the $90,000 or $92,000 amendment will be approved for the Women's Bureau. I may prove to be wrong, but——

Mr. LAIRD. I would like to know where we are with this budget. We are holding hearings on your 1962 budget, and no one can tell us for sure what the 1962 budget is. It seems to change from week to week and day to day. And some day soon we are going to have to decide on the amounts to include in the bill. It would really be helpful to us if we knew what budget was being defended here.

Mr. DODSON. Every time we go back to the office after a meeting here, I call the Budget Bureau: "Are those letters signed yet so we can make the amendments up?"

Off the record.

(Discussion off the record.)

Mr. LAIRD. Well, that is all I have.

Mr. MARSHALL. We thank all of you for your appearance before the committee. It has been a pleasure to have you.

The committee will stand adjourned until 9:30 in the morning.

Mrs. PETERSON. Thank you. We appreciate the opportunity of being here.

AMENDMENT TO THE BUDGET FOR 1962

(NOTE.—Subsequent to the hearing the proposed amendment to the budget, discussed in the foregoing, was submitted to Congress. The

details, requested by the committee, concerning this amendment follow:)

WOMEN'S BUREAU

Budget page	Heading	Original estimate	Revised estimate	Increase
836	Women's Bureau	$578,000	$668,000	$90,000

SALARIES AND EXPENSES

Program and financing

[In thousands]

	1962 original estimate	1962 revised estimate	1962 increase
Program by activities:			
1. Advancement of women's employment opportunities and status	$454	$544	$90
2. Administration and management services	124	124	
Total program costs, funded	578	668	90
Relation of costs to obligations:			
Costs financed from obligations of other years, net			
Obligations incurred for costs of other years, net			
Total obligations	578	668	90
Financing:			
Unobligated balance lapsing			
New obligational authority (appropriation)	578	668	90

Object classification

[In thousands]

		1962 original estimate	1962 revised estimate	1962 Increase
11	Personnel compensation:			
	Permanent positions	$452	$516	$64
	Positions other than permanent			
	Other personnel compensation			
	Total personnel compensation	452	516	64
12	Personnel benefits	32	36	4
21	Travel and transportation of persons	20	28	8
22	Transportation of things	(1)	(1)	
23	Rent, communications, and utilities	13	14	1
24	Printing and reproduction	38	48	10
25	Other services	15	15	
26	Supplies and materials	6	7	1
31	Equipment	2	4	2
	Total obligations	578	668	90

[1] Less than $500.

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	61	61	74
Full-time equivalent of other positions	2		
Average number of all employees	58	61	74
Number of employees at end of year	65	61	74
Average GS grade	8.2	8.3	8.3
Average GS salary	$6,768	$7,262	$7,111

JUSTIFICATION

The current economic situation coupled with increased interest in the effect of automation and technological change upon women's employment, and in the enactment of equal pay legislation, require an expansion in the program of the Women's Bureau in fiscal 1962. It is estimated that 10 additional staff members and an increase in the budget request of $90,000 are needed to adequately investigate, analyze, and report on the topics described below, and to stimulate appropriate action necessary for safeguarding the welfare of women workers.

Because of our concern with the welfare of all women workers, the Women's Bureau proposes to investigate the implications for women of automation and mechanization in a few affected industries which employ large numbers of women in unskilled and semiskilled occupations. Recent economic developments have pointed to the need for immediate study of rapid changes taking place in certain industries such as meatpacking, communications, and banking. We plan to look into such aspects of these changes as the types of jobs being eliminated, the new occupations being created, the numbers and characteristics of women being displaced, opportunities for transfer or retraining for other work, and the effects on older women workers in particular. We plan to use the information in cooperative action programs with other government agencies—Federal, State, and local—employers, unions, and women's organizations to help alleviate the impact of technological changes on women workers. All aspects of this proposed project would complement other studies and action programs planned within the Department.

Increasing interest in the enactment of equal pay laws, both Federal and State, has highlighted the pressing need for additional information on wage rates, salaries, and other pay provisions which reflect differences in pay between men and women for comparable work. The Bureau proposes to assemble and analyze existing occupational wage data; to investigate specific instances which indicate differences in pay; to analyze findings of courts and arbitration panels or other semijudicial bodies; and to summarize pertinent provisions in collective bargaining agreements. This work would involve field contacts with employers, unions, and workers as well as research of secondary source materials. The information would be used by the Federal and State labor departments and by the many organizations and individuals interested in furthering the principle of equal pay.

The steadily increasing number of working mothers in the labor force has spotlighted their special needs for day care services for their children, part-time work, or adjustment of work schedules, to enable them to carry out their dual role as wage earner and homemaker. The National Conference on Day Care for Children held in Washington last November and attended by over 400 representatives of voluntary and public agencies, citizens, and professional organizations, recommended specific action to be undertaken by the Women's Bureau to meet the present and future needs of working mothers. These recommendations included: (*a*) Regional conferences sponsored jointly with the Children's Bureau; (*b*) assistance in developing coordinated day care programs which would encompass all segments of community life, public, and private, concerned with the welfare of children; (*c*) surveys on (1) day care services in relation to needs of employed mothers, and (2) financing of such services; (*d*) education of the public on the value and use of day care services; and (*e*) promotion of interest in occupations related to day care services through school and employment counselors, teachers, students, and potential workers.

To assist public and private agencies and voluntary organizations in formulating adequate community programs to aid in meeting some of the present day problems of women workers, the Women's Bureau proposes to initiate a series of regional conferences in selected industrial areas where representatives of community groups may discuss with Women's Bureau staff long-range plans for the solution or alleviation of these problems. Women's Bureau representatives would lay the groundwork for such meetings in consultation with community leaders, and it is hoped that the discussions would lead to sound future action programs.

THURSDAY, MARCH 9, 1961.

WAGE AND HOUR DIVISION

WITNESSES

CLARENCE T. LUNDQUIST, ADMINISTRATOR
JAMES E. DODSON, ADMINISTRATIVE ASSISTANT SECRETARY

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions	8,759	9,552	9,567
Positions other than permanent	24	44	44
Other personnel compensation	124	80	42
Total personnel compensation	8,906	9,676	9,654
12 Personnel benefits	608	727	727
21 Travel and transportation of persons	897	880	880
22 Transportation of things	42	40	40
23 Rent, communications, and utilities	231	211	211
24 Printing and reproduction	103	114	114
25 Other services	180	171	171
Services of other agencies	307	321	344
26 Supplies and materials	92	96	96
31 Equipment	120	25	25
Total obligations	11,487	12,261	12,261

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	1,344	1,342	1,342
Full-time equivalent of other positions	2	4	4
Average number of all employees	1,294	1,306	1,306
Number of employees at end of year	1,296	1,302	1,302
Average GS grade	9	9	9
Average GS salary	$6,772	$7,340	$7,340

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
PROGRAM BY ACTIVITIES			
1. Enforcement	9,811	10,383	10,359
2. Wage determinations	572	697	695
3. Regulations and research	629	728	750
4. Administration and management services	452	465	464
Total program costs	11,464	12,272	12,268
5. Relation of costs to obligations:			
Costs financed from obligations of other years, net (−)		−11	−7
Obligations incurred for costs of other years, net	22		
Total obligations	11,487	12,261	12,261
FINANCING			
Unobligated balance lapsing	2		
New obligational authority	11,489	12,261	12,261
New obligational authority:			
Appropriation	11,489	11,529	12,261
Proposed supplemental due to pay increases		732	

General Statement

Mr. Fogarty. The committee will come to order. We have the Wage and Hour Division before us this morning.

Mr. Lundquist, do you have a statement for us?

Mr. Lundquist. Yes; I do, Mr. Chairman, and if I may read it I will perhaps embellish it a little bit as we go along.

Mr. Chairman and members of the committee, the Division's request for fiscal year 1962 is $12,261,000, which is the same as our 1961 adjusted base appropriation.

The appropriation will allow us to continue our programs at the 1961 level. This, in fact, permits employment of about 1,300 employees of which about 650 are investigators.

Increase in Wage Underpayments Due Employees

There has been a continued, significant increase in disclosures of underpayment as reflected in the investigative findings for fiscal year 1960. The amount of back wages found due was $28 million, or $5.6 million more than in 1959. Of this sum, $8.7 million represents minimum wages and $19.4 million represents overtime violations.

The minimum wage underpayments increased by $1.7 million and overtime underpayments by $3.9 million.

The volume of complaints received has remained high and actually increased over the last year. For example, in 1959 we received 11,090 complaints and in 1960 we received 11,433.

Our experience during the first half of this fiscal year indicates that in 1961 investigative results will be at the same level and probably higher than in 1960. For example, for the first half of this year we find that $15 million back wages has been found, at the rate of about $30 million per year, and of that sum employers have agreed to pay $7 million.

These continuing high rates of disclosure of underpayment have posed for us two rather serious problems: the first is the decline in the number of investigations and the second is the continuing difference between the amount of underpayments disclosed and the amounts recovered by the employees.

We think that the major reason for the decline in the number of investigations was that the kinds of investigations made in 1960 were significantly more time consuming. A greater portion of the cases involved substantial violation findings.

We have made more investigations on the basis of complaints. For example, in 1959 we made 9,800 investigations of complaints and in 1960 we made 11,000. There are other evidences of noncompliance which we use as a basis for conducting investigations. A greater portion of our investigations are now being made in nonmetropolitan areas. This is significant because we find generally that higher violation findings do occur in the nonmetropolitan areas. Our field staff is being disseminated to these nonmetropolitan areas.

In 1957, 39 percent of the staff, or 212 investigators, were located at what we call field installations, stationed away from the field office.

In 1960, 46 percent, or 248 of our investigators are at these field or itinerant stations. All of these factors, we believe, have aided our ability to find more violations. However, the number of investiga-

tions we have been able to make has declined, since there has been no change in our staffing levels.

With respect to the differences between discovery and recovery of underpayments, as you know, the Fair Labor Standards Act provides the Department with no authority to require the payment of illegally withheld minimum wages and overtime compensation except under certain conditions where an employee requests that an action be brought by the Secretary. Then we can take action only if there is no unsettled question of law involved in the case.

Legislation was introduced in the last Congress to strengthen the enforcement authority to get back wages paid.

This proposed amendment would grant the Federal courts the authority to order the payment of back wages in injunction proceedings.

The proposed amendment is part of President Kennedy's legislative program this year. It is contained in the administration's bill to increase the minimum wage and extend the coverage of the Fair Labor Standards Act.

I am convinced that enactment of the proposal would serve as a positive step toward reducing the differential between back wages found to be due and those actually recovered, and I certainly consider it an essential provision to effectuate a better enforcement program.

Mr. FOGARTY. I think the Secretary said about the same thing when he was here.

Mr. LUNDQUIST. Yes, sir; I know he feels the same way.

SAFETY AND HEALTH INSPECTIONS

The number of safety and health inspections under the Public Contracts Act was about the same in 1959 and 1960.

We made approximately 3,300 of those investigations. There has been a significant increase in the first half of 1961. It is expected that more than 4,000 inspections of that type will be made in the year.

Enforcement of the safety and health standards we believe will be facilitated as a result of the promulgation of Federal safety and health standards applicable on a national basis to employers subject to the Public Contracts Act.

ILLEGAL EMPLOYMENT OF MINORS

The number of minors found employed contrary to the child labor provisions in nonagricultural establishments in 1960 was less than in 1959, but substantially more violations are being disclosed in this current fiscal year.

In 1960 we found 5,483 violations.

In 1959, we found 5,898. However, in the first half of this fiscal year, 1961, we have already found 4,115. This is, of course a substantial increase.

We believe that this increase is primarily the result of more effective scheduling of investigations to uncover child labor violations, and I would hasten to add here that child labor violations are time consuming and there, again, they cut back on the amount of time available for other investigations.

MINIMUM WAGE DETERMINATIONS UNDER THE WALSH-HEALEY ACT

In fiscal year 1960, formal hearings leading to minimum wage determinations were held under the Walsh-Healey Public Contracts Act for eight industries—fabricated structural steel, paper and paperboard containers, packaging products, electronic components, paper and pulp, industrial and refined basic chemicals, photographic and blueprinting equipment and supplies, metal business furniture and storage equipment, and office, computing and accounting machines.

In addition, prevailing minimum wage determinations were issued for two industries—evaporated milk with a determined minimum hourly rate of $1.68; and tires and related products, a minimum rate of $1.77.

During the first half of the current fiscal year, two additional minimum wage determinations were issued—electron tubes and related products where two rates, one at $1.35 and one segment of the industry, and $1.42 for another segment, and paper and paperboard containers and packaging products. The latter industry group is subdivided into four sections with minimum rates from $1.20 to $1.53.

The public contracts wage determination program will certainly be continued on a vigorous basis.

In fiscal year 1962, we plan to conduct a pilot study of the economic effects of the public contracts wage determination program. No such study of the effects, if any, of the wage determination program has been made in the past, and we deem it highly appropriate to be more fully apprised in this regard.

We get a certain amount of comment from various people that the Public Contracts Act is duplicative. They say it is inflationary and it is unnecessary. We do not believe that. We think it is entirely different from the Fair Labor Standards Act, has a different purpose, and we want to set to rest the allegations that, from our standpoint, we believe are not true, but we haven't the statistical data specifically available to us. We think this study will provide that data.

TERRITORIAL WAGE ORDER PROGRAM

As a result of the minimum wage order program in Puerto Rico operated, of course, in accordance with the tripartite industry committee procedure, 48 percent of all the covered workers on the island are now employed in industries with minimum rates of $1 per hour. This was as of January 1, 1961.

In January, an additional industry committee met, and segments of two industries went up to $1; so we have additional employees at the $1 rate as of this very moment.

In implementing the statutory requirements that all rates below a dollar be reviewed at least once in each biennial period, the minimum rates for all industries below $1 in Puerto Rico, the Virgin Islands, and American Samoa will be reviewed during fiscal years 1961 and 1962.

We anticipate that our other program requirements will remain substantially unchanged in 1962 except, of course, to the extent that new legislation will add new responsibilities and require additional budgets.

We certainly will continue to diligently devote our efforts to effectuate better results in all areas of our operations, and we will continue to utilize our limited investigative staff in the most effective manner possible by directing its efforts to known and potential sources of noncompliance; by sharpening our investigative techniques to the extent we can; and by maintaining a highly effective investigative corps through recruitment and training.

Mr. FOGARTY. Thank you. What are the industries in American Samoa?

Mr. LUNDQUIST. Primarily the fishing industry. Van Camp Seafood employs about 300 people at the seasonal peak. There are some transportation facilities, of course, but the number of employees is very, very low.

ADEQUACY OF 1962 BUDGET

Mr. FOGARTY. Your appropriation for 1961 was $11,529,000 and the supplemental bill has $732,000 for pay costs, for a total of $12,261,000. The request for 1962 is exactly the same.

Mr. LUNDQUIST. Yes, sir.

Mr. FOGARTY. I cannot understand why the Wage and Hour Division and the Mexican farm labor compliance program are the only two that don't show any increase in the overall departmental budget. Is there any good reason for that? Does the Department have something against the Wage and Hour Division?

Mr. LUNDQUIST. I don't think they do.

Mr. FOGARTY. I don't want to put you on the spot. I was looking at Mr. Dodson.

Mr. DODSON. Well, I think I stated previously that the Department endeavored to get more money for the Wage and Hour Division. In fact, we asked for an increase of about $967,000 for additional investigators.

Mr. FOGARTY. I cannot understand, when the condition is getting worse in this area, why you do not make a special effort to get enough funds to deal with t hese matters properly.

Mr. LUNDQUIST. We asked for it.

Mr. FOGARTY. This record of only getting 50 percent of the back wages that are due is not a good record, is it?

Mr. LUNDQUIST. No; it is not. I am not proud of that record.

Now, I would say this: We asked the Department, and the Department concurred in our request for 100 more investigators. It was not approved by the Bureau of the Budget.

Mr. FOGARTY. What was the reason they gave?

Mr. LUNDQUIST. Well, initially, of course, it was the Eisenhower budget, and then, as far as the new administration is concerned, the standards that were applied to making a supplemental request were rather tight, and I think, in the face of the fact that we all anticipate new legislation this year, which will require additional sums for enforcement programs—and I am now thinking in terms of what the Bureau of the Budget was thinking about—probably it was a judgment that it was appropriate to wait until we go in for a supplemental under new legislation.

Mr. FOGARTY. I hope that this doesn't become the orphan of the Labor Department.

Mr. DODSON. I think our record, from a departmental point of view, shows that we haven't treated the Wage and Hour Division as an orphan.

Mr. FOGARTY. You haven't done much for them in the last 4 or 5 years.

Mr. DODSON. We have tried.

Mr. FOGARTY. I know you have tried, but you didn't get any results.

Mr. DODSON. I will have to agree to that.

Mr. FOGARTY. As a result, you are going backwards, and the people who are suffering are the poor people who are working for unfair employers.

Mr. DODSON. I would say there are two reasons: one, that we didn't succeed this time because we did succeed in a number of other areas, but this was a sizable increase, and the administration was endeavoring, at that time, to submit a balanced budget, and we did have a very tight budget policy at the Bureau of the Budget.

Mr. FOGARTY. Did you request a budget amendment?

Mr. DODSON. No, sir; we did not because we thought that we would be up for additional moneys at the time that the Wage and Hour Act was amended.

Therefore, we didn't think that we would get any place with a supplemental estimate at this time.

ADDITIONAL PERSONNEL NEEDED TO ENFORCE PROPOSED MINIMUM WAGE LAW

Mr. FOGARTY. If the minimum wage bill is passed, how much would you expect to ask for?

Mr. LUNDQUIST. We have some preliminary figures along those lines. We would need possibly 250 additional investigators, plus the facilitating staff, both in the national office and in the field.

We think that this is not a set, firm figure for all time, because, as you know, the legislation is a progressive piece of legislation; but it would be highly appropriate for the first year.

This would represent a dilution of our staff of well over a third—250 vis-a-vis 650 investigators.

This is about all we can absorb in 1 year, but we would not say that we would want to stand on that forever. We think there might be other changes later on, particularly as you bring in the new provisions of the law, applying overtime provisions, et cetera, to the retail trade, which would not be applied during the first year.

If I may go back, Mr. Chairman, to your thought that we are going backwards, perhaps in some respects, when we make fewer investigations, we are——

Mr. FOGARTY. Well, I notice in your testimony you are making fewer investigations all down the line.

PERSONNEL FOR 1961 COMPARED WITH PRIOR YEARS

What about personnel? How many do you have now, compared with 5 years ago, and 8 years ago?

Mr. LUNDQUIST. I think we have more than we did 8 years ago. Five years ago is approximately the same. But our budget has been relatively stable for the last 4 or 5 years.

Mr. FOGARTY. That is just my impression, that it bogged down somewhere.

Mr. LUNDQUIST. Yes, sir; but I wanted to show that we are getting results. More back wages were found due, over $5 million more in back wages. This money is going into the economy. We found that the violation ratio has gone up.

In other words, in this falling off of the number of investigations from 50,000 plus down to 45,000, the number of firms that we visited with violation findings resulting from those visits is approximately the same this year as compared to the last year, so that we did not fall down in the areas where violations were found.

We think this is a plus mark. We obtained better results on the number of employees found due back wages.

In 1959, there were 178,000. In 1960, there were 187,000 that were due back wages. This means that in this year, 187,000 more people will be brought into full compliance in the future vis-a-vis 178,000 the year before.

STUDY OF ECONOMIC EFFECTS OF WAGE DETERMINATIONS

Mr. FOGARTY. You have one small increase I noticed, for a study of the economic effects of public contract wage determinations.

Mr. LUNDQUIST. Yes.

Mr. FOGARTY. What makes this study necessary at this time? What will the results be used for?

Mr. LUNDQUIST. The results we have in mind are to set to rest some of the comments made by certain people who perceive the Walsh-Healey Act to be duplicative of the Fair Labor Standards Act, unnecessarily inflationary, causing a raising of wages in these industries; that they encourage the price cycle and, in general, are not beneficial to the economy. We think the Walsh-Healey program is not inflationary at all.

All the Secretary does is find a rate that is, in fact, prevailing in the industry, and this prevailing minimum sets a proper competitive tone for the purchase of Government goods, so that the Government, in purchasing its goods, does not go out and buy at rates that are below the prevailing minimum for the industry. And, under Government bidding practices, they must take the lowest bidders, as I understand it.

Mr. FOGARTY. That is true.

Mr. LUNDQUIST. The Walsh-Healey Act is designed to provide that the Government would not use its vast purchasing power and accept contracts from the bidder who is low, but who does not pay prevailing minimum rates in the industry.

PERSONNEL 1957 AND 1961

Mr. FOGARTY. Getting back to the positions, in 1957, I am told that you had had 1,535 positions, and this year you have 1,342. That is about 200 positions less.

Mr. DODSON. That is the correct figure.

Mr. FOGARTY. That isn't even staying level. I thought it was closer to staying level, but you are down 200 positions now since 1957.

Mr. DODSON. We are practically level.

Mr. FOGARTY. That is a substantial drop in personnel.

Mr. DODSON. It is practically level since 1959.

Mr. FOGARTY. If we went back to the last time the Minimum Wage-Hour Act was amended maybe we could get a better figure.

Mr. DODSON. In 1956 it was 1,535; in 1957, 1,535; and then in 1958 it was 1,439.

ECONOMIC EFFECTS OF WAGE AND HOUR LEGISLATION

Mr. FOGARTY. Since our hearings last year, you have published the report on your research into the economic effects of the wage and hour legislation.

Would you summarize the findings of major importance; how are these findings being used; what was the total cost of the study; and do you think it was worth the money?

Mr. LUNDQUIST. Well, those are a lot of good questions; and let me answer the last one first. It certainly was worth the money. This is a study that is required under section 4(d) of the statute. Section 4(d) charges the Secretary of Labor to study and report to the Congress annually on the effect of the minimum wage, the changes in cost of living, productivity, average hourly earnings in manufacturing and any other areas, and to make recommendations concerning the minimum wage under the act.

Our budget this year has in it a sum of $161,000.

Last year, I believe the study cost about the same. However, I can get the exact figure on that.

Mr. FOGARTY. And how are these findings being used?

Mr. LUNDQUIST. The findings are being used, Mr. Chairman, very definitely with respect to administration recommendations and the President's recommendation this year, with respect to changing the minimum, and the application of a minimum to the newly covered employees.

We find that our studies show that the President's recommendations this year, with respect to $1.15 and up to $1.25 are soundly based on the economic data made available to him, as a result of these studies.

These studies have gone on, as you know, since 1956. We have been bringing them up to date. We find that workers who are employed at close to the minimum are worse off than they were in March of 1956, because the cost of living has gone up about 11 or 12 percent, and productivity has increased approximately the same. They, of course, have not shared in that productivity.

The result is that some of our people are less able to get along, and they are suffering.

INCREASE IN WAGE UNDERPAYMENTS DUE EMPLOYEES

Mr. FOGARTY. When you were before the committee last year, over half the fiscal year 1960 was over, but you underestimated the amount of underpayment that you would find by more than $3 million.

In your opening statement, I believe you mentioned that this was due to an increase in these findings during the last 6 months.

Mr. LUNDQUIST. Yes.

I would be happy to repeat some of the data.

Mr. FOGARTY. All right.

Mr. LUNDQUIST. We have made, in the first half of this fiscal year, 21,391 investigations. We are not making as many investigations as we would like.

The amount of back wages found due, however, is at the rate of $15 million for the first half. This is at the rate of $30 million for the full year.

Mr. FOGARTY. $30 million for the full year?

Mr. LUNDQUIST. And $28 million last year.

Mr. FOGARTY. You are collecting more than your appropriation.

Mr. LUNDQUIST. Yes, sir. But I would like to talk to that point.

When we think of collecting back wages for these people, we must also think that these 200,000 workers who are now involved in the back-wage findings, we hope in the future, from then on, that they will constantly be getting these wages, since they are brought into compliance.

Mr. Chairman, I would go so far as to say that if we were not able to collect even 50 percent of the money, we are doing for the American workers what is necessary, and that is, first, bringing them into compliance in getting them this minimum at least, for the future.

Mr. FOGARTY. I thought in your opening statement you said that the trend of underpayment was up, but in the table on page 6 you show no change.

(The table referred to follows:)

Workload statistics—Investigation results, fiscal years 1959 and 1960, and estimated results for fiscal years 1961 and 1962

Investigation findings	Actual		Estimated	
	1959	1960	1961	1962
Total number of establishments investigated	54,916	45,729	46,000	46,000
Covered employees in investigated establishments	1,630,261	1,441,679	1,450,000	1,450,000
Amount of underpayments	$22,403,116	$28,032,314	$28,000,000	$28,000,000
Minimum wages	$6,937,265	$8,663,703	$8,500,000	$8,500,000
Overtime	$15,465,851	$19,369,611	$19,500,000	$19,500,000
Amount of payment agreed to	$12,885,921	$13,895,377	$14,000,000	$14,000,000
Number of employees underpaid:				
Paid at less than minimum wage rate	70,467	62,253	63,000	63,000
Not paid full overtime compensation	137,640	155,746	155,000	155,000
Number of employees whom employers agreed to pay	124,046	119,373	120,000	120,000
Number of minors illegally employed	10,287	9,953	10,000	10,000
Agriculture	4,389	4,470	4,500	4,500
Nonagriculture	5,898	5,483	5,500	5,500
Complaints:				
Received	11,090	11,433	11,400	11,400
Backlog	3,241	2,641	2,500	2,500
Legal actions filed	1,360	1,417	1,450	1,450

Mr. LUNDQUIST. The percentage of collecting of back wages is down, but the total amount would be up.

Mr. FOGARTY. I am looking at the table on page 6. The amount of underpayment for 1961 is $28 million. In 1962, it is $28 million.

Mr. LUNDQUIST. Well, those were our estimates.

Mr. FOGARTY. Oh, I see. But you now say, on the basis of the first 6 months, it is running at the rate of $30 million.

Mr. LUNDQUIST. Yes, sir.

Mr. FOGARTY. So that table is not up to date?

Mr. LUNDQUIST. No, it is not. It is sometimes hard to estimate these figures, because we are constantly striving to really change them and do better than our estimates.

Mr. FOGARTY. I would hope so.

PAYMENT OF AMOUNTS FOUND DUE

While you underestimated total underpayments for 1960, I notice you overestimated the amount of repayments that would be agreed to.

While you estimated 56 percent of the underpayments would be repaid, the table we just referred to shows less than half really were repaid.

Mr. LUNDQUIST. That is right. In 1959, for example, we found that of the $22.4 million of total underpayments, $12.8 million was actually paid. This was 57.5 percent.

In fiscal 1960, $28 million, roughly a little more than that, was the total underpayment, and $13.895 million was actually agreed to be paid. This was 49.6 percent.

Unfortunately, in the first half of this fiscal year, $15 million plus has been the total underpayment; $7 million has been agreed to be paid; and this is 46.7 percent, but the absolute figures are higher.

Part of this represents, I believe, the recession that we are in. It is harder to get these people to pay the back wages.

They know that they do not have a legal responsibility, that we cannot force them to pay. We can urge them and motivate them to pay, and we do, to the maximum extent; because we think it is not only morally right, it is highly appropriate if back wages are found due, that they be paid. But we can only go so far.

Mr. FOGARTY. What percentage of the total underpayments do you estimate you are actually finding?

Mr. LUNDQUIST. We made a survey in 1956–57, which showed $83 million in back wages would have been found due, if we had been able to investigate all of the firms in violation in any one given year; and, of course, the investigative period goes back to 2 years. That survey did not include the construction industry and several other industries.

As a result of a statistical projection, our economists now say that approximately—and we believe that this would hold true today—approximately $110 million in back wages would be found due, if we were able to visit every firm in violation.

NUMBER OF ESTABLISHMENTS INVESTIGATED

Mr. FOGARTY. What percentage of the establishments subject to the act did you investigate last year?

Mr. LUNDQUIST. Less than 5 percent. This is much too low.

Mr. FOGARTY. In numbers, what does that amount to?

Mr. LUNDQUIST. Currently at the rate of about 42,000 out of a total of about 910,000.

Mr. FOGARTY. How many busineses do you estimate started last year and then closed?

Mr. LUNDQUIST. Started and closed within the same year?

Mr. FOGARTY. Yes.

Mr. LUNDQUIST. That would be a difficult guess. We think new firms coming into business are about 5 percent, so we have about 45,000 firms coming into business every year, subject to the act; and we are only able to visit about 42,000 of all 900,000 covered establishments.

Mr. FOGARTY. Do you expect a slight decrease in complaints this year?

Mr. LUNDQUIST. Mr. Chairman, we never know exactly how complaints will come in.

We have reason to believe that complaints should fall off as we get further away from this change in the minimum which was made in 1956, and there ought to be an increase in compliance. This has not been the case to date.

Our complaint load has been increasing, and, in fact, this year we have so far, in the first 6 months, received 5,726 complaints. So this would be at a rate approximately the same as last year. We work to provide a favorable climate for an employee or a competitor firm to tell us about violations. We urge the people to do this, and we hope that we are getting results.

EFFECT OF PROPOSED MINIMUM WAGE LAW ON WORKLOAD

Mr. FOGARTY. Of course, if we get a minimum wage bill passed this year, all of these statistics are going to be out of date.

Mr. LUNDQUIST. They are.

Mr. FOGARTY. So you will have to start all over again on the basis of the last increase in the minimum wage.

Mr. LUNDQUIST. Just for the persons currently covered to go to $1.15 as proposed by the President's recommendation, 1.9 million workers get less than the $1.15 minimum rate; and we estimate that they are employed in about 100,000 establishments.

Mr. FOGARTY. Is that 1,900,000?

Mr. LUNDQUIST. Yes, sir; 24 million workers are currently covered under the act, and 1,900,000 workers would now get a raise in pay of about $336 million if they pass this legislation.

This is an important thing, and will, of course, cause some enforcement problems.

Mr. FOGARTY. Every increase in the minimum wage has caused enforcement problems in the past.

Mr. LUNDQUIST. Yes.

Mr. DODSON. I think, Mr. Lundquist, the committee should know the broadened coverage will increase your work tremendously.

Mr. LUNDQUIST. Broadening the coverage is another subject. The 4.3 million newly covered in the administration's proposal, are employed in about 150,000 establishments. At the minimum rate of $1, about 800,000 workers would get raises.

Mr. FOGARTY. I don't think that many will be brought in under the act, from what I hear. But that is something you cannot estimate, anyway, because you do not know what Congress is going to do.

Mr. LUNDQUIST. No, sir; you are right.

Mr. FOGARTY. I don't think it will be that many people.

Mr. Marshall?

Mr. MARSHALL. No questions.

Mr. FOGARTY. Mr. Laird?

Mr. LAIRD. Mr. Chairman, I am trying to figure out in my own mind why we haven't a better record on establishing compliance.

SECURING PAYMENT OF WAGES DUE EMPLOYEES

It seems to me that the figures you gave us 4 or 5 years ago were that there were $83 million in back wages which were not collected by workers.

You were not testifying at that time, and I am not holding you responsible for it, but your predecessor was, and he indicated we would make improvements. Instead of making improvements in this area, the figure you give us, projected as of today, is a bigger figure.

Mr. LUNDQUIST. Yes, sir.

Mr. LAIRD. He assured the committee, as I recall, that he could make some improvement in this area.

Mr. LUNDQUIST. Well, we think improvement has been made, but he started from a figure that was not all inclusive.

Mr. LAIRD. You think his figure was in error?

Mr. LUNDQUIST. The figure was not in error, because the survey that was made for the Wage and Hour Division by the Bureau of Labor Statistics, this 10,000 sample, 10,000-establishment sample, did not include the construction industry, certain business services, and transportation industries.

As a result, the $83 million represents a base that does not include a very important segment of industry, where compliance problems are important. This is why the $83 million figure must be raised.

Mr. LAIRD. Well, you gave us a figure this morning of $110 million, and you don't include those people, either.

Mr. LUNDQUIST. Oh, yes, we do. This is our estimate now.

Mr. LAIRD. This is your estimate now, including these groups that were not included earlier?

Mr. LUNDQUIST. Yes, sir.

Mr. LAIRD. Then you think you might have made some improvement in the area?

Mr. LUNDQUIST. We feel we have made a definite improvement, yes, sir; we certainly do. To move up from $15 million and $17 million in back wages found due to findings totaling $30 million at a time when $110 million is probably due.

Mr. LAIRD. Of course, I don't look at this back wages proposition in the same manner in which the discussion has been carried out here this morning. I think the important thing for you to achieve is compliance; and I think that in achieving compliance, the back wages fall into that pattern.

But certainly compliance is the important thing, as we face the future.

Mr. LUNDQUIST. That is true. Certainly, every firm that we go to must be brought into compliance before we would even agree to consider having them pay back wages, because if they are not in compliance, we must bring them into court to get them into compliance.

Mr. LAIRD. And that is the important thing that you have to do, to get this compliance, because you could go along helping to collect

back wages for a long period of time and not assure future compliance.

Mr. LUNDQUIST. Well, Congressman Laird, I respect your judgment on that. However, it must also be recognized that future compliance is in relation to the future only, and that $30 million or $100 million due to workers who have that money due them is a pretty important thing to them.

Mr. LAIRD. Oh, it is very important to them.

Mr. LUNDQUIST. And also to the economy.

Mr. LAIRD. But I do not look at these repayments as they may be more or less than your budget, because it does not have any relationship to your budget. This money you collect does not come back into the Federal Treasury.

Mr. LUNDQUIST. But it goes into the economy, sir.

Mr. LAIRD. That is important also, but the primary objective is compliance, I think, and basically the problem of the back wages is subsidiary.

Mr. LUNDQUIST. That is true; but I think we must also recognize, from an enforcement standpoint, that 95 percent of our cases are settled administratively without going to court, and the failure on the part of an employer to pay the back wages and merely an agreement to comply in the future is a rather empty enforcement tool.

All of us will say, "I will do better in the future. Forgive me for what I did in the past."

But if he does not have it brought forcefully to his attention that this is a debt owed to these people and that he should pay it, he becomes a little careless about his responsibilities, and he compounds our enforcement problems.

MINIMUM WAGE BILLS IN THE 86TH CONGRESS—COMPARED WITH CURRENT BILL

Mr. LAIRD. Now in this minimum wage bill that we have before us, there will be just two steps in that bill.

Mr. LUNDQUIST. Yes.

Mr. LAIRD. The Secretary agreed, as I understand it, that it was better to have two steps, if you could get the 2-year-4-month postponement of the effective date of the $1.25 minimum.

Mr. LUNDQUIST. I don't think he was that categoric about it. However, this is the general understanding of the bill that is being considered in the House committee now, that it would be a two-step minimum wage increase for currently covered workers.

Mr. LAIRD. He wrote a letter on Monday which was pretty strong in that area, to postpone the $1.25. It was his position and the position of the administration, recognizing the legislative situation here in the Congress, that it was important that that provision be retained.

What is the basis for that postponement? Have things changed in the last year?

We had a bill up last year, which was in conference, and the $1.15 would have been effective right now, but at that time the conferees could not agree and broke up, because they felt $1.25 was necessary immediately. The conferees broke up in disagreement.

Now there must be some reason for this change. Is it because of the economy?

Mr. LUNDQUIST. Congressman Laird, I don't think that the conference or the conferees were unable to agree because there was any difference, or substantial differences in view on just this rate alone.

Mr. LAIRD. There was a major difference.

Mr. LUNDQUIST. There were so many other bad features in that bill that the President, then Senator Kennedy, felt he could not accept that legislation; and I think he was right. It was a poor bill.

Mr. LAIRD. The Congress turned out a poor bill?

Mr. LUNDQUIST. The bill that was before the House and the Senate conferees, yes, it appears to me.

Mr. LAIRD. The Senate bill was President Kennedy's own bill.

Mr. LUNDQUIST. But the Ayres-Kitchin bill was presented to the conferees, and it was so indicated it was going to be the Ayres-Kitchin bill or nothing, and the Ayres-Kitchin bill had weaknesses in it that go far beyond any relationship to the minimum wage.

The first draft of it, or the first enactment, really, with the Smith amendment took 14 million workers out from under the act.

Mr. LAIRD. You realize what the situation was on that, and that was not even in dispute in the conference. You don't mean to tell me that that amendment, you think, was in dispute in the conference, do you?

Mr. LUNDQUIST. That amendment was not.

Mr. LAIRD. It was not in dispute for a minute, because that was agreed upon in the first day the conferees met.

Mr. LUNDQUIST. Yes, but even if that had been corrected——

Mr. LAIRD. Well, it was corrected. It was agreed upon the first day the conferees met.

Mr. LUNDQUIST. Several hundred thousand food-processing workers might have lost the benefits of the act.

Mr. LAIRD. It didn't break up on that point. That was agreed to, the food-processing amendment was agreed to by the conferees. If you look through the things they did agree to, it is obvious that the breakup came over the dollar-and-cent figure. What I want to find out is, Is it the economic reason that is the real reason for this postponement?

Mr. LUNDQUIST. When you say the postponement of last year's legislation, what do you mean?

Mr. LAIRD. The postponement of the effective date of the bill as it passed the Senate.

Mr. LUNDQUIST. It is hard for me as a member of the executive branch of the Government to understand the will of the Congress. I don't know what went on in the Congress in exercising its will.

The bill, as I understand it, that could have possibly been enacted, would have been a bad bill, because it had features that were discrimintory.

Mr. LAIRD. You do not think the Senate bill was a bad bill?

Mr. LUNDQUIST. No.

Mr. LAIRD. Let's take the Senate bill. What is the reason for the difference in the effective date, as it was proposed in the Senate bill and in the bill that is presently before the Congress. There is a 3- to a 3½-year difference in time.

Mr. LUNDQUIST. The Senate bill of last year, as I understand it, if I recall correctly, would have made the $1.15 effective January 1, 1961.

Mr. LAIRD. But it would be in effect right now, under both of the bills last year.

Mr. LUNDQUIST. Yes.

Mr. LAIRD. What is the reason for the delay in the effective date of the $1.25? That is all I want to find out from you.

Mr. LUNDQUIST. The effective date now is——

Mr. LAIRD. Two years and four months from now.

Mr. LUNDQUIST. The $1.15 would become effective 4 months after the date of enactment under the legislation now being considered.

The Kennedy-proposed bill, the administration bill, provides that $1.15 becomes effective 4 months after the date of enactment; a year later, $1.20; and a year after that, $1.25.

Now the Secretary, in commenting on this at the request of the subcommittee, indicated that the $1.15 effective 4 months after the date of enactment is proper, meets the President's bill, but, if it is the will of the Congress, that they delay the step increase to $1.25 for 2 years, which is in the President's bill, except for the interim step to $1.20, he apparently would go along with it. I have not seen his letter, but I believe these are the comments.

Mr. LAIRD. Do you know of any reason why there is a change in the effective date of the $1.25?

Mr. LUNDQUIST. I don't see that the $1.25 effective date has been changed. It is going to be effective 2 years and 4 months after the date of enactment under the President's proposal.

Mr. LAIRD. In the bill before the Senate a year ago, the effective date of the $1.25 would have been much earlier than the effective date of the $1.25 in the bill before us. You will have to admit that.

Mr. LUNDQUIST. The passage of time?

Mr. LAIRD. There must be some reason for that delay.

Mr. LUNDQUIST. Well, the delay is the passage of time. There is no change in the economics of this situation.

Mr. LAIRD. No change. That is all I wanted to know: if there was any change in the economics. I have been trying to find that out.

Mr. LUNDQUIST. The passage of time, of course, has made for an improvement in the economic situation.

Our 4(d) report which was submitted in January of this year indicates clearly that the cost of living has gone up; that productivity has gone up; and that average hourly earnings are going up; all of which indicates that the climate for a wage increase—and the Republican administration admitted that they submitted the report—is justified.

Mr. LAIRD. You are making a case for making the $1.25 minimum effective earlier.

Mr. LUNDQUIST. I am not so sure that is wrong.

Mr. LAIRD. Oh, you are in favor of making the $1.25 effective earlier than provided in this bill?

Mr. LUNDQUIST. I am supporting the President's proposal. I am not deviating from the President's and the Secretary's views on this legislation.

COSTS OF TRAVEL BY AUTOMOBILE

Mr. LAIRD. I would like to know how much you are spending on transportation.

Mr. LUNDQUIST. As such, we spend a fair amount of money, because we have to move our investigators around to the areas where the violations are occurring.

The travel and transportation, including per diem and mileage, for our investigators is $880,000 of our budget. It is a substantial sum.

Mr. LAIRD. How much of that is made up in costs of automobile travel, reimbursement for automobile travel?

Mr. LUNDQUIST. Mileage costs in the field represent $460,000. Our investigators use their automobiles substantially.

Mr. LAIRD. What are you paying on that?

Mr. LUNDQUIST. Nine cents per mile. It is a rather conservative rate.

Mr. LAIRD. You think that is rather conservative?

Mr. LUNDQUIST. Yes. As I understand it, the law authorizes as high as 10 cents a mile.

Mr. DODSON. The law authorizes as high as 10 cents, and there is a pending amendment in the Congress to make it 12 cents.

My personal feeling is that it is too high.

Mr. LAIRD. The Food and Drug Administration, since 1959, has gradually been converting to rental automobiles from GSA motor pools, and I note that by the end of 1961 the GSA pool cars will be used in six districts by the Food and Drug Administration. The 1962 budget contemplates a conversion of all remaining districts to GSA motor pools.

In all, 249 cars will be transferred to GSA in 1962 by the Food and Drug Administration, which has much the same type of operation in the field. They have a lot of inspections and so forth, just as you do.

The current out-of-pocket Food and Drug Administration operating costs for the cars they own is 4½ cents per mile, compared to the GSA rental rates of 6.9 cents for the same annual mileage. But this 6.9 cents covers everything, including depreciation and overhead.

When we were funding the Food and Drug Administration on a 4.5-cent basis, we also had to appropriate to purchase new cars, but this motor pool cost includes everything.

Now, it would seem to me that if you did what the Food and Drug Administration is doing, we could save, in your budget, over 20 percent of your costs for automobile travel.

Mr. LUNDQUIST. Congressman Laird, about a year or two ago I seemed to have some ideas along that line, too, and I asked our people to take a try at this where we could—and we did in a few areas. We found some of the administrative and operating difficulties were almost insurmountable.

I would say that, in this respect, you indicated that we are like the Food and Drug Administration; I think that we aren't. We have over 250 of our investigators out at field stations.

Mr. LAIRD. I don't think you can compare them exactly, but they have a great many at field stations.

Mr. LUNDQUIST. We have our men at field stations strategically situated in small communities, where they live and work out of their own home. They have no office space, as such. They have a portable typewriter and a few forms, and things that we give them—maybe a desk in the post office or some other office, but no place to count as an office.

The result is that they are far removed from the centralized pool, and for them to be required to go there and pick the machine up from the centralized pool and get it back to a pool, if you proliferate that, 250 or 300 times, let us say, with our investigators, you have problems.

Mr. LAIRD. Of course, Food and Drug Administration has one-man offices, too. I think they call them resident inspectors. They are not located in an area where there are any big motor pools.

Mr. LUNDQUIST. We are certainly willing to look into the matter. We have looked into the matter already.

Mr. DODSON. I might say that the Department's latest study of the situation, that we did about 18 months ago—and since I heard about the practice—I have asked my boys to get a copy of the Food and Drug Administration report.

Here are some of the problems related to that: You have a basic rental, a monthly charge, of over $35 a month. Unless the person travels, we will say, 1,200 to 1,300 miles a month, you don't get down to that low average. The more he travels, then the lower your average, because of this basic charge that you must pay.

We have issued in the Department a directive to the bureaus that they are to determine administratively, whenever it is feasible, to use the pool cars—that they should do so.

Mr. LAIRD. How many pool cars are you using now?

Mr. LUNDQUIST. Pool cars, as such?

Mr. LAIRD. Yes.

Mr. LUNDQUIST. None, directly. Our investigators are using their own cars. We have at times, though.

Mr. LAIRD. Don't you have any in Chicago or New York?

Mr. LUNDQUIST. In Chicago or New York we would use the subways or the elevated trains.

Mr. LAIRD. You don't have any operating out in the outlying areas in Chicago?

Mr. LUNDQUIST. Sir?

Mr. LAIRD. You have no car travel used in the city of Chicago by your agents?

Mr. LUNDQUIST. I wouldn't say that. Some of them do, yes; where it is appropriate.

Mr. LAIRD. I just picked Chicago as an example. I was surprised that you didn't use any GSA pool autos out there.

Mr. LUNDQUIST. To make employee interviews, they may go to 8 or 10 homes in the course of 2 or 3 evenings, and these employees may work at X spot on the north side of Chicago, but they may live on the west side, south, or southwest sections.

Mr. LAIRD. They don't use subways or the elevated for that?

Mr. LUNDQUIST. No.

Mr. LAIRD. Or use pool cars for that?

Mr. LUNDQUIST. No. They would use their own cars.

Mr. LAIRD. And you pay them 9 cents a mile?

Mr. LUNDQUIST. Yes.

Mr. LAIRD. I just used that as an example. I understand you have been directed to use the pool cars wherever feasible. Are you not following through on that?

Mr. LUNDQUIST. We have up to now considered it not feasible to use them.

Mr. LAIRD. Even where there is a GSA pool?

Mr. LUNDQUIST. Yes, sir.

Mr. DODSON. Mr. Congressman, the employees in the Department do not think the 9 cents is a fair rate of reimbursement.

Mr. LAIRD. If they don't like it, give them a car from the pool.

Mr. DODSON. I said if we had to go to 10 cents, definitely the Secretary's Office would have to take a very definite position on using pool cars.

Mr. LAIRD. It seems to me from these cost figures we have here from the General Services Administration, that this thing has to be looked at pretty carefully. You are running over $400,000 in mileage. A 20-percent-plus saving would be close to $100,000.

Mr. DODSON. Yes, sir.

Mr. LAIRD. It seems to me that it needs to be looked at from the standpoint of what is best for the Government.

Mr. DODSON. I might say, from the Department's point of view, after hearing about the practice of the Food and Drug, why, I have assigned a person in my office to make another review of the situation to see if we have got to be more directive from the Secretary's Office.

Mr. LAIRD. That is all I have.

Mr. FOGARTY. Mr. Michel?

BUREAU OF NATIONAL AFFAIRS REPORTS

Mr. MICHEL. Mr. Lundquist, what is this item of $8,000 for subscriptions?

Mr. LUNDQUIST. These substantially are the BNA reports. The Bureau of National Affairs has a reporting service on labor matters.

We operate, Congressman, out of some 78 field offices and 10 regional offices throughout the country, all 50 States and Puerto Rico.

These men, we find, need this reporting service in order that they may be apprised of what is going on, because, in many instances, they are "Mister Department of Labor" in their area, and this keeps them up to date.

We find it a valuable service.

UNDERPAYMENT OF WAGE CASES BROUGHT TO COURT

Mr. MICHEL. You mentioned earlier that 97 percent of the noncompliance cases are handled administratively.

Mr. LUNDQUIST. Well, 95 or so.

Mr. MICHEL. All right, of the balance, whatever figure that might be, that had to be taken into court, what percentage of decisions are in your favor, of those court cases?

Mr. LUNDQUIST. Overwhelmingly in our favor, sir.

Mr. MICHEL. In the case of back wages, when is the effective date of their payment? Is it as of the date when the action is actually brought, or do they go back retroactively?

Mr. LUNDQUIST. In an injunction we cannot request back wages. The court is precluded from giving back wages, so there is no problem there with respect to back wages.

But with respect to the filing of the action, the statute of limitations could be pled by the defendant, and if the violations occurred prior to 2 years from the date of the filing of the action, the court could dismiss the action under the statute of limitations.

Mr. MICHEL. That is all I have, Mr. Chairman.

Mr. FOGARTY. Thank you very much.

Is there anything else you would like to say, Mr. Lundquist?

Mr. LUNDQUIST. No, sir; thank you for your consideration.

Mr. FOGARTY. I think you have done a good job.

FRIDAY, MARCH 10, 1961.

OFFICE OF THE SOLICITOR

WITNESSES

CHARLES DONAHUE, SOLICITOR
HAROLD C. NYSTROM, DEPUTY SOLICITOR
JAMES R. BEAIRD, ASSISTANT SOLICITOR
WILLARD H. SHAFFER, ADMINISTRATIVE OFFICER
JAMES E. DODSON, ADMINISTRATIVE ASSISTANT SECRETARY

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1960 actual	1961 estimate	1962 estimate
11	Personnel compensation:			
	Permanent positions	2,331	2,758	2,999
	Positions other than permanent	12	2	
	Other personnel compensation	35	29	16
	Total personnel compensation	2,378	2,789	3,015
12	Personnel benefits	155	228	242
21	Travel and transportation of persons	98	106	107
22	Transportation of things	4	3	3
23	Rent, communications, and utilities	65	49	57
24	Printing and reproduction	32	25	25
25	Other services	77	68	72
26	Supplies and materials	61	48	50
31	Equipment	110	10	45
	Total obligations	2,980	3,326	3,616

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	367	390	408
Full-time equivalent of other positions	1	1	
Average number of all employees	348	378	401
Number of employees at end of year	346	413	401
Average GS grade	8.2	8.3	8.4
Average GS salary	$6,341	$6,927	$7,184

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Departmental program activities:			
(*a*) Litigation	335	422	455
(*b*) Interpretations and legal advisory services	316	381	435
(*c*) Wage determination	436	529	579
(*d*) Legislative advisory services	221	216	253
(*e*) Labor-management laws	218	227	266
2. Field legal services (regional offices)	1,130	1,206	1,225
3. Administration and management services	257	345	403
Total program costs	2,913	3,326	3,616
4. Relations of costs to obligations: Obligations incurred for cost of other years, net	67		
Total obligations	2,980	3,326	3,616
Financing: Comparative transfers from (−) other accounts	−285	−447	
New obligational authority	2,695	2,878	3,616
New obligational authority:			
Appropriation	2,695	2,706	3,616
Proposed supplemental due to pay increases		172	

Mr. FOGARTY. Before you start, Mr. Donahue, it is usual for every new appointee to give his background.

Mr. DONAHUE. I will be glad to do that, Congressman. I believe you have in front of you, and if not, I will supply it to you, a statement here which has a very brief summary on the first part of it.

Mr. FOGARTY. That will be fine.

Mr. DONAHUE. Well, I would say that I am very glad to have the chance to be here and appear before this committee. It is the first time I have appeared before the Appropriations Committee, and I regard it as an interesting and, I hope, a productive experience.

Mr. FOGARTY. Well, we will see in a very little while.

Go right ahead.

Mr. DONAHUE. First of all, before continuing, I would like to introduce the gentlemen with me.

I have Mr. Harold C. Nystrom, the deputy solicitor; Mr. James R. Beaird, assistant solicitor; Mr. James M. Miller, assistant solicitor; Mr. Herbert P. Miller, assistant solicitor; and Mr. Willard H. Shaffer, administrative officer.

BACKGROUND OF SOLICITOR

In coming before you, I bring a background which started as a native of Portland, Maine. I grew up there and attended schools in Portland, Maine. I went to Princeton and Harvard Law School.

I came down here and I have been a labor lawyer most of the time since graduating from law school. As a matter of fact, I was in the Department of Labor for several years, and became an assistant solicitor in charge of legislation some years ago.

(A more complete biography of Mr. Donahue follows:)

Charles Donahue has combined service with both the Government and organized labor in his chosen field of labor law.

He was born in Portland, Maine, on August 14, 1912, attended the public schools there and the Cantebury School in New Milford, Conn. He holds a bachelor's degree from Princeton University (1934) and a law degree from Harvard Law School (1937). He has also attended Catholic University.

Mr. Donahue began his law career in 1938 as a lawyer for the National Catholic Welfare Conference. From 1939 to 1943 and again from 1946 to 1949 he was a lawyer for the Labor Department. In the interim, between 1943 and 1946 he served in the Army, rising from private to captain in the Judge Advocate General's Division.

In 1949 he was asked by the Senate majority policy committee to be its labor counsel, but that same year he returned to the Labor Department as Assistant Solicitor for Employment Security. He served in the latter capacity until 1951 when he was made Assistant Solicitor of Labor for Legislation, Bureau Servicing and Trial Examining, a position he held until 1953.

Since 1953 he has been research director for the United Association of Plumbers and Pipe Fitters, AFL–CIO.

Mr. Donahue is married to the former Bertha Halsted Terry. They and their five children make their home at 3005 Albemarle Street NW., in Washington, D.C.

GENERAL STATEMENT

With that general statement of my background, I would like to turn to the business which we have at hand here today, and that is to come before you and request a continuation of our appropriations, which have been available during the past fiscal year; and also, in addition, to request some $290,300 to provide for 23 very badly needed additional positions in the Solicitor's office.

Those 23 positions would involve 12 attorney posts and 11 clerical positions. This total amount of additional money, $290,300, would also cover our share of centralizing the payroll system in the Department of Labor, and balancing out two other mandatory items in the budget, the net result is a final total amount of $290,300.

These figures are shown on the material which we have submitted to you. I have them on what is called Solitcitor's page No. 5. I don't know where they would appear in your statement.

NEW POSITIONS REQUESTED

Now, these new positions, gentlemen, would be allotted to various divisions of the Solicitor's office, and I will name them for you:

First, we have the Litigation Division. There would be 6 new positions; 5 of them would be attorneys and one would be a clerical.

The attorneys' jobs would be divided between three different parts of our litigation function.

We have an Appellate and Supreme Court Division, a Trial Litigation Division and we have litigation also carried on with respect to the U.S. Employees' Compensation Act, and the Longshoremen and Harbor Workers' Act.

There would be two attorneys added in the Appellate Division, two in the Trial Litigation Division, and one in the Employees Compensation Division. One clerical job would be added in the Appellate Division.

Now, the second place we are requesting these attorneys is in the Manpower Division. That is part of the interpretation function of the Solicitor's Office.

In this division we are asking for five new positions. Two of them would be attorneys and three of them would be clerical positions.

Third, we are asking for new positions in the Wage Determination Division. This Division determines prevailing wages under the Davis-Bacon Act. Here, we are asking for seven new positions. Two of these would be attorneys, and five of these would be clerical positions.

Fourth, we are asking for two more attorneys and two more clerical assistants in the Legislation Division.

In the Solicitor's Office itself, we are requesting a Special Assistant to the Solicitor.

Now, these new positions are being requested because we have found, over the years, that the Solicitor's Office has been basically understaffed, in these particular areas that I have mentioned, in relation to the growing amount of workload, due to growing and gradually increasing statutory powers and authority which the Solicitor's Office has had to assist in carrying out. Perhaps one example that typically points up our needs is the Manpower Division. May I say that I am rapidly becoming familiar with the extreme manpower shortages existing in this Division. One of the urgent problems that I have had to deal with most recently has been handled by this Manpower Division, namely, operations in the Mexican farm labor field, and particularly regarding enforcement of the International Agreement with Mexico for the entry of braceros for agricultural work in the Southwest. Another urgent problem has been preparing and presenting to Congress the President's legislative program for improving and extending unemployment insurance benefits.

This Division is badly undermanned. In 1953, for example, we had budgeted there nine attorneys and five clerical positions.

In 1961 the same Division had budgeted five attorneys and three clerical positions.

At the same time, and during the same period, the activities of this division were increased. New laws were passed, new functions were imposed, functions which had to be absorbed and were absorbed by the personnel.

One example is the amendment to the Federal Unemployment Tax Act, to reduce from 3 years to 1 year, the minimum permissible time necessary for acquiring an experience rating under State unemployment insurance laws. Our lawyers in this Division must analyze State laws to determine whether they comply with these Federal experience rating requirements in the Federal Unemployment Act.

For, when Federal standards are changed on experience rating, then the States also readjust their experience rate systems under State laws. Those systems must then be passed on to see whether or not they are in accord with the Federal standard.

Another example of increased responsibility is the so-called Reed Act for administrative financing of the unemployment security systems, passed in 1954. That act set up a system of interrelated funds in the Treasury into and out of which the Federal Unemployment Tax Act moneys would flow. Legal activities required by the consideration and passage of this act by Congress as well as legal advice as to financing afterward, had to be absorbed by this Division.

Then the legal burden of trying to draft and get passed and afterwards administer unemployment compensation for servicemen and for Federal employees fell heavily on this Division, which has had no increase and, in fact, has had a decrease in staffing personnel over the same period that these new duties were being imposed.

MEXICAN FARM LABOR PROGRAM

I mentioned migratory labor particularly with reference to the Mexican program. That has been an increasing legal burden, taking up the time of the Assistant Solicitor of this Division. During the past month I think he has devoted his entire time to advising our administrators here and participating in litigation on the west coast with respect to the Mexican labor program and to the problems raised by a series of events in the Imperial Valley of California.

Mr. LAIRD. We can save a lot of money if we discontinued that program.

Mr. DONAHUE. If you discontinued the Mexican program, my own opinion would be that we would not save money, but, instead, we would need a very great increase in the immigration inspection staff.

Mr. LAIRD. I am talking about your budget. Can't we cut quite a bit out of your budget, though, if we did discontinue it?

Mr. DONAHUE. You could cut out one or two of these attorneys who are working on it.

Mr. LAIRD. How many attorneys would we be able to eliminate?

Mr. DONAHUE. I would say you would probably eliminate two attorneys, if the program were disbanded.

Mr. LAIRD. It is not much, then.

Mr. DONAHUE. That, by itself, is not. As I say, during the past month it has occupied practically all the time of one Assistant Solicitor, and another man who has been working under him. Besides, other lawyers have been devoting some of their time to this program.

Mr. DENTON. You have had some special trouble down in that region.

Mr. DONAHUE. We have, indeed.

LEGISLATIVE ACTIVITIES

The second place, where we are asking for an increase, namely, in legislation, is another in which I have had personal experience during the past month. During this time it has been my duty to work most closely with the Legislative Division, because it has had the responsibility of drafting and perfecting those parts of the President's legislative program which are the direct responsibility of the Department of Labor. These are unemployment insurance, minimum wage legislation, amendments to this Public Law 78, with regard to the Mexican program, and other important areas.

This work has consumed almost all of my time, to such an extent—except for an occasional problem as it has come up—that I have been pretty well confined to this emergency rush need to get legislation on the Hill, through hearings in the committees, and onto the floor of both Houses so that our program can be enacted into law promptly and successfully and at an early date.

I can assure you that the attorneys in the Legislative Division have been working literally days and nights: a situation which I do not encourage, and one which I don't like to have people engage in.

Mr. FOGARTY. I was hoping you were going to say that. When one of your predecessors came up here bragging about working Saturdays and Sundays and at night until 8 o'clock, with no time off and no extra compensation, I didn't agree with him.

I have been reading in the papers about other agencies working Saturdays and Sundays and on holidays. I would not compliment anyone in my office who worked on Sunday and holidays, would you?

Mr. DONAHUE. We see eye to eye on that. This is an emergency situation. I am sure we both feel that everybody should work a regular day, without overtime.

In any event, the Legislative Division has been overworked and understaffed, and that was the situation, I know, in 1952 when I was connected with it; and I believe it is the situation there today.

Turning to litigation, the number of cases has been gradually increasing over the years. Now, why should that happen?

I think that it mainly comes because the crucial issues raised by the 1949 amendments to the Fair Labor Standards Act are now reaching the courts in a greater degree than they have before; finer points under the exemption provisions of the law are being carved out by the courts, and the more they are carved out the more unresolved differences remain to be litigated as enforcement under the act continues.

That has affected the regional activities of the Solicitor's Office, the supervision of the trial work at the district court levels, and the appellate work in the courts of appeals, as well as the Supreme Court, although our Supreme Court activities during the past year have not been unusually heavy.

As for wage determinations, the number of determinations under the Davis-Bacon Act, the requests for determinations, we don't have any control over them. They are governed entirely by the amount of construction activity that the Federal Government engages in. When they do engage in it, they are required by law to ask the Labor Department for the prevailing rate in the locality of construction for the type of work in question, and we have to give it to them; and if we don't give it to them promptly, then the contract and the construction might be delayed.

Now, beginning in 1959, funds were appropriated for the wage determinations on the basis of an estimated activity of 5,000 additional wage determinations over the number for fiscal 1958. But, by actual count, at the end of fiscal year 1960, the wage determinations had increased over the 1958 number by 8,000—a little over 8,000—8,362 to be exact; and at the present time, the requests for determinations being received are coming in increasing amounts and may well reach more than 11,000 more than we had in 1958. And, at the same time with the increase in determinations, the increase in construction, the enforcement problem, particularly in times of recession, becomes more acute.

Now, this, then, briefly is the essence of our request to you. We think that it is fully justified by the facts. We think that the Solicitor's Office has been generally understaffed during the years, and perhaps the Congressman's reference to overtime and heavy workloads and lights ablazing in the Department at night, the situation which my able predecessor, Stuart Rothman, perhaps took pride in is demonstrating that fact, and those heavy workloads and understaffing, more than any significant comment that I can make.

He was perhaps trying to overeconomize during that time.

We are not trying to overspend, but certainly don't desire to overeconomize, at the expense of our attorneys and our own clerical staffs, their health, and their general well-being.

Thank you very much.

Mr. FOGARTY. Thank you.

I disagreed with Mr. Rothman 3 or 4 years ago, on his practical insistence upon these people working on Saturdays and Sundays. I don't think that is good for anyone. And it is especially bad when you don't pay them.

Mr. DONAHUE. That is true.

Mr. FOGARTY. I think that is almost slave labor, and I told him so.

But, if you can't do a job because you need more people, I think you ought to tell Congress, and I will give you the opportunity. I will also give you the opportunity if you want to suggest any reductions in your staff.

But it seems to me, if I was in your position, and had added duties and responsibilities and no additional help, I would tell the Congress just what the situation is.

Mr. DONAHUE. I think we are attempting to do it in asking for the increased staff.

ENFORCEMENT OF THE DAVIS-BACON ACT

Mr. FOGARTY. I think Mr. Rothman did a good job on enforcement of the Davis-Bacon Act.

Mr. DONAHUE. I think you are right.

Really, for the first time since the law was first enacted, they set up a special staff for that purpose. I think it began to be set up just before Mr. Rothman came in, but it was improved while he was there.

Mr. FOGARTY. It seems to me that he had a good record, but recently I am receiving more and more complaints about this act not being enforced, and the Labor Department or your Office has always said they didn't have the help to properly enforce the act. As you know better than I, it is awfully difficult to process one of these cases, especially in the construction industry. A building is being built and a complaint is made, but the building has been completed and the contractor has gone to the next State before you can get to taking the action on the complaint.

That has happened many, many times in the past, and I don't think it is fair to the contractor or to the union or to any of the people involved, as long as this is the law of the land.

Mr. DONAHUE. I couldn't agree with you more, Congressman.

Mr. FOGARTY. And I hope you will at least keep up with the record that was made by Mr. Rothman. If you need more people, I think you should tell me so.

These justifications that we have before us do not indicate an increase in public construction. But, from what I have been reading in the papers in the last 2 or 3 months, we are going to have a lot more construction.

Mr. DONAHUE. I was not proceeding on the assumption that there would be less construction during the next year, and I was not aware that the papers before you reflected that, the papers, that is, which we presented to you.

Mr. FOGARTY. The justifications say the request is based on, "no acceleration." I think that is what it said. But these were made up before you took over.

Mr. DONAHUE. Yes.

Mr. FOGARTY. Have you requested an amendment to the budget for Davis-Bacon Act activity?

Mr. DONAHUE. We requested additional positions for the Davis-Bacon Act activities.

Mr. DODSON. The chairman is talking about an amendment since President Kennedy came into office.

Mr. DONAHUE. We are in the process of requesting Davis-Bacon substantive amendments.

Mr. FOGARTY. No, I mean appropriations; any additional positions. How many are you requesting?

Mr. DONAHUE. Well, the only request we have is the one before you at this time.

Mr. FOGARTY. You don't have any others?

Mr. DONAHUE. No others.

Mr. FOGARTY. Have you any budget amendment for your office pending, or a supplemental request?

Mr. DONAHUE. Mr. Dodson can answer that better than I. I don't believe there are any for the Solicitor's Office.

Mr. DODSON. There is none pending for the Solicitor's Office at this time. However, in connection with this matter of the Davis-Bacon workload, we have been watching that, and if the workload should continue to step up the way it has started to step up in the last 6 weeks, we may be in for a supplemental.

Mr. DONAHUE. I believe it is customary to wait for the bill to pass the House before asking for increases on pending new legislation.

Mr. FOGARTY. I thought you had almost finalized the new bill on the Davis-Bacon.

Mr. DONAHUE. We have.

Mr. FOGARTY. When do you expect it to arrive in Congress?

Mr. DONAHUE. We would like to discuss that you with, sir, sometime soon, just as soon as the Bureau of the Budget clears it, within, perhaps, a day, or perhaps even tomorrow. But as soon as we can pry it loose from the other Government agencies who are commenting on it, we will take it up with you.

LANDRUM-GRIFFIN CASES

Mr. FOGARTY. You say on page 22 that you have no change in 1962 for your work on labor-management laws. Is this because the other Bureau is taking care of the almost certain increase in the demand for legal services in 1962?

Mr. DONAHUE. Mr. Fogarty, I don't think that is the reason.

The reason is confined to no abnormal increase in the amount of litigation, and interpretative functions that we have to perform in servicing that Bureau, at this time.

Mr. FOGARTY. The Bureau itself is in for an increase of over $1 million.

Mr. DONAHUE. Yes.

Mr. FOGARTY. I just could not understand why they come in for $1 million-plus increase because of their increased workload, and you have nothing for the increased program activity in this area.

Mr. DONAHUE. Well, I cannot speak for them in their particular budget, because I wasn't aware of the amount of extra money they are asking for. Perhaps I should have been more aware of it than I am;

but we had not—at least up to this point of my going over this, and upon the advice of those who are in charge of this work—been aware of it.

Mr. FOGARTY. I am just trying to help you.

Mr. DONAHUE. Well, I would not be in a position to say that we needed more money in that area at this time, and I would be glad to look into it and examine it further and make a determination.

Mr. FOGARTY. Well, will you supply for the record, if you don't have the information at hand, the answers to this question:

If you handled all the legal services for this program for 1962, how much of an increase will you need?

Mr. DONAHUE. I will be glad to look into that.

Mr. FOGARTY. And supply the answer for the record.

(The information requested follows:)

It is not possible at this time to be specifically responsive to the chairman's question. The Landrum-Griffin Act is only in its second full year of operation. A strict definite line of legal and administrative activities of the Bureau and the Office of the Solicitor will depend on what experience develops. It has been too early to get the implication of court decisions which will affect the work of the Bureau and the Office of the Solicitor. The Department will evaluate the activities of both in order that there will be a proper alinement of functions and that there will not be any duplication or overlapping of activity. It is known that the staff of both organizations are taxed to meet their current workload. If there is to be a realinement of functions as a result of later experience the problem can properly be solved by authorization by Congress to transfer staff and money or by proposing an adjustment in the 1962 budget or in the 1963 budget whichever appears to be the most feasible.

BACKLOG OF FAIR LABOR STANDARDS CASES

Mr. FOGARTY. On page 25 you indicate your activities, under the Fair Labor Standards Act, were the highest in 1960 for any year since the legislation was enacted.

Do you have any backlog of work in this area?

Mr. DONAHUE. I am not aware of any heavy backlog of work that we have. I think I would like to call on Mr. Nystrom with respect to that, because he has been acting as Solicitor for the past 19 months.

Mr. FOGARTY. If you don't know because of your newness on the job, and Mr. Nystrom or anyone else wants to supply the answers, please feel free to have them do so.

Mr. NYSTROM. I do not think we have an abnormal backlog. There is always a certain amount of normal backlogging. I think it is the type that is controllable, and you do need a certain amount of backlog to keep people busy, depending on fluctuations in things coming in.

Mr. FOGARTY. The justifications indicate that the backlog of cases in course of review and preparation for legal actions in 1959 was 438; 1960 you had 583; 1961 you had 600; and you have it projected to 1962 for the same number, that is, 600. That is a fairly sizable backlog, I would think.

Mr. DONAHUE. It is about the same as the 1958 backlog, and I might add that the actual backlog as of this time is 641, which is the exact number as our 1958 actions.

Mr. FOGARTY. 1960 and 1961 shows an upward trend.

Mr. DONAHUE. I would say that it is bound to fluctuate from one year to the other.

Mr. NYSTROM. I think one of the answers to this is the fact that we have had an increase in contested litigation, which, of course, requires more time. We have not been able to determine, as yet, whether this is a trend that is going to continue, or whether it is something transitory.

We did not feel on that basis, at this time, at least the time this budget was prepared, that we were justified in requesting additional staff in the field. That situation may change, as the Solicitor has just stated, but our figure now, up to the last of January, on the backlog of cases in the course of preparation and review for legal action, is 641. It shows there is an increase at the present time; and there has been since the estimates were prepared.

Mr. FOGARTY. These estimates were prepared quite a while ago, and a lot has happened in the last 6 months that will effect work in the Department of Labor.

Mr. NYSTROM. That is true.

PERSONNEL REQUIREMENTS, 1962

Mr. FOGARTY. Now, is there any place in your budget where we can cut any positions?

Mr. DONAHUE. I wouldn't be able to say "Yes" at this point.

I would be prepared to readjust, as I review the operations of the Solicitor's Office, and realine the attorneys here and there, reducing the number if it is necessary to do so.

I would like to keep myself with an open mind on these questions at this time, because I have not had a full opportunity to examine in detail our operations.

Mr. FOGARTY. How long have you been on the job now?

Mr. DONAHUE. Since the middle of January, approximately, but I really only have been on since, let's say, the 24th day January, in a semiofficial capacity, up until last week.

Mr. FOGARTY. I see.

Mr. DONAHUE. Until last week, I was licensed to consult, and then since last week I have been licensed to solicit by the Senate.

Mr. FOGARTY. Well, you have not had a real opportunity to do much yet.

Mr. DONAHUE. I really haven't, Mr. Fogarty.

Mr. FOGARTY. I will ask you one more question, and then I will be through. Do you think you need some additional personnel?

Mr. DONAHUE. I am certain we need at least the 23 which we have requested, and I know we can use them, beyond any question.

As I say, I would like to keep an open mind on all of this, and be able to inquire into not only the numbers but how the numbers of individuals are used in the Solicitor's Office, and how it is organized.

I don't think there is any office that can't be improved in the way it operates, and I intend to take whatever steps are necessary, that I can, to try to do a better job than we have been doing before.

Just this morning, for the first time, for example, has been the only time I have been able to get to bring all of our lawyers and staff together in one place, and just have a little talk with them.

As I say, either the place has not been available or the time has not been available, and I just say that to demonstrate that we have not had a full chance for a full look at all of our operations, as yet.

Mr. FOGARTY. Mr. Denton?

RECENT PROBLEMS WITH MEXICAN FARM LABOR PROGRAMS

Mr. DENTON. Down in the Imperial Valley, you had a strike over picking the lettuce, did you not?

Mr. DONAHUE. That is correct.

Mr. DENTON. What trouble did you have in respect to that? Was it because of the Mexicans?

Mr. DONAHUE. Primarily, we were responding to the very grave concern expressed by the Mexican Government for the safety and welfare of the Mexican braceros who were in the Imperial Valley at the time of the lettuce harvest and during a series of labor disputes.

The Mexican Government complained to the Department of Labor, forcing us to take action in varying degrees to remove or transfer these braceros from the farms and fields, where the labor dispute was found to exist. That was done under the terms of the international agreement, but the process itself, of deciding what to do and deciding how to do it and of holding hearings and explaining our position in litigation in the U.S. district court at San Diego, has consumed an unbelievable amount of time on the part of our lawyers.

Mr. DENTON. It was a legal question? It seems to me it was an administrative problem, after it got to the Labor Department, and at that time it was one of the problems for State. I am having difficulty seeing the legal aspects of it, which arise under the terms of the international agreement, which require certain procedures to be followed by the Secretary when he takes action for enforcement under the terms of an agreement.

Mr. DONAHUE. We were seeing to it on behalf of the Mexican Government, that the bracero was not harmed by any strike activity in that area. That was our main concern, and it continues to be our concern in response to the request of the Mexican Government.

Mr. DENTON. Are you still having trouble with that?

Mr. DONAHUE. It has pretty well quieted down at this point.

Mr. DENTON. As I understand it, the Mexican Government wants you to get the braceros back home; is that right?

Mr. DONAHUE. I couldn't say. I couldn't answer that question accurately. I am not certain. The picture changes very rapidly from one day to the next.

Mr. DENTON. You have been having hearings before the Agriculture Committee.

Mr. DONAHUE. They are going on this week.

Mr. DENTON. Do you have any recommendations about the law?

Mr. DONAHUE. We have recommendations which will be given to the committee tomorrow, on Friday, by the Assistant Secretary of Labor, Mr. Holleman.

Mr. DENTON. Are you in position to tell us any changes you recommend in the law?

Mr. DONAHUE. We are recommending changes in the law, for the protection of our own domestic workers.

Mr. DENTON. You don't want to give them to us now, but want to wait until after you testify before the legislative committee?

Mr. DONAHUE. I think it would be appropriate to wait until that time.

CASELOADS

Mr. DENTON. How many lawyers do you have working in the Solicitor's department?

Mr. DONAHUE. We have approximately 200 lawyers, haven't we, Harold?

Mr. NYSTROM. Yes.

Mr. DENTON. What do their salaries range, from and to?

Mr. DONAHUE. The salaries range from approximately $15,000 down to approximately $5,000; wouldn't that be it, Harold?

Mr. NYSTROM. Yes.

Mr. DENTON. Would you be able to give me any idea of the caseload of each lawyer?

I realize that different kinds of cases require a different amount of time.

Mr. DONAHUE. I couldn't give you that at this point. It will obviously vary, as you state; and I think it will vary with the attorney, also.

Is there any accurate record of that?

Mr. NYSTROM. I don't know how you could do it on an officewide basis.

On a Davis-Bacon determination case, we do approximately 40,000 of those in the course of a year. Those are cataloged as cases, but they are rapidly disposed of.

On the other hand, you may have an appellate attorney working on a Supreme Court case who may devote some months to one case; so there really are no meaningful figures on an officewide basis.

Mr. DENTON. I appreciate that.

As a lawyer, I always practiced by myself; I never was in a firm with more than two or three people. The only experience I had with an office of any size was the Judge Advocate General's Office during the war, and I found there that some lawyers worked hard and just couldn't seem to get the business out; others were able to dispose of business in much less time.

Now, the Federal Judiciary has the same experience with judges, and I expect you are familiar with the records of the Department of Justice. An antitrust case will take a very long time. A plea of guilty in a criminal case will take a much shorter time. But they have been able to classify those, and do a pretty good job, to show the caseload of the various judges and how well the different judges dispose of their work. You can pinpoint pretty well the judge who can dispose of a case and one who cannot.

I thought in these various Government offices something like that should be set up. Do you think that that would be a practice for you to consider?

Mr. DONAHUE. We used to have something like that when I was in the Judge Advocate General's Department, Congressman. We had it done separately and differently for each branch of work.

For example, I was in the Contracts Appeals Branch, servicing the War Department Board of Contract Appeals. We were all handling

generally the same type of case, where claims were being made for liquidated damages, for example, under the terms of the contract. From a denial of the contracting officer, there was an appeal to this Board, and we would have to prepare a pretrial brief, present the Government's position, and present and examine witnesses, et cetera. We kept careful records from the time a man received a case until he went through the hearings and had filed final briefs, thus disposing of his role in the case.

We found an average, I believe, of four cases a month per man. Some went below that a little bit and some went above it a little bit. But we were able to set that standard; and what generally happened, if a lawyer failed badly in meeting that standard, and it came time for his promotion, he usually ended up in the CBI or in France or in some other part of the world, but not in the Judge Advocate General's Office.

Mr. DENTON. I thought if you had some system like that, it might be wise.

Mr. DONAHUE. I think it could be worked up for various kinds of activities and result in somewhat of a standard.

Mr. DENTON. I know from the Judge Advocate General's Office how you would have to classify separately military justice, contracts, military affairs, and so forth.

Mr. DONAHUE. Of course, I am not interested in trying to institute any speedup systems for legal problems in the Solicitor's Office or anything like that.

Mr. DENTON. I am not advocating that. That is one case where haste makes waste, but there is this effect with lawyers more than anyone else. You will find that some of your lawyers just cannot get rid of the business.

Mr. DONAHUE. I have found that to be true in my experience.

OTHER DEPARTMENTAL EMPLOYEES WITH LEGAL SKILLS

Mr. DENTON. There is just one other thing. Do you have lawyers in any other bureaus beside your own?

Mr. DONAHUE. Within the Labor Department, not as such. There are people with legal background in other offices of the Labor Department.

Mr. DENTON. Do you have them doing any legal work?

Mr. DONAHUE. Not to my knowledge. Now there may be some drafting work going on with respect to proposed legislation.

For example, I believe the Women's Bureau and to some extent the Bureau of Labor Standards in past years, at least, have had lawyers on their staffs who draft State-proposed legislation on request from people in the States. They perform that function and service, but it is on a very limited basis and I am not aware of any other type.

Mr. DENTON. We had some evidence here that some of the departments had to have lawyers to deal with the Solicitor's Office as a sort of go-between.

Mr. DONAHUE. That is a new concept I hadn't thought of, but it presents some novel ideas; you have to have a lawyer to deal with a lawyer.

Mr. DENTON. Thank you.
Mr. FOGARTY. Mr. Marshall?

STAFF FOR LABOR-MANAGEMENT REPORTS ACTIVITIES

Mr. MARSHALL. I notice that in fiscal year 1961 you transferred from the labor management reporting and disclosure activities $447,400. Is that correct?

Mr. DONAHUE. That is correct.

Mr. MARSHALL. The committee was quite generous when we gave you that much money, weren't we?

Mr. DODSON. It has been fair.

Mr. MARSHALL. How many people do you have working presently in the labor-management reporting service?

Mr. DONAHUE. For labor-management laws, the total is 27 in Washington and 15 of them are attorneys and 12 clerical.

Mr. MARSHALL. How does that compare with fiscal year 1960?

Mr. DONAHUE. In 1960, they grew from zero up to some undisclosed amount. Perhaps approaching this 15 and 12. The branch was not completed until some time during 1960.

Mr. MARSHALL. How many are you asking for in fiscal year 1962?

Mr. DONAHUE. We are not asking for any increase at this time.

Mr. MARSHALL. How much decrease are you asking for?

Mr. DONAHUE. We are not asking for any decrease either.

Mr. MARSHALL. Leaving it in a status quo position?

Mr. DONAHUE. Yes.

CASES REFERRED

Mr. MARSHALL. I notice that they referred from the Bureau of Labor Management Reports in fiscal year 1960, some 12 cases. Is that correct?

Mr. DONAHUE. I believe so, sir.

Mr. MARSHALL. And you estimate for 1961 that they will refer 140 cases.

Mr. DONAHUE. 140 cases, referred from the Bureau to us.

Mr. MARSHALL. How many have been referred in fiscal year 1961 to date?

Mr. DONAHUE. There have been 60 referred to date.

Mr. MARSHALL. That indicates to you that there will be 80 more referred in the balance of this fiscal year, which would be a matter of 3 months.

Mr. DONAHUE. I would like to ask Mr. Ralph Beaird who is Assistant Solicitor in charge of the operations of that particular division to answer that question.

Mr. BEAIRD. The estimate of case referrals for fiscal year 1961, both from the Department of Justice and the Bureau of Labor Management Reports, was based upon our actual experience for the first 3 months of this current fiscal year.

We projected referrals for the first 3 months over a 12-month period to arrive at the estimate of 140 cases from the Bureau and 416 from Justice.

We did not have an investigative pattern to predicate our estimate upon.

Wage Hour, for example, has been in existence for a long time and you can generally determine from the number of investigations conducted an estimate of what the caseload referred for litigation is likely to be, but here we haven't had that experience and this is simply a projection of the first 3 months' experience.

Mr. MARSHALL. Do you feel that there will be 80 cases referred in the balance of the fiscal year?

Mr. BEAIRD. Our experience is from July 1, 1960, to February 18, 1961.

I know in my day-to-day contacts with the Bureau that there are a number of investigations underway which will produce case referrals to the Solicitor's Office.

I think that we will find by the end of the fiscal year that the 140 estimate is close to accurate. It may vary some, but as I see it now I think it will be fairly accurate.

Mr. MARSHALL. Your estimate on this would be on the optimistic side, wouldn't it?

Mr. BEAIRD. Well, optmistic to this extent: that the Bureau shares in this expectation and they are the ones that investigate and develop the case and refer them to us. So this is an estimate of both of our offices.

Mr. MARSHALL. And for fiscal year 1961 you estimated that there would be referred from the Department of Justice 416 cases. How many have been referred to date?

Mr. BEAIRD. 273.

Mr. MARSHALL. That means that in the balance of the 3 months you will have 143 more referred from the Department of Justice, according to your estimate.

Mr. BEAIRD. Well, there are 4 months remaining in the fiscal year. I think a projection of that figure will closely approximate our 1961 estimate.

Mr. MARSHALL. I recognize that this budget was made up quite a while back. Do you feel that that estimate is optimistic?

Mr. BEAIRD. Well, on the basis of our experience, Congressman, I think the estimate is the best one we can give. We have no long experience in this activity upon which to base an estimate.

I think that the number of case referrals increases each month over the preceding one and I don't think that we could arrive at an accurate monthly estimate by simply dividing current experience by the number of months so far in this fiscal year because we are getting more and more cases each month from both the Bureau of Labor Management Reports and the Department of Justice.

Mr. MARSHALL. Subsection B in your work statistics, you show cases instituted, drafting of pleadings, court appearances, interviewing witnesses, preparation of trials, pleas, and related activities. Under "criminal" you have zero in fiscal year 1960 and you estimate 97 in fiscal year 1961.

What do you have at the present time?

Mr. BEAIRD. We have referred to the Department of Justice, for criminal prosecution, 42 cases so far this fiscal year.

I might add that in connection with the 42 cases we have had 11 indictments returned and 7 of those 11 cases have been disposed of by the court, either by plea of guilty or by a finding of guilty.

All those cases involved charges of embezzlement and one also included a count involving a willful concealment of records. But a large number of the cases we have referred to Justice so far this fiscal year are still awaiting grand jury action.

Mr. MARSHALL. In connection with "civil (organizations and individuals)," that was a zero in fiscal year 1960. I note in fiscal 1961 there are 33 cases.

Mr. BEAIRD. There are 22 so far.

Mr. MARSHALL. Thank you.

Mr. FOGARTY. Mr. Laird?

MEXICAN FARM LABOR PROGRAM

Mr. LAIRD. I was interested in the comments that you made on the number of people that were necessary in connection with the Mexican farm labor program. You say there are only two people that would have full-time work in that area.

Mr. DONAHUE. I would say offhand there would be two people.

I have been working with it for the last 3 weeks and I would say an Assistant Solicitor and a branch chief have been spending virtually all of their time on that work during the past month or so while I have been there, and in addition, at least two other attorneys have been working on it as well as from time to time as their help has been needed and even in addition to that, other lawyers in the legislative branch have been working with respect to this Mexican program so far as Public Law 78 is concerned.

The program causes us to invest quite a bit of time and effort.

Mr. DODSON. Then you have some part time in the field.

Mr. DONAHUE. Yes; I forgot to mention that.

Mr. LAIRD. It seems we find there are more than two people on this.

I think the justification was made, when the law was reenacted a few years ago, for about five.

Mr. DONAHUE. I wouldn't say there were five on a full-time basis involved in that activity. There are five, I believe, who are working on that work and other work here in Washington. I haven't taken into consideration the fieldwork.

Our regional attorney in San Francisco has devoted an abnormally large amount of his time in this program, particularly when these emergency situations arise as they have arisen in the last month.

Mr. LAIRD. I understand the Immigration Service has said that the wetback problem has started again and they have asked for emergency funds to handle this. But I think there is going to be real difficulty in any reenactment of the Mexican farm labor program by this Congress.

Mr. DONAHUE. I suppose that the emergency situation so far as Immigration Service is concerned is caused by the action of the Mexican Government; namely, they have restrained their own braceros on their own side of the border from coming in legally to our country, down around Arizona and New Mexico, with the result that I assume a lot of them are coming in illegally.

RESPONSIBILITIES WITH RESPECT TO WETBACKS

Mr. LAIRD. But you wouldn't have anything to do with the wetback situation.

Mr. DONAHUE. I would have something to do with the wetback situation. We have everything to do, not everything, but primarily responsibility in the dryback side of it, the legal entry, in the setting of quotas as to the numbers which should come in and as to the numbers who should work in these areas and make determinations as to the availability of domestic labor in contrast to it or in comparison to the availability of wetbacks to do the same job at the same price.

I don't claim all of this for the Solicitor's Office, but we aid and advise while it is going on.

Mr. LAIRD. The Solicitor's Office is responsible for determining whether a labor dispute exists on any one of these farms?

Mr. DONAHUE. We are responsible for assisting in that determination from time to time, yes.

Mr. LAIRD. Did you make the determinations out in California?

Mr. DONAHUE. No; we did not make the determination in California, but we advised at the time they were being made both from here in Washington and from El Centro, Calif., where one of our attorneys had made a trip.

Mr. LAIRD. Well now, what is your position when you make a determination that a labor dispute does exist? Do you have any responsibility when wetbacks go in and work on that particular farm in that particular area?

Mr. DONAHUE. If a contractor is found to be using wetbacks along with legal labor, he is denied the use of the braceros.

Mr. LAIRD. We had it explained to us that they had decided to honor the request of the Mexican Government.

Mr. DONAHUE. That is only with respect to 18 farms and growers in the Imperial Valley of California.

Mr. LAIRD. But my question has to do with those farms. What is the responsibility of the Department of Labor if they use wetbacks on those farms?

Mr. DONAHUE. We do not have any responsibility at that point.

Mr. LAIRD. That would be all Immigration Service?

Mr. DONAHUE. That would be Immigration Service to pick up those wetbacks and transport them or get them back across the border.

Mr. LAIRD. That is all.

Mr. FOGARTY. Mr. Michel.

RATE OF TURNOVER OF ATTORNEYS

Mr. MICHEL. Mr. Donahue, of the 200 attorneys in the Solicitor's Office, what is the rate of turnover in a year?

Mr. DONAHUE. I would like to have Mr. Nystrom answer that question because I haven't been in the Department long enough to have personal knowledge of it.

Mr. MICHEL. And the other part of the question is, what is the average length of service in the Department of Labor?

Mr. NYSTROM. Of a solicitor or an attorney?

Mr. MICHEL. Of an attorney in the Solicitor's Office. Of these 200, what is the average length of service?

Mr. NYSTROM. Well, we have, of course, a number of people who have had a great many years of service and we do have a large number—as our functions have increased and we have added—of attorneys employed just out of law school, so they don't have a great amount of service.

I don't have the figures with me and I would want to have them subject to correction, but my impression is that the turnover is not high for a Government legal office.

Many of these younger attorneys come into Government to gain some experience that they think will be helpful on the outside at a later date.

As a result, there are only a certain number of them that will decide to remain with the Government.

Mr. FOGARTY. You can get that material and supply it for the record.

Mr. NYSTROM. We will supply it for the record. The turnover, Mr. Shaffer reminds us, is mostly in the attorneys under age 30 with less than 5 years' service and after they have been with the Office longer than that, there is very little turnover.

(The information requested follows:)

RATE OF ATTRITION OF ATTORNEYS

The rate of turnover among the attorneys of the Office of the Solicitor, in fiscal year 1960, was 10.5 percent. This percentage represents the normal attrition that can be expected each year.

The average length of service for attorneys in the Office of the Solicitor is 7.7 years and the average age is 42 years. Fifty-six percent of the legal staff have 5 or less years' service, while 39 percent of the staff are 35 years or under in age. The following schedule sets forth the percentage and years of service in two categories, grades 7 through 12, and grades 13 and over:

Grades	Percentage of legal staff	Average years of service
GS-7 through GS-12	59.3	3.9
GS-13 and over	40.7	13.5

RECRUITMENT OF ATTORNEYS

Mr. FOGARTY. What do they start at? Is it $5,000 or $6,000 a year?

Mr. SHAFFER. It is Grades 7 and 9 and that is $5,355 to $6,435 to start with.

Mr. MICHEL. Are those new recruits spread out evenly in the workload, or is there a particular section or division which the new recruits are assigned?

Mr. NYSTROM. Our policy for several years has been to spread them out and give them an opportunity to gain some experience in various areas of the Office. That is found to be beneficial both to them and to the Office.

If they have had experience in more than one area, there are broader promotional opportunities for them and that tends to keep them with us.

Mr. MICHEL. Is there any unreasonable problem encountered in recruiting people?

Mr. NYSTROM. Well, of course, we have not had any large numbers recruited at one time, and our normal flow of applications is yielding enough highly qualified attorneys, so we have had no real problem in staffing at the lower levels.

Mr. MICHEL. In that younger group, would you encounter any competition from other Departments, particularly the Justice Department?

Mr. NYSTROM. Yes, we have encountered competition for certain of the higher quality lawyers; that is, those that have been on law reviews and have a good record in school.

Mr. MICHEL. And why would that be? Would it be due to any change in pay scale, or would it be more from the standpoint of wanting to broaden their experience?

Mr. NYSTROM. Well, we had more of it before about 2 or 3 years ago when we changed our entrance qualifications, so that in recognition of proficiency as shown in law school we could offer them an entry grade of 9.

There were other agencies like Justice that had an honors program that skimmed the cream off the crop because they could offer the younger attorneys more money.

Mr. MICHEL. That is what I wanted to know. You folks have recognized this.

Mr. NYSTROM. We have, and we have as a result, I think, employed some very highly qualified people who were also considered by the Department of Justice and other agencies.

Mr. MICHEL. That is all, Mr. Chairman.

Mr. FOGARTY. Do you have anything else you would like to say, Mr. Donahue?

Mr. DONAHUE. No, sir; I have nothing to add to my testimony so far.

Mr. FOGARTY. Thank you very much. It was nice to see you.

Mr. LAIRD. I would like to ask Mr. Dodson a question, Mr. Chairman, if I might.

Mr. FOGARTY. Yes.

AMENDMENTS TO THE 1962 BUDGET

Mr. LAIRD. Mr. Dodson, I was just wondering about the situation that confronts us as far as the budget amendments are concerned. We had a report on Monday, one on Tuesday, and one on Wednesday.

I would like to know what the results were of your telephone conversations with the Bureau of the Budget last night.

Mr. DODSON. They were not very successful. They were still on the way for signing, but the thing I can say is that what we have indicated to you has not been changed.

THURSDAY, MARCH 9, 1961.

BUREAU OF INTERNATIONAL LABOR AFFAIRS

WITNESSES

LEO R. WERTS, DEPUTY ASSISTANT SECRETARY, INTERNATIONAL LABOR AFFAIRS
JAMES E. DODSON, ADMINISTRATIVE ASSISTANT SECRETARY

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
11 Personnel compensation:			
Permanent positions	198	324	430
Other personnel compensation	2	1	
Total personnel compensation	200	325	430
12 Personnel benefits	13	24	33
21 Travel and transportation of persons	5	9	10
23 Rent, communications, and utilities	2	4	6
24 Printing and reproduction	3	4	7
25 Other services	4	5	8
26 Supplies and materials	2	4	6
31 Equipment	3	3	10
Total obligations	232	378	510

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	23	36	55
Average number of all employees	22	35	53
Number of employees at end of year	23	36	55
Average GS grade	10.7	9.9	8.9
Average GS salary	$8,752	$9,006	$7,865

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Program by activities: International labor affairs (total costs—obligations)	232	378	510
Financing: Comparative transfer from "Salaries and expenses," Office of the Secretary	−232	−378	
New obligational authority (appropriation)			510

Mr. FOGARTY. Do you have a statement for the committee, Mr. Werts?

Mr. WERTS. As you know, Assistant Secretary Lodge is in Geneva serving as the ILO governing body chairman and Mr. Weaver, who is to succeed Mr. Lodge in July, is also there speaking for the U.S. Government since Mr. Lodge cannot speak and be chairman of the governing body at the same time.

This accounts for my being here to speak for the Bureau of International Labor Affairs.

General Statement

The request which is before you is for $510,000, which is an increase of $131,640 over the previous year.

I think it would be appropriate at this point to indicate to you some of the reasons why this increase is needed.

For this group, that is so well informed about international affairs, I only have to remind you about what is happening in Africa, the many new nations that are coming into being, and I might also point out that in Africa some of the leading politicians who have risen to the top of their governments have been former labor leaders, such as Toure in Guinea, Nkrumah in Ghana, and Mboya in Kenya. I only have to remind this group of the developments in Latin America, the unrest and instability which is very often caused by the problems of workers and youth.

I only have to remind this group of the importance of India in our international relations and its increasing importance because of the Chinese pressures, the situation of Laos, et cetera.

Because of these new developments, we are asking for additional money to carry on certain functions in the Bureau of International Labor Affairs.

I can briefly outline to you five major activities in the International Labor Affairs.

Information for foreign groups

The first and most important activity in an international labor and manpower program is providing information to U.S. labor attachés and embassies so they may inform foreign trade union leaders and worker groups and youth groups about the U.S. foreign policy and about the social and economic developments in the United States so that as these trade union leaders, in their official statements in their conventions, take a position with respect to the United States, if they are not favorable, they should understand us. We are hoping they will become more favorable as they understand us better.

As you may know, I have just returned from India after about 2 years there.

On the way back from India, my wife and I stopped in Nigeria, Ghana, and Guinea.

In one country the situation is such that the only person who had a good contact with that government was the labor attaché.

Information for U.S. groups

The second major point in this labor-manpower program is securing information which is useful to groups in the United States.

One of the important users of information is the U.S. business community. In their operations in Africa, Latin America, or other parts of the world, businessmen are interested in knowing about wages and working conditions, and the developments in labor-management relations that are taking place.

Employers who are considering investment want to know about these things before they make decisions. The Bureau's part in these two major activities is to help outline the instructions which go to the embassies requesting reports.

Other parts of the Department prepare analyses of these reports and make them available to employers, trade unions, and the public.

I should mention, certainly, the fact that the American Federation of Labor and the CIO are concerned with international affairs. They have relationships with most unions around the world and are trying to help and influence them and we provide them with information so they can carry out this activity which is in the interest of the United States.

The general public, I think, is also interested. The number of people who come to the Department of Labor library to look into these matters and who come to get information from our Bureau is increasing. And, of course, last but not least is the need for the U.S. Government, the State Department, and others who are making foreign policy to recognize the importance of labor unions, the influence they have on their governments and the part they are playing so that policies can be shaped to consider these factors.

ECONOMIC DEVELOPMENT AND ASSISTANCE

Now, there are three other aspects of this labor and manpower program which might be termed programs for economic development or for assisting countries who are in a developmental stage.

First is a program of assisting them in developing programs and institutions in the labor-management relation field.

The second is assisting them in developing of programs and institutions for developing their manpower. In my experience the most difficult, the most critical problem in the developing country is the development of skilled manpower, managers, those in the government administration, scientists, technicians, and skilled craftsmen.

A third program has to do with the development of programs and institutions for developing labor standards and statistics. No matter how underdeveloped many of these countries are, they have some industry and they are industrializing to some extent and they need to have some help in developing these programs as they become necessary.

I have here just one paragraph of a statement which was written by John Dunlop who is known to some of you, at least.

Mr. FOGARTY. Tell us who he is.

Mr. WERTS. John Dunlop is a professor of industrial relations at Harvard University.

Mr. FOGARTY. He has had a great deal of experience in labor relations?

Mr. WERTS. Yes; a lot of experience in labor relations and is recognized widely in this field as a mediator in the building trades industry.

I might say that John Dunlop is associated with a group who have had a lot of experience in labor and manpower programs around the world.

This is what he has written:

> The economic, social, and political institutions of * * * [the developing] countries are in a plastic state, under the necessities of industrializing processes, as they change from established agricultural forms to institutions consonant with the innerlogic of an industrial society. The present generation, and possibly the next is a strategic period in which the once-and-for-all transformation takes place from an agricultural to an industrial society. As an early industrial society is bent, so its mature forms grow. No truth is more central to perceive in the Western World than that the present generation is the crucial period

for molding the future forms of the societies that will emerge to this industrial order. This view gives a sense of urgency and destiny to the present hour.

This has expressed, in my judgment, more brilliantly and more articulately than anything I could say concerning the urgency of developing programs to help industrializing countries.

One of the functions of the Department of Labor and the Bureau is to see that these programs are developed and made available to the agencies. We should also provide the technical services when we are called upon to do so.

Mr. Chairman, that is a brief, general statement. If I can add to it, I will be very happy to do so.

(Mr. Werts' complete general statement, as supplied for the record, follows:)

Mr. Chairman and members of the committee I welcome the opportunity once again to talk about the work of the Bureau of International Labor Affairs and of our plans for assisting in the development and advancement of U.S. policy in labor abroad.

This is the first year that a separate appropriation has been requested for the Bureau of International Labor Affairs. Previously funds for the Bureau were included in the appropriation for the Office of the Secretary.

Our appropriation request for fiscal year 1962 is $510,000 which is a net increase of $131,640 oevr the 1961 estimate and will provide for 19 additional positions. Program increases of $132,430 are partially offset by a net mandatory decrease of $790.

The increasing importance of international labor developments to the United States is exemplified by rapidly moving events around the world.

Throughout the new countries of Africa, worker organizations are in the forefront of the struggle between freedom and Communist colonialism. This can be seen particularly clearly in Guinea, Ghana, Nigeria, Morocco, Tunisia, and the Congo.

In Latin America, the influence of Castro is being felt especially among the trade unions which have become a vital force in the political developments of many countries. In Venezuela, Ecuador, Costa Rica and Chile, just to name a few, the struggle within the trade union movement between freedom and communism is crucial to the future of these countries.

In Asia, the same is true, especially in India and Idonesia, where the free trade union elements are battling strong and well organized communist efforts at subversion and ultimate control. The outcome will definitely effect vital interests of the free world.

The Department of Labor stimulated last year the first study in depth of the relationship between worker organizations and U.S. foreign policy in the developing areas of the world. All interested agencies within the Council on Foreign Economic Policy participated. There was unanimous agreement that more must be done to collect and analyze information on labor abroad and to devise new and improved methods of meeting the Communist menace in this field and strengthen free trade unions.

Such study, analysis, and interpretation falls upon the Office of Country Program Affairs. The increasing burden of country-by-country planning and coordination, increases not only in proportion to the entry of new countries on the international scene or through the accelerated industrialization of established countries, but the burden increases through action and reaction of countries within geographical areas. Additional geographical coverage, assistance in operational research and clerical support in the Office of Country Program Affairs are needed. For these functions we are requesting an increase of $76,815 which will provide 11 additional positions.

Our work in connection with intergovernmental organizations is expanding and additional avenues for furthering U.S. foreign policy objectives must be exploited. The International Labor Organization's 96 member countries, expanded by 16 countries during 1960, will be playing an increasingly significant part in meeting labor and manpower problems of the newly emerging countries. Within the framework of the ILO, the United States will continue to emphasize technical assistance for developing countries.

The 18th GATT session will meet in Geneva in May. The United States has reinitiated consideration of low labor standards of other countries in connection

with tariff policy and is providing labor representation on the U.S. GATT delegations. In the GATT as well as the ILO, the United States strongly supports improving labor standards as one means of easing tariff and trade problems for countries with varying living standards. Additional assistance is required to develop U.S. positions and assure maximum attainment of U.S. foreign policy goals in this field. For these functions we are requesting an increase of $11,085 which will provide two additional positions.

In addition to our expanding responsibilities in country programs and in connection with intergovernmental organizations, the increased emphasis being given to labor matters has had an impact on our participation with the Department of State in conduct of the labor attaché program. Nine full-time labor positions have been added abroad. The number of Foreign Service officers doing labor reporting has been expanded. The increased emphasis on labor matters has vastly increased the demand for information on labor, requiring additional research. The Department has just completed an 18-week course of intensive training for six Foreign Service officers to better equip them for future oversea posts. This type of highly specialized and concentrated training may be expected to expand. We are increasing the number of oversea addresses for receipt of our weekly packet of selected labor materials from 150 to 175. In the administrative areas, office services including records management, space, communications, stock records, oversea shipments, packet preparation, duplicating, and other support functions, can best be coordinated within the organization. For additional research support, assistance in office services and clerical support, we are requesting four positions at a cost of $23,180.

Finally, to assure that all resources of the Department are brought to bear on international labor problems and to provide for close coordination of the Department's contribution in programs for economic development, the Assistant Secretary, to fully meet his coordinating and directing responsibility, requires an additional high-level assistant. With the emphasis on development of human resources in the less-developed countries, the technical resources of the other Bureaus must be mobilized and coordinated.

New demands for service by the Department of Labor in the area of economic development are also expected. Already the Act of Bogotá and the proposed $500 million fund for social development in Latin American requires the Department's vigorous participation in planning and programing. Increased activity with the new Inter-American Bank, the Import-Export Bank, and the Development Loan Fund will require increased staff assistance. To meet this need we are requesting two additional positions at a cost of $21,350.

We will be pleased to furnish any additional information the committee may desire.

Mr. FOGARTY. There is $378,360 available for 1961 and the request for 1962 is $510,000, or an increase of $131,640 and 19 positions.

Mr. WERTS. That is right, sir.

Mr. FOGARTY. Would you break that down by activity and give us an explanation?

COUNTRY PROGRAM AFFAIRS

Mr. WERTS. The first is to add one area specialist and five additional clerical and technical assistants. This is for 11 positions, $60,325, plus $16,049 for nonlabor costs.

This has to do with our country program affairs.

I just outlined in a general way the importance of having country programs particularly for developing countries and the new nations.

The United States needs to analyze the problems and make recommendations on policy and program in the labor and manpower field. These recommendations as you know, are made to the Department of State, ICA and other agencies. New, as well as other developing countries, are calling for a great deal of assistance in developing their labor and manpower programs and their institutions.

It is important that the labor and manpower program be given attention in connection with the country programs because it is

through this device that we can influence the development of industrial institutions.

I just might indicate that the area specialists who are talked about here are constantly reviewing the situation in countries and presenting country programs, and the use of this material and the influence it is having indicated that there should be some additional assistance provided for these functions.

SUPPORT FOR U.S. REPRESENTATION IN INTERNATIONAL ORGANIZATIONS

The next has to do with providing technical and office staffs to strengthen U.S. representation at the international organizations dealing with labor and manpower considerations.

This is a request for two positions, $8,635 plus $2,450 nonlabor costs, for a total of $11,085.

As you know, international agencies have an important role to play in international relations and the U.S. Government must help develop the policies and the programs of these agencies.

The contribution of a technical agency like the Department of Labor is very important, particularly in the International Labor Organization, UNESCO and FAO and other such international agencies.

These two positions which we are requesting here are specifically for the purpose of assisting our participation in the ILO.

With respect to the ILO, the U.S. Government and particularly the Department of Labor has influenced the move away from the standards setting processes which our employer groups do not favor.

We have been able to influence the operation of the ILO to move to operations and by that we mean offering technical assistance to developing countries.

We feel that this is in the U.S. interest and the free world's interest, and in this instance we are able to work closely with and help put over some of the programs with which the U.S. employers were most concerned.

INTERNAL MANAGEMENT

The next item is to provide additional technical and clerical staff to handle essential workloads related to internal management of the Bureau and to meet information requirements and accomplish better coordination and utilization of personnel engaged in the international labor field.

The request is for four positions, $18,230, plus $4,950 for nonlabor costs, for a total of $23,180.

I referred to the fact that labor attachés play an important role in our relations with labor unions and other groups in other countries.

Having been outside the country for nearly 2 years, I fully appreciate the isolation that is felt when you have no one to look to to provide information.

Fortunately, I was able to prevail on my Department of Labor friends to send me a labor packet and I found this very important because I was working in the manpower field with the Government of India and you need to have information; you need to have resources. The people you talk to ask what is happening in the United States and you don't get it by reading the local press. The only way

you get the information is through communications from the United States.

One of the important items here is to plan and select the material, to package it and to get it to the labor attachés and other embassy officers.

SPECIAL ASSISTANT TO ASSISTANT SECRETARY

The last item here has to do with providing a special assistant in the immediate office of the Assistant Secretary. This is for two positions, $17,900, plus $3,450 for nonlabor cost, or a total of $21,350.

With respect to the special assistant in the immediate office of the Assistant Secretary, the increasing work in the Bureau and the increasing need to marshal the resources of the Department of Labor, the technical resources to assist other agencies in this international labor and manpower field, the Assistant Secretary needs someone to represent him in proper relationships with other departments.

There are an increasing number of meetings where the Department must lend its technical knowhow. In particular this position would help in providing leadership in the manpower program which I indicated earlier is one of the most useful ways of helping developing countries.

All of these items total $131,640.

RESPONSIBILITIES, CONTRIBUTIONS OF THE BUREAU

Mr. FOGARTY. Now, when this bill gets before the House we might be asked why you will need just about twice as much in 1962 as you had in 1960. What is the best answer for that?

Mr. WERTS. It seems to me the best answer is the changing situation in the world.

As I indicated earlier, there are many new situations in Latin America, new situations in the Far East and in Southeast Asia.

Mr. FOGARTY. Is that what you refer to on page 6 when you say "particularly during the past year, the Labor Department has made significant contributions and has acquired heavy new responsibilities in respect to the development of U.S. foreign policy"?

Mr. WERTS. That is right.

Mr. FOGARTY. Would you elaborate just a little bit on that?

Mr. WERTS. As indicated here, the sources of influence in these countries, these various continents, comes from the labor groups and the youth groups and this influence is increasing.

The Department of Labor is the technical agency in this area and it needs to marshal its resources, make them available to U.S. Embassies, to analyze the situations in countries, and on the basis of our technical knowledge, recommend policy and programs to the State Department and the ICA and other agencies so that these problems, which are economic, political and social, can be dealt with more effectively by our people who are operating in the embassies in these countries.

LABOR ATTACHÉ PROGRAM

Mr. FOGARTY. How many labor attachés are there in the Foreign Service?

Mr. WERTS. There are 64 now. There were 52 in the year before.

Mr. FOGARTY. What is your relationship with them?

Mr. WERTS. As you know, the Department of Labor, by statute, is a member of the Board of the Foreign Service and this Board has the responsibility of supervising and administering the Foreign Service.

In connection with this function, the Bureau of International Labor Affairs in the Department of Labor is looked to by the Department of State to do the initial recruiting of labor attachés.

We receive applications or we recruit. We screen them against the qualifications which are required for these jobs and then make recommendations to the Department of State with respect to those people who qualify as labor attachés.

The Department also assists and works with the Department of State in reassignments of labor attachés to make sure the labor attaché who is assigned to a post is particularly qualified for the post.

The Department is also looked to by the Department of State to arrange training programs for labor attachés to make sure that they are informed about labor and manpower activities in the United States and in other countries around the world. This helps them when they go to a new assignment.

COMPARISON WITH AGRICULTURE'S INTERNATIONAL PROGRAM

Mr. FOGARTY. What is the difference between this relationship and that between the Department of Agriculture and the agricultural attachés?

Mr. WERTS. I think 4 years ago, I am not sure whether this was initiated by the Department or groups outside the Department of Agriculture, request was made to have agriculture attachés made a part of the Department of Agriculture, on their payroll. This is the situation that exists today.

Agriculture attachés do work in embassies and are under the general supervision of the Ambassador, but are subject to the direction and administrative control of the Department of Agriculture.

There are those who feel that the Foreign Service should be an integrated Foreign Service and that only one department should speak for the United States abroad. This appeals to me as a sound approach.

Mr. FOGARTY. Well, what do you think is the best arrangement? Do you think the State Department should speak for everybody?

Mr. WERTS. It seems to me the State Department has got to be strengthened in terms of its policy control and its direction of the policy representation in other countries.

Therefore, it seems to me that they should have what we would call line or administrative control of people in the Embassies. In carrying this out, the State Department looks to the technical agencies such as the Department of Labor to assist them in selecting the people who can perform the specialized functions, help them in training these people, help them in providing technical supervision so that these specialized people are properly informed.

It seems to me that this is a reasonable and appropriate division of responsibility between the Department of State and the Department of Labor or other technical agencies.

Mr. FOGARTY. I notice in the budget, since the agricultural attachés have been attached to the Department of Agriculture, they have been

doing pretty well. I noticed in 1960 they had about $8-million-plus in their international program, and for 1962 they are asking for about $18 million.

Yours is very low compared to the Department of Agriculture as far as the international program is concerned.

Mr. WERTS. I can only agree with you.

Mr. FOGARTY. You are just asking for a half million, and they are asking for 18 million.

I just attended the World Health meeting in India and stopped in a few countries going and coming, and most everyone seems to think that the four activities that are really needed in these underdeveloped countries are health, education, labor, and agriculture. I heard some of the same things that you told this morning. Of course, agriculture is very important in the development of some of these countries, and we should share with them our know-how. Do you agree with that?

Mr. WERTS. Yes, there is no question about it. The manpower program which we are talking about here is as important in respect to improving the productivity of agricultural manpower as it is for industrial manpower, and I would say agriculture production is basic to the future needs of these countries.

Mr. FOGARTY. Mr. Michel?

Mr. MICHEL. Mention has been made here of comparison between our agricultural attachés and labor attachés, and the difference in the amount of money expended for each. Of course, our agriculture attachés are doing substantial work in the way of selling American products abroad and getting rid of our surplus.

ROLE OF LABOR ATTACHÉ

Now, how can we compare what the labor attaché does in that same field? Does he come back here and tell our labor organization people what we need to do to compete worldwide, or are we trying to reform the rest of the world to our way of living, so to speak?

Mr. WERTS. A labor attaché, if I understand your question, has a role in keeping the American labor movement informed about developments in foreign countries so that they, through their independent channels, can have a more intelligent approach.

Mr. MICHEL. Do they come back here regularly and report to our large industrial organizations?

Mr. WERTS. Yes, they do. They do it on a regular 2-year basis, but more importantly, they are reporting fully, almost on a daily basis, the developments. These reports often are classified. It is the Department of Labor, then, that analyzes these reports and makes available the essential information to the labor movement.

Mr. MICHEL. I notice here in the justification for "carrying out the Department's responsibilities under the reciprocal trade agreements program"—what kind of responsibility would these men have in that regard?

Mr. WERTS. The labor attaché would assist in this program through making reports on economic developments in the countries.

I referred earlier to the importance of wage levels, working conditions, labor-management relations, et cetera.

Mr. MICHEL. So that that information is used by those sponsoring the negotiations?

Mr. WERTS. Yes, it is helpful in carrying out our responsibility here.

INCREASE FOR 1962

Mr. MICHEL. What would you say our best argument to use on the floor of the House would be when we get these critics who are saying you are asking for practically a 50-percent increase in the number of positions? What can our best argument be in justification of this?

Mr. WERTS. Well, it would seem to me, and I am probably repeating myself here, that you will have to point to the changing situation in the world, and what is bringing about the change. It is the aspirations of the workers and the common people and their ability to organize and have influence on their governments. The governments in most cases wish to help meet the aspirations of these working people, and they are looking to the United States as the biggest source of this kind of help.

Since it is the labor people—the workers and the youth—that are looking for improvements, the programs in which the Department of Labor has technical competence are most important in helping these governments to help these groups to bring about an evolutionary change which will satisfy their aspirations. The alternative for these worker groups is to follow a revolutionary line, which is disruptive to our efforts in trying to help the world make adjustments peacefully. The key to this is the importance that these groups are achieving in influence in their own country and the U.S. policy which must be developed to deal with these situations.

Mr. MICHEL. Do you think on the basis of this 50-percent increase that these people have that much influence to bring to bear on these representatives of other countries?

Mr. WERTS. I don't know that we could make comparisons in terms of dollars.

I would say the influence of these groups, and the rate at which it is increasing, is tremendously more than is represented by the whole budget. I am not sure that the United States has fully realized this.

I feel strongly about this because I just came back from a couple of years of seeing some of these things happen.

Mr. MICHEL. You say that in the past we have been missing the boat by not exercising as much influence through this medium of labor.

Mr. WERTS. Yes; maybe 2 years ago I wouldn't have said it so strongly. But now having seen what happens through living in a foreign country for about 2 years it is obvious.

Mr. MICHEL. Are you saying, in effect, that this gets down to a level where you actually meet the masses of the people as against some of our high-powered diplomacy at the top level?

Mr. WERTS. That is right. You have seen reference to statements about aid that trickles down. In the past our policies were not necessarily intended to follow the trickle down theory. Nevertheless what we need are some programs that will go more directly to the people, to the leaders of the workers and the youth so that they can more quickly see there is some chance of achieving some of their aspirations.

RECRUITMENT OF PERSONNEL

Mr. MICHEL. One final question. Where is the reservoir from which these additional people you will recruit for these positions you have in mind, will come from, generally speaking?

Mr. WERTS. Some will come from the American labor movement. Most of them will come from among the people who are in the Department of Labor, through promotion. They are largely technicians.

Mr. MICHEL. Very highly specialized?

Mr. WERTS. Yes.

INFLUENCE IN FOREIGN LABOR MOVEMENTS

Mr. FOGARTY. I have just one further question. I know that we have been given several examples in the past where some of our people have had tremendous influence in breaking up Communist-led unions in some of the countries in Europe and South America. They have done good work in that direction. I know France was one.

Mr. WERTS. Yes, and in other countries, too.

Mr. FOGARTY. You had many of these big, Communist-dominated unions, and some of our people have been able to get splinter labor movements started and divide their strength.

Mr. WERTS. That is right, to build at least an opposition or keep alive the free labor movement.

Mr. FOGARTY. I know in Japan when I was there a while ago, their big union was controlled by the Communists, and they have just recently started another one. The leader was here just last week.

Mr. WERTS. You may have noted that when Mr. Takita was here President Kennedy thought this was so important that he saw Mr. Takita.

Mr. FOGARTY. Our Ambassador over there, Douglas MacArthur thought it was very important that the President give him this recognition because that would help him when he goes back to Japan.

Mr. WERTS. The reports are that the newspapers are carrying headlines that the President of the United States did see one of their labor leaders.

Mr. FOGARTY. I met him over there.

Are there any further questions?

Thank you very much.

We shall reconvene at 1:30 this afternoon.

THURSDAY, MARCH 9, 1961.

OFFICE OF THE SECRETARY

WITNESSES

W. WILLIARD WIRTZ, UNDER SECRETARY
JAMES E. DODSON, ADMINISTRATIVE ASSISTANT SECRETARY
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1960 actual	1961 estimate	1962 estimate
11	Personnel compensation:			
	Permanent positions	1,129	1,280	1,373
	Other personnel compensation	9	12	6
	Total personnel compensation	1,138	1,292	1,379
12	Personnel benefits	80	87	95
21	Travel and transportation of persons	35	34	46
22	Transportation of things	1	1	1
23	Rent, communications, and utilities	48	50	51
24	Printing and reproduction	6	10	11
25	Other services	60	65	38
26	Supplies and materials	43	42	44
31	Equipment	5	2	10
	Total obligations	1,416	1,583	1,675

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	161	166	180
Average number of all employees	148	154	168
Number of employees at end of year	156	166	180
Average GS grade	8.9	9.0	8.8
Average GS salary	$7,220	$7,954	$7,829
Average salary of ungraded positions	$4,285	$4,638	$4,638

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Executive direction	457	484	540
2. Management and central services	962	1,099	1,135
Total program costs	1,419	1,583	1,675
3. Relation of costs to obligations: Costs financed from obligations of other years, net (−)	−2	----------	----------
Total obligations	1,416	1,583	1,675
Financing:			
Comparative transfers to other accounts	191	287	----------
Unobligated balance no longer available	4	----------	----------
New obligational authority	1,611	1,870	1,675
New obligational authority:			
Appropriation	1,611	1,759	1,675
Proposed supplemental due to pay increases	----------	111	----------

Mr. FOGARTY. The committee will come to order. Mr. Wirtz, are you going to testify on this request?

Secretary WIRTZ. Thank you very much, Mr. Chairman.

Mr. FOGARTY. Go right ahead.

Secretary WIRTZ. May I file for the record a copy of the statement?

Mr. FOGARTY. Either way you want to do it; either read it or file it.

Secretary WIRTZ. I will simply file it, then, and go over the outlines of it with you.

(The statement referred to, together with Mr. Wirtz's biography follows:)

BIOGRAPHY

W. Willard Wirtz, Chicago law partner of Adlai Stevenson, has gained first-hand knowledge of labor problems in Government service, on special boards of inquiry, and as an arbitrator.

He was Assistant General Counsel of the Board of Economic Warfare in 1942 and 1943, General Counsel and public member of the War Labor Board from 1943 to 1945, and Chairman of the National Wage Stabilization Board in 1946.

On addition, he has many years' experience as a labor arbitrator in the steel, rubber, electrical, chemical, and farm equipment industries, among others. Issues he has arbitrated include job evaluation, wage administration, wage negotiation, grievances, and merit incentive systems. He has also served on Taft-Hartley boards of inquiry and Presidential emergency boards.

Mr. Wirtz was born at De Kalb, Ill., on March 14, 1912. He attended Northern Illinois State Teachers College in De Kalb from 1928 to 1930, the University of California in Berkeley in 1930–31, and Beloit College in Beloit, Wis., from 1931 to 1933 where he received his bacheler of arts degree. After teaching at Kewanee (Ill.) High School in 1933–34, he entered Harvard Law School, from which he graduated in 1937.

Early in his working career, Mr. Wirtz taught law. He was first at the University of Iowa from 1937 to 1939, then at Northwestern University School of Law as associate professor from 1939 to 1942. Following his wartime service with the Government he returned to Northwestern as full professor of law from 1946 to 1954.

Since 1955 he has engaged in private law practice in the firm of Stevenson, Rifkind & Wirtz in Chicago.

Mr. Wirtz was married to the former Mary Jane Quisenberry on September 8, 1936. They have two sons, Richard and Philip.

STATEMENT OF W. WILLARD WIRTZ, UNDERSECRETARY OF LABOR

Mr. Chairman and members of the committee, the appropriation request for the Office of the Secretary for fiscal year 1962 which has been submitted to the committee is $1,675,000. This estimate represents a net increase of $92,160 over the 1961 estimate. Program increases of $130,920 are partially offset by a net mandatory decrease of 1 less day of pay $2,600 and a program decrease of $36,160 representing costs of payroll and accounts personnel, the funds for which are included in several Bureau estimates. With the centralization of payroll and accounting these bureaus will be charged for services furnished by the centralized unit.

Since the estimate was submitted to the committee, the Secretary has reviewed it and has recommended amendments to it for two additional items amounting to $370,000. These two amendments bring the total request for the Office of the Secretary to $2,045,000.

The first amendment totaling $300,000 covers the estimated cost of the President's Advisory Committee on Labor-Management Policy established by Executive Order 10918 dated February 16, 1961. The committee consists of seven public, seven management, and seven labor members. It is charged with the responsibility of studying and advising the President with respect to policies that may be followed by labor, management, or the public which will provide free and responsible collective bargaining, industrial peace, sound wage and

price policies, higher standards of living, and increased productivity. To carry out the purposes of the Executive order, we are requesting $300,000 and a staff of 17 positions.

The second amendment is for the establishment of a small staff in the Office of the Secretary to plan and coordinate programs relating to automation and technological progress. Automation and technological changes are having profound effects upon our economy. They are creating many manpower problems which we will have to deal with. Several bureaus of the Department are working already in areas related to automation, but no bureau has total responsibility for dealing with the problem in its entirety. Accordingly, we are requesting six positions and $70,000 in the Office of the Secretary to coordinate the current activities of the Department in this area and to plan the future programs which the Department should pursue. This will provide for three professional and three clerical positions.

These are the two amendments which have been made to the documents submitted to you. I shall now speak of the items in the estimate before you.

The request excludes funds for the Bureau of International Labor Affairs which are being requested in a separate appropriation. Included in the request is the transfer of the Secretary's portion of the funds for the labor-management reporting and disclosure activities.

One of the important areas of concern to the Department of Labor is the question of labor-management relations and its impact upon the economy. In order to focus more precisely the broad interest and concern of the Department in this area, we are requesting a labor-management relations specialist and a secretary in the Office of the Assistant Secretary of Labor for Labor-Management Relations at a cost of $21,910.

The specialist will develop technical and policy materials and advise on the use of joint labor-management committees, measures and machinery for the settlement of critical strikes and disputes and the effect of reporting and disclosure laws administered by the Department upon unions, employers, and labor-management relations and practices.

An increase of $27,450 and two positions are requested in the Office of the Under Secretary to plan and direct the Department's defense emergency activities. Previously, the funds for these key positions have been financed from an allocation from the Office of Civil and Defense Mobilization to cover delegate agency activities. OCDM will not provide funds for these two positions in fiscal year 1962 because they consider it to be the Department's responsibility for insuring continuity of the Department's operations in the event of a national emergency.

Concurrent with investigations by the Congress into labor-management activities and with the passage of new laws regulating these activities, the interest of the general public in the work of the Department in these areas and other Department programs has greatly increased bringing about an added workload on the public information service in the Department. The Department has been attempting to meet this increase in the general public's desire for information and knowledge of the programs of the Department. Services to the public from field and regional offices have been expanded, and more publications, visual exhibits and releases have been developed and disseminated. There has been a decided increase in the number of inquiries and requests being asked of the Department. For example, inquiries coming to the central information point have more than tripled. The correspondence coming to that unit for attention runs from 200 to 300 letters per day. The interest of the press including periodicals, radio and TV in the work of the Department has also added to the day-to-day workload. To handle this increased workload, we are requesting four additional positions and $18,500 in the Office of Information.

Increased workloads resulting from the expansion of the Department has been experienced elsewhere. Sizable increases in the use of the library have been experienced which requires more personnel and materials to meet the demands made upon it. With the increase in the number of fringe benefits provided employees—health insurance, life insurance, unemployment compensation, retirement benefits, etc.—the service requested of the Office of Personnel Administration has grown appreciably. The budget increases proposed to you will add to their burden. The growth of the Department, the demands for budget and fiscal information and reports of a departmental nature by the various agencies of Government have increased to the point where additional clerical help is required. To more adequately provide for the development of a departmental management analysis program, an additional position is deemed

necessary. In total, to cover the additional staff to adequately meet increased workloads, six additional positions and $44,060 are requested.

This budget request also includes $5,000 for the purchase of a new car for the Under Secretary, an increase of $9,000 to augment the Secretary's share of visual exhibits cost used to depict the role of the Department and an increase of $5,000 in travel funds to meet the growing demands upon the Department's executives for attendance and conferences and to provide for more administrative evaluation of field operations.

Mr. Chairman, you will recall that last year we proposed and the committee approved the establishment of a centralized payroll and accounts service within the working capital fund. In accordance with this action, $36,160 is being transferred from the Office of the Secretary to the various bureaus to cover the costs of these centralized services which will be provided beginning July 1, 1961. Accordingly, a decrease in this amount is reflected in this estimate.

I will be happy to elaborate on this request or answer any questions the committee might have.

With the centralization of payroll and accounting, these bureaus will be charged for services furnished by the centralized unit.

Secretary WIRTZ. The 1962 figure which has been submitted to the committee is $1,675,000. That is a net increase of $92,160 over the 1961 estimate. There are some minor adjustments.

Mr. FOGARTY. That is 14 positions. Right?

Secretary WIRTZ. That is correct; yes.

SUMMARY OF NEW POSITIONS

Mr. FOGARTY. At this point, give us a breakdown of these positions.

OCDM FUNCTIONS

Secretary WIRTZ. In the Office of the Under Secretary itself, two—one as Executive Director of the OMA functions, and the secretary with him. That is in connection with the carrying on in our office of some functions which relate to the work of the OCDM.

I would like to emphasize, particularly in view of what I know of the history of your special interest in this and the committee's interest, that we have gone over this matter quite carefully to be sure that what we are submitting to you is an item covering only those aspects of this program which are directly related to the work of the Department. I have reviewed with the man who has been doing this work the report of what he has done last year.

I have from him a specific report of his activities during the last quarter of calendar 1960. I will be glad to submit that to you.

Mr. FOGARTY. Will you be reimbursed?

Secretary WIRTZ. We will not be reimbursed for this item.

Mr. FOGARTY. Your chances are not very good, then. On two occasions, or three, we have specifically stated in the report just how we felt on this matter of financing OCDM activities through your appropriations.

Mr. DODSON. Mr. Chairman, we are told by the Bureau of the Budget and OCDM that we are the only large agency of the Government that does not finance this kind of staff.

Secretary WIRTZ. In the office of the Assistant Secretary there is a proposal for the addition of one GS–15 labor-management relations specialist. I would like to say just a word about that. That is in addition to one clerk-typist. There is developing an increased activity in the Department which relates to all of these things that are going on in industry and in labor relations generally having to do with new forms of labor-management arrangements. I will mention two or three specifically.

You probably know in this last year there have been a series of about half a dozen new approaches to this whole collective bargaining problem. These are not programs of our Department, but they are things which bear very directly on our interests in labor-management relations.

There is this new automation experiment which has been made by Armour in the packinghouse workers. There is this settlement of this workload problem in the longshoring industries. There are the new arrangements which have been made in the New York transit industry and a number of others.

We are completely convinced that there is evolving a new form of collective bargaining relationship which is very close to the heart of the Department's responsibility, and we feel it essential to add, to the Office of the Assistant Secretary in Charge of Labor-Management Relations, one man who would be our representative, our agent of special interest, in connection with that kind of development.

There is no comparable situation now as far as the Department is concerned. So we are proposing one new officer in the Office of the Assistant Secretary in Charge of Labor-Management Relations.

In the Office of Information, which is part of the Secretary's Office, we are proposing the addition of five secretaries and two clerk-typists. We have been simply deluged in the last month or two here with a wave of new activity of one kind or another, which is reflected just as one illustration in a mail load there now of 200 to 300 letters a day.

There has been an extraordinary degree of activity in connection with the automation program; in connection with the Secretary's special interest in the depressed areas program; in connection with his activities in relationship to some of these strike situations which have developed. We are asking to take care of the problem—of which the things I have mentioned are only illustrative parts—$18,500, which covers, as I say, two secretaries and two clerk-typists.

The next item is in connection with the Office of Personnel, where we are asking for the addition of one employee counselor to take care of the problems which have developed there. Then in the Office of the Administrative Assistant Secretary—Mr. Dodson's office—we are requesting one GS–13, management analysis officer; one clerk-typist; one travel auditor. And then in the library, one GS–7 librarian and one GS–4 librarian assistant.

Those are the only positions suggested in connection with the original request submitted to the committee.

Mr. FOGARTY. Does that cover the 14?

Secretary WIRTZ. That is the 14. That does not include some additional positions in connection with the two proposed amendments.

EXPLANATION OF TRANSFER

Mr. FOGARTY. We will wait until we get down to that. What is this transfer of $91,000 from labor-management reporting activities?

Mr. HUDSON. Mr. Fogarty, last year, if you remember, the money for the labor-management reporting program was appropriated in total to the Office of the Secretary—all in one pot. The committee suggested last year that when we came back, the money be placed in the appropriations concerned with the program. The $91,400 was our share last year, and still is. There is no change in the amount. It was used mostly in our own office, in the Administrative Assistant Secretary's Office; and for personnel for service functions for the Bureau of Labor Management Reports.

Mr. FOGARTY. You were talking about OCDM. Do you have any other moneys in this budget for OCDM in any way at all?

Mr. DODSON. None for the Department. Some of the work we may do may be of some help to the OCDM, but we do not have any funds in the budget.

Mr. FOGARTY. Do you get reimbursed?

Mr. DODSON. We do have a transfer of funds from the OCDM for the work that we are doing for them.

PROPOSED AMENDMENTS TO THE 1962 BUDGET

Mr. FOGARTY. Tell us about the 1962 budget amendments that are pending. Explain what each is for, and tell us its current status.

Secretary WIRTZ. They fall into two groups.

Mr. FOGARTY. The Secretary explained those briefly the other day when he was here.

Secretary WIRTZ. I will be glad to go into further detail. Some aspects of it are still the subject of continuing discussion.

Mr. FOGARTY. The decisions have been made; haven't they?

Mr. DODSON. These amendments, Mr. Chairman, have not been formally approved.

Mr. FOGARTY. The Secretary told us that the decisions were made on all of the Department's requests at the end of last week.

PRESIDENT'S LABOR-MANAGEMENT COMMITTEE

Mr. DODSON. The Executive order has been approved setting up this Labor-Management Committee. The amounts of money needed for all of the supplementals have been agreed to between the Department and the Bureau of the Budget, but there has to be the transmission of that to the Congress before it is finally approved. That transmission has not yet taken place.

But as of last night, when I checked with the Bureau of the Budget, there was no change in that budget. But the mechanics of transmitting it to the Congress has not taken place.

Mr. FOGARTY. I would think you people could make some suggestions on changes for the Bureau of the Budget. When do you think they will get up here?

Mr. DODSON. I am told every day they expect them to be signed.

Mr. FOGARTY. Do you have any information as to what the fund determination was?

Mr. DODSON. That is what we have given you.

Mr. FOGARTY. The $300,000 is still a firm figure?

Mr. DODSON. Yes, sir.

Secretary WIRTZ. There is no question, Mr. Chairman, about the amount.

Mr. FOGARTY. What did you ask for?

Mr. DODSON. That was the amount.

Secretary WIRTZ. There has been some question about the complications that were introduced by virtue of the interest of two departments in this. But my best understanding is that this complication has been pretty well ironed out.

Mr. FOGARTY. You were here when the Secretary was questioned by Mr. Laird about where this ought to be funded?

Secretary WIRTZ. Yes, sir. We are proceeding on the assumption here, which I am reasonably confident—as confident as I can be—will be reflected exactly in the Bureau of the Budget's advice that it will be in the Department of Labor and there will be avoided——

Mr. FOGARTY. Will it be there the next year, too?

Secretary WIRTZ. I can only make a guess about that, based on these conversations. My guess would be affirmative; but without any element of commitment in it. I just don't know.

Mr. FOGARTY. This committee is likely to get some questions on the amount. So if you can add something to what the Secretary said the other day, please do so.

Secretary WIRTZ. I can give you a little more detail on it.

Mr. FOGARTY. Go ahead. You give as much detail as you want to make a good record on this.

Secretary WIRTZ. All right. The situation will be this. In terms of people we are suggesting a staff of 17 to cover this operation.

Mr. FOGARTY. Will you give us a complete breakdown of those 17? You can put them in the record.

Secretary WIRTZ. It is $300,000. Personnel is $150,000, as far as the staffing of it is concerned. There is an item of $28,000 to cover the compensation of the Commission members. There is another item of substantial amount, $50,000, for printing and reproduction. The other items are smaller items covering rental of space, communication equipment, and so forth.

(The following breakdown was supplied for the record:)

Personnel compensation, other than committee members:		
1 Executive Director (GS–18)		$18,500
7 staff epecialists (GS–14)		85,470
1 administrative officer (GS–13)		10,635
1 administrative assistant (GS–9)		6,435
3 stenographers (GS–5)		13,035
4 clerk-typists (GS–4)		16,160
Total		150,235
Personnel compensation, committee members ($100 per day for 5 meetings lasting 3 days each)		28,000
Personnel benefits		16,000
Travel:		
Committee	$14,000	
Staff	6,000	
		20,000
Rental of space (3,000 square feet, at $6)		18,000
Communications		10,000
Printing and reproduction		50,000
Supplies and materials		4,765
Equipment		3,000
Total		300,000

Secretary WIRTZ. I have just this general statement. What we are talking about here is the establishment of a 21-man committee, the housing of it, the staffing of it, and everything. I think it is a legitimate figure.

What we are proposing is to do this on this broad basis covering a program which includes six or seven specified items at a figure of $300,000 as compared with a figure of $500,000, which was determined to be necessary to take care of the problem of the Railroad Commission alone—a five-man Commission set up by Executive order late last year to be financed out of the President's Emergency Fund.

I say it has been set up on a budget of approximately $500,000. We are proposing here to do what we consider to be a much broader job on an annual budget of $300,000.

Mr. FOGARTY. This $500,000 wasn't for 1 year, was it?

Secretary WIRTZ. Yes, it was a 1-year period.

Mr. FOGARTY. I thought it was for more than 1 year.

Secretary WIRTZ. I may be subject to correction, but my impression is it is $125,000 for the first quarter.

Mr. HUDSON. We got an initial allotment, Mr. Fogarty, of $125,000 which started it.

Secretary WIRTZ. It is on the basis of $500,000 for a 1-year period.

Mr. HUDSON. An annual basis.

Secretary WIRTZ. When we suggest we can do this, we think, for $300,000, we are frankly relying on the fact that the work of this Commission will be close enough to the work which is done in the Department that we will be able to shore it up during its first year of operation with help of one kind or another on an informal basis until we can get a clearer picture of what the expenses of that Commission will be.

The experience we have had frankly suggests that, over the long run, it will cost more than $300,000 a year to finance a program of the kind that is suggested here. It is in complete candor that I say to you that we have kept this just as low as we can, assuming we will know better on the basis of 1 year's experience what it will take over the long run.

There is in our minds a comparatively definite identification of responsibilities on the part of the executive director and the seven staff specialists who are included in this estimate.

Mr. FOGARTY. Who is the executive director?

Secretary WIRTZ. He has not been finally selected yet. It is under active consideration. There is presently before us the name of one man which I will be glad to give you.

Mr. FOGARTY. You can supplement this statement when the formal request is submitted to Congress. This might be somewhat controversial. We want a good record developed.

Secretary WIRTZ. We will see if there is something that should be added there.

COORDINATION OF AUTOMATION PROGRAMS

The other item in the new category, the second amendment, involves the setting up of a small staff in the Office of the Secretary to plan and coordinate programs relating to automation and technological progress. This is an item in the amount of $70,000. That covers six positions, one 17, one 15——

Mr. FOGARTY. You can put those in the record.

Secretary WIRTZ. All right.

(The breakdown requested follows:)

Personnel compensation:	
1 special assistant (GS–17)	$16,530
2 staff specialists (GS–15)	27,460
1 administrative assistant (GS–9)	6,435
2 stenographers (GS–5)	8,690
	59,115
Personnel benefits	4,200
Travel and transportation	2,000
Communications	600
Printing and reproduction	1,185
Supplies and materials	500
Equipment	2,400
Total	70,000

Secretary WIRTZ. This is again—I think I am entitled to say to you—a figure representing what we think of as virtually an emergency and a minimal budget for this operation. The background of it is that in the President's economic message to the Congress, he indicated his intention to have set up in the executive department some place an Automation Division to try to bring together the interests, the activities, that are going on in the automation field. He then dispatched to the Department a memorandum asking the Secretary to proceed with the setting up of this Division. In compliance with the spirit and intent of that request, we are again requesting what is in effect only a preliminary kind of handling of this problem. Instead of setting up a whole new Division, we propose to set up this unit in the Office of the Secretary attached to one of the Assistant Secretaries, the function of which will be very largely to bring together, to use, to develop in some further detail, some of the automation activities which are being conducted in the Department.

What I mean to say is, we have felt in fairness that there are already sufficient provisions in the Department for attention to the automation program; that by organizing those, by developing them in a

few additional respects, we can meet this direction to establish an automation unit on the basis of an enlargement of the Assistant Secretary's Office and without setting up a complete additional division. That is what we proposed to do.

Mr. FOGARTY. The same will go for this, if you want to expand on this later on in the record.

Secretary WIRTZ. All right. Those are the two additional items. Thank you very much.

AUTOMOBILE REPLACEMENT

Mr. FOGARTY. I have just one final item. You plan to replace an automobile, will you place the pertinent information about this in the record?

Do you have anything else you want to say?

Secretary WIRTZ. No; thank you very much.

(The requested information follows:)

The car to be replaced meets the Bureau of the Budget criteria for automobile replacement—60,000 miles or 6 years old. The car to be replaced is a 1955 model and in January had 55,000 miles. Repair costs amount to about $1,100. The car will have sufficient mileage by next July to meet the criteria.

AMENDMENT TO THE BUDGET FOR 1962

(NOTE.—Subsequent to the hearing the proposed budget amendment, discussed in the foregoing hearing, was submitted to Congress. The details, requested by the committee, explaining this amendment follow:)

OFFICE OF THE SECRETARY

Budget page	Heading	Original estimate	Revised estimate	Increase
817	Office of the Secretary	$1,675,000	$1,895,000	$220,000

SALARIES AND EXPENSES

Program and financing

[In thousands]

	1962 original estimate	1961 revised estimate	1962 increase
Program by activities:			
1. Executive direction	$540	$610	$70
2. Management and central services	1,135	1,135	
3. President's Advisory Committee on Labor-Management Policy		300	300
Less Department of Commerce's share		−150	−150
Total program costs	1,675	1,895	220
Financing: Appropriation (new obligational authority)	1,675	1,895	220

Object classification

[In thousands]

		1962 original estimate	1962 revised estimate	1962 increase
11	Personnel compensation:			
	Permanent positions	$1,373	$1,582	$209
	Other personnel compensation	6	34	28
	Total personnel compensation	1,379	1,616	237
12	Personnel benefits	95	115	20
21	Travel and transportation of persons	46	68	22
22	Transportation of things	1	1	
23	Rents, communications, and utilities	51	79	28
24	Printing and reproduction	11	62	51
25	Other services	38	38	
26	Supplies and materials	44	50	6
31	Equipment	10	16	6
	Total	1,675	2,045	370
	Less Department of Commerce's share of the President's Advisory Committee on Labor-Management Policy		−150	−150
	Total obligations	1,675	1,895	220

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	161	183	203
Average number of all employees	148	158	191
Number of employees at end of year	156	183	203
Average GS grade	8	9	9
Average GS salary	$7,220	$7,954	$7,973
Average salary of ungraded positions	$4,285	$4,638	$4,638

JUSTIFICATION OF ESTIMATE

Automation

The present status of technological progress and automation in office, factory, farm, and elsewhere has displaced an undetermined number of workers. Many of these workers are immediately unemployable for one of several reasons. Among these are (1) skill may no longer be needed either at place of home or elsewhere, (2) skill may not be transferable to other types of available jobs, (3) age or sex may limit other types of jobs that can be performed or are available, (4) there may be no employment of any kind available for which person is qualified or can qualify, or (5) there may be no employment at all. We have still to determine what portion of the total unemployed or potentially unemployed is involved in this problem.

Both automation and technological progress have opened up new opportunities for work for which enough qualified workers are not available either at the immediate geographical area or elsewhere within the country.

Because of the apparent seriousness of this problem as reflected in the high unemployment figures, the question arises as to where the Department of Labor should begin and how far it should go in dealing with this situation. The degree of seriousness indicates that action to the point of finding or providing for gainful and lasting employment is the objective to be attained. Anything short of that will not greatly relieve the overall problem.

To achieve the above objective, certain things must be provided for.

These include:

(1) Identification of categories of workers involved through expedited research and study.

(2) Determination of present or potential types of job opportunities for which workers of these skills can be developed. This includes testing and counseling of individuals to determine aptitudes, interests, training potential, mobility, etc.

(3) Determination of how this problem is being dealt with by unions, companies, or other organizations, as well as determination of extent of role of Department of Labor in preparing or arranging for preparation of workers for different types of jobs.

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4. Provisions for necessary training or retraining of workers, consistent with their aptitudes, abilities, mobility, etc.

5. Support of workers during period of training, and, if relocation involved, provision of financial assistance in relocation.

6. Where depressed areas are involved and depending upon whether condition is determined permanent or temporary, attempt must be made to have new industries or other sources of employment in the areas.

7. Placement of workers when training period has been completed.

8. Followup to assure continued performance and effectiveness.

Unless all of the above are adequately provided for, the cited objective cannot be accomplished so long as any degree of unemployment due to automation or technological progress exists.

An answer to the question on the role of the Federal Government and the Department is basic to determining the course of action to follow and the manner in which to organize. At present, the Department's main role is to promote and encourage certain things to be done by industry, unions, the several States, private or professional organizations, and others.

Various bureaus now have segments of the responsibility for action. These include BLS, BES, BAT, and Women's Bureau. However, no single bureau has the total responsibility, nor are the combined efforts of the several bureaus on a planned or coordinated basis toward a common objective.

BLS conducts, or has the talent to conduct, studies of any aspect of labor conditions. Currently, the Division of Productivity and Technological Developments conducts such studies.

BAT has responsibility for promoting training for workers in industry. The current emphasis, however, is on apprenticeship and considerable reorientation of thinking would be necessary to accomplish any other objective dealing with the basic problem.

BES has several responsibilities which are involved in the total problem. It is concerned with the U.S. Employment Service which conducts testing, counseling, placement, and employee-employer relations functions. It has an extensive program in the area of farm labor placement which includes bringing foreign workers into the country for areas where seasonal farm labor is not available. It conducts various studies and research in the area of employment security in addition to those studies done by BLS. BES studies, however, are oriented more specifically toward operational problem areas and what should be done about them rather than the strictly fact-producing type of study reports developed by BLS. BES is also responsible for administering the unemployment insurance program. Data produced by this program can provide an invaluable source of information which highlights the areas where the basic problem exists.

The Women's Bureau is concerned with promoting the welfare of wage-earning women and in this connection, is interested in any portion of the women populace displaced by either automation or technological progress.

Although all of the above bureaus have varying degrees of responsibility in the problem area under consideration, no one has the total responsibility for this major objective.

Accordingly, we are requesting six positions at a cost of $70,000 to establish within the Office of the Secretary an organizational element titled Office of Automation and Technological Progress headed by a Special Assistant to the Under Secretary or to an Assistant Secretary. This Office will perform the full range of functions involved in providing leadership, planning, coordinating, and controlling the performance of actions by the several interested existing bureaus concerned with this problem. This is designed as an initial step in coordinating the Department's activities in the field of automation and determining the future program which the Department should pursue.

President's Advisory Committee on Labor-Management Policy

The estimate includes $150,000 for the Department of Labor's share of the full year cost of the President's Advisory Committee on Labor-Management Policy established by Executive Order 10918 dated February 16, 1961. The full year cost of the Committee is estimated at $300,000 with one-half being requested by the Department of Labor and one-half by the Department of Commerce.

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WEDNESDAY, MARCH 29, 1961.

NATIONAL LABOR RELATIONS BOARD

WITNESSES

FRANK W. McCULLOCH, CHAIRMAN
STUART ROTHMAN, GENERAL COUNSEL
OGDEN W. FIELDS, EXECUTIVE SECRETARY
HAROLD X. SUMMERS, ACTING ASSOCIATE GENERAL COUNSEL
CLARENCE S. WRIGHT, DIRECTOR, DIVISION OF ADMINISTRATION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1960 actual	1961 estimate	1962 estimate
11	Personnel compensation:			
	Permanent positions	11,278	13,580	14,123
	Positions other than permanent	10	18	16
	Other personnel compensation	185	154	110
	Total personnel compensation	11,473	13,752	14,249
12	Personnel benefits	705	1,006	1,042
21	Travel and transportation of persons	926	1,049	1,010
22	Transportation of things	50	52	50
23	Rents, communications, and utilities	542	1,029	1,274
24	Printing and reproduction	292	374	390
25	Other services	564	599	539
	Services of other agencies	64	24	37
26	Supplies and materials	206	211	212
31	Equipment	277	117	77
	Total obligations	15,099	18,213	18,880

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	1,774	1,851	1,851
Full-time equivalent of other positions	2	3	3
Average number of all employees	1,604	1,771	1,790
Number of employees at end of year	1,750	1,851	1,841
Average GS grade	8.7	9.1	9.1
Average GS salary	$7,000	$7,915	$7,951

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Field investigations	9,699	10,407	10,541
2. Trial examiner hearing	1,250	1,634	1,697
3. Board adjudication	1,743	2,730	3,032
4. Securing compliance with Board orders	2,407	3,442	3,610
Total obligations	15,099	18,213	18,880
Financing:			
Unobligated balance lapsing	181	----------	----------
New obligational authority	15,280	18,213	18,880
New obligational authority:			
Appropriation	15,280	17,300	18,880
Proposed supplemental due to pay increases	----------	913	----------

Mr. FOGARTY. The committee will come to order. We have before us this morning the National Labor Relations Board.

Mr. McCulloch, you are the new chairman. So, as usual, we will ask you to give us your background first before you read your statement.

BIOGRAPHY OF THE CHAIRMAN

Mr. MCCULLOCH. I will be glad to, Mr. Chairman. The most immediate part of my background is service on the Hill as Administrative Assistant to Senator Paul H. Douglas, from 1949 until early 1961. In that capacity, of course, I had a good deal to do with labor legislation, particularly during the time he was on the Senate Labor Committee, as he was during his first 8 years.

Mr. FOGARTY. Why did he get off the committee?

Mr. MCCULLOCH. He got off because he thought he had chances of even greater public service on the Finance Committee in dealing with social security, unemployment compensation, reciprocal trade and tax legislation. But he was regretful about leaving the labor committee, I can assure you.

That service with Senator Douglas did involve a number of legislative battles on labor bills, as I know you are aware. Major efforts were made to amend the Taft-Hartley Act in 1949 and again in 1954. Both of those legislative efforts failed, but the work on the bill itself and examining and analyzing the law was very substantial.

I had occasion also to assist Senator Douglas considerably in development of the Welfare and Pension Funds Disclosure Act, which was later passed. It arose out of an investigation which he and Senator Ives originally conducted on the Senate side. At that time and subsequently, of course, even though he was off the Labor Committee, I had occasion to advise with him, when the 1958 and 1959 legislation dealing with labor unions more generally and also dealing with the Taft-Hartley Act was before the Congress.

Prior to that and taking it in reverse order, I was director of the Labor Education Division at Roosevelt University in Chicago for about 2½ to 3 years, 1946–49. This involved me in developing educational plans primarily aimed at serving labor and the union movement and helping it to train its leadership to assume its responsibilities in collective bargaining and in the community.

Prior to that for a period of 11 years I was industrial relations secretary for the Council for Social Action of the Congregational Christian Churches. This was an agency of the churches aimed at exploring the application of religious principles to important and key social issues. It was their judgment that one of the key areas for this work was the field of industrial relations, and this was the area assigned to me during that period of 11 years. This involved me in numerous investigations and conferences, a little arbitration and some teaching, which emphasized the relationship between the religious institutions and the problems of collective bargaining, in three different theological seminaries. Though I am not and do not claim to be a learned theologian, I was a visiting lecturer, as it were, in these seminaries on the Pacific coast and also in Chicago.

I was in the practice of law for 5 years prior to that in Chicago, with a law firm which gave me a fine opportunity for legal training and experience.

Mr. DENTON. What was the law firm?

Mr. MCCULLOCH. Sonnenschein, Berkson, Lautmann, Levinson, & Morse, one of Chicago's leading firms.

GENERAL STATEMENT OF THE CHAIRMAN

Mr. MCCULLOCH. Shall I read the statement?

Mr. FOGARTY. You may either put it in the record and summarize it, or read it.

Mr. MCCULLOCH. I would prefer to put it in the record and summarize it.

Mr. FOGARTY. Very well.

(The statement follows:)

STATEMENT OF FRANK W. MCCULLOCH, CHAIRMAN, NATIONAL LABOR RELATIONS BOARD

I wish to thank this committee for the opportunity to appear on behalf of the National Labor Relations Board and to support its budget request for fiscal year 1962.

As you know, I was sworn in as a Board member and designated Chairman on March 7, 1961. In the short time that I have had to become acquainted with the full substance and detailed nature of the NLRB, I have been able to catch up with what I think are some of the more significant problems relevant to our appearance before you today. Before discussing these, however, I would like to present our basic appropriation request. The President's request for this Board is $18,880,000 for fiscal year 1962. This compares with $18,213,000 for fiscal year 1961 ($17,300,000 plus a pending pay raise upplemental of $913,000), an increase of $667,000 for 1962. The 1962 request assumes no increase in total staff over the authorized level we expect to reach by June 30, 1961. We are within 5 percent of that staff level today. The increase of $667,000 for fiscal year 1962 is only intended to cover a full year's cost of those positions to be added by the end of fiscal year 1961.

In connection with our specific problems, I can report first that we are facing a steadily rising caseload. Both unfair labor practice situations and representation petitions continue to be filed at a rate in excess of that of fiscal year 1960. For example, during the first 6 months of fiscal year 1961, unfair labor practice filings were received at a 17.3 percent higher rate than in the same period a year ago; representation petitions were filed at an 8.9 percent higher rate than the same period a year ago. In short, the caseload has jumped from 15,000 cases in 1958 to over 19,000 in 1960 and currently more than 20,000.

To put this set of facts into today's picture—unfair labor practice filings during the past few months have been coming in at a rate that is almost 25 percent higher than the same period a year ago—24.4 to be exact; representation petitions at a rate that is 5 percent higher than the same period a year ago. This means that the most difficult task we see ahead of us in fiscal year 1962 will be the one which requires us to process a substantially higher intake than we had anticipated and at the same time maintain or better the improvements in time delay already achieved. With this rise in caseload that I have just indicated, we have grave doubts as to the sufficiency of our present request for the coming year.

We are already taking this matter up with the Bureau of the Budget, and if we can secure clearance, we hope this committee will permit us to return with more detailed information about our increasing needs.

The Board is anxious and determined to carry out its obligations under the law, and when its services are sought in increasing measure by those employers and employees to whom the law has given basic rights, we want to be in a position to protect those rights as Congress has directed us.

Second, the rising caseload which I have outlined further underlines the particular problem we Board members face of increasing productivity and reducing time delay at the decision processing level.

As a result of the steadily rising intake of cases, there has developed at the Board level a mounting backlog of undecided, contested cases. A review of the past 3 years reveals the increasing seriousness of this situation:

Backlog of contested cases on hand in the Board

	Complaint cases	Representation cases	Total
End of fiscal year 1958	190	220	410
End of fiscal year 1959	196	387	583
End of fiscal year 1960	312	516	828
End 1st ½ fiscal year 1961	429	557	986

At the highest rate of Board decisionmaking experience, this backlog is equivalent to 13 months of Board work on unfair labor practice, or complaint cases, and from 3 to 4 months of Board work on representation cases, where time is such a critical factor.

It is clear we are faced with a workload of sizable and growing proportions.

In its efforts to keep up with the rising volume of work the Board has increased its output by 45 percent since 1958 with an increase of 34 percent in Board staff. It has also reduced the time required to issue a Board decision in an unfair labor practice case since fiscal year 1958 by 44 days.

We believe our timelag is still much too long, and we fully recognize that delays can produce injustice. We know that this record of reducing the time required to process cases can be improved and can assure you that we will do so with every means at our command.

Third, after considerable study the Board has virtually completed its plans for the delegation of decisionmaking responsibility in representation cases to regional directors. We expect to have this program started by the first of May 1961, and anticipate that this will remove a part of the Board's heavy caseload to the regions and result in greater speed.

Finally, we want to assure you also that we are reviewing each of the major critical reports released in the past few years dealing with the NLRB. We have found much of value in such reports and are making an effort to apply every feasible suggestion and recommendation. There is a continuing program of self-appraisal, review and experimentation that is going on throughout the agency. We shall report further progress in future presentations.

The Board will make every effort to maintain the highest standards of quality, fairness and efficiency in its work. It is grateful to this committee for its continuing concern and consideration for our needs.

Mr McCulloch. In summary, the statement covers three or four main matters. The budget we present to you—and we greatly appreciate this opportunity to do so—calls for an appropriation of $18,800,000 for fiscal 1962. This is a slight increase over the expenditures for the present year, $667,000 additional. This does not represent, however, any increase in employment, but rather provides for carrying through the whole year the employees that we were authorized by the present year's appropriation to take on to the staff.

RISING CASELOAD

There are several problems which I would like to emphasize in the statement I make to you. First is the problem of the rather rapidly rising caseload, the filing of cases before the Labor Relations Board. In the first half of the current fiscal year these filings in complaint cases, the unfair labor practice cases, were up 17 percent over the year

before. In terms of representation or election cases—we call them the R cases—the filings in the first half of 1961 were up 9 percent over the samilar period of fiscal year 1960.

Then as we look at the most recent figures for the months of January and February of 1961, in the case of the complaint cases, the unfair labor practice cases, the increase has even been greater. Here those filings are up 25 percent over January and February of 1960.

Mr. DENTON. Which are those, representation cases?

Mr. MCCULLOCH. No, these are the unfair labor practice cases. In the representation cases, the rise is not so great, but the number is still 5 percent above the number for January and February of 1960.

As some field directors have been in town and other staff members have come in, I have tried to sound them out—as I am sure Mr. Rothman has too—and they report this same kind of pickup. They are feeling the pressure. It is confirmed by the statistics that come in to us, but they would not have access to those.

We feel the need to process this rising intake and at the same time try to maintain and improve the time reductions which we have been striving to make and, particularly in the field, have been so successful in making.

ADEQUACY OF BUDGET

Therefore, we have a serious question, I have to say to you frankly, as to the adequacy of our present budget request. We are, accordingly, taking the matter up further with the Bureau of the Budget, and we are hoping if we can secure clearance from them, that your committee, Mr. Chairman, will allow us to come back with our most up-to-date data and the estimates of our increasing needs.

I suppose if it were not for the fact that I have been so recently appointed, we would have had this settled already with the Bureau of the Budget; but our staff have been in consultation with them from before the time I was appointed, and we are trying to push that clearance as hard as we can.

Mr. FOGARTY. I would not say it was your fault, but I would say it is the fault of the Bureau of the Budget. Maybe you do not want to say that, but I can say it.

Mr. MCCULLOCH. I do want to make one comment which is not in my prepared statement, but which is clearly justified on the basis of the February figures we have. Our problem is not just in the increase in cases generally. Our problem is perhaps highlighted by the question that Congressman Denton asked. Where is the increase? The increase is primarily in our unfair labor practice cases.

The Board's problem is aggravated by the fact that, as you know, these unfair labor practice cases take on the average probably five times as many work units as the representation cases to dispose of; so that with our estimate of unfair labor practice cases exceeding the case estimates upon which our budget requests were made by some 1,200, my rough figure is that this is likely to cause an increase in our casework of about 9 percent. I reach that result on the basis of just multiplying the work units by the number of added cases.

It is difficult to see, despite increasing effort and productivity, how the agency as presently staffed—because we are practically up at the level we would plan to carry through the coming year—can increase

its performance by that 9 percent figure although, of course, we are going to do everything we can.

But at the same time we have to pick up the backlog while we try to meet this rising caseload.

This, in essence, is our problem. I know the Members of the House receive many complaints on the time delay, and the Board does, too. We are very much aware of it. We are anxious and determined to carry out our obligations under the statute, and we know you want to enable us to do so insofar as you feel we have proven needs.

TIME DELAYS REDUCED

The second point I would like to come to is the necessity of increasing our productivity and reducing time delays. I hope Mr. Rothman will be enabled to expand on that point because he is more familiar with it and because in the field the advances and improvements have been greater.

But the Board itself has increased its output in 1960 over 1958, in terms of contested decisions it has handed down, by some 45 percent with an employment or staff increase of 34 percent. I do not want to give you the increased, aggregate production figure without indicating also that we were enabled, by the appropriations your committee made available, to increase our staff.

Mr. DENTON. Did you increase the number of investigators?

Mr. MCCULLOCH. Over the whole agency—and the others can explain this more fully, if you want them to go into detail——

Mr. DENTON. I will ask you later.

Mr. MCCULLOCH. There have been substantial increases in the staff. If you look at the total employment figures, they go up sharply for the whole agency. In fiscal 1958, the figure was 1,148, in fiscal 1959 it was 1,484, in fiscal 1960 it was 1,750, and we are currently as of the end of December at an agency level of about 1,774 employees.

This rising volume of cases has been explained previously to your committee; and in prior years your committee has made additional appropriations available, or else we would have been sunk.

The Board, in addition, has decreased the time between the filing of the intermediate report by the trial examiner and the Board decision in this 2-year period, fiscal 1958 and fiscal 1960. That decrease in the time from the trial examiner's report to the Board's decision is 44 days.

Again this is creditable, but it is not good enough because that time is still 150 days, the median time, which meant a lot of cases took longer, as there were also some cases that took a shorter time. We recognize that these delays often result in injustice. We are determined to carry forward the essential improvements in our procedures, of which I shall speak in just a moment.

INCREASING BACKLOG OF CONTESTED CASES

I would like to summarize in a brief statement the current backlog before the Board. This is a backlog of contested cases. These have been mounting rather sharply. At the end of fiscal year 1958 the total contested cases on hand before the Board was 410, about half

and half between unfair labor practice cases and representation cases. At the end of 1959 this number had risen from 410 to 582. At the end of fiscal 1960 it had risen to 828, and at the end of December 1960, the first half of the current fiscal year, the backlog of contested cases before the Board was some 986.

In terms of the unfair labor practice cases, this is roughly equivalent to 13 months of work at the Board at the highest rate of decisionmaking the Board has ever achieved. And in terms of the representation election cases it represents from 3 to 4 months of Board work. It is a serious problem and one which we think justifies us in going back to the Bureau of the Budget to ask them to review our needs further.

PROCEDURAL IMPROVEMENTS

Finally, the major point I wanted to make in the third place is that the Board is making a very real effort to improve its productivity and its efficiency, and to reduce the backlog.

I am very happy to tell this committee that the Board has decided to put into operation the proposal to delegate the decisionmaking in the representation cases to the regional directors, as the Congress authorized it in its amendments of 1959. We have virtually completed our plans to do so and hope that this is going to be in operation and effect about the 1st day of May.

We hope this will do two things: that it will enable us to reduce the representation casework of the Board staff by having it done in the field by the regional directors and their staffs, and that it will also help to speed up those cases by having them in large part disposed of there where they originate.

In addition, the Board is reviewing very seriously a variety of other proposals and plans for improving its own procedures.

We have sought the permission of the Civil Service Commission to allow us to detail a few trial examiners to Board members' on a temporary basis to work at that backlog.

We have set up a special complaint case or unfair labor practice unit which has been in operation for about 3 to 4 months, a kind of trial period, to see whether this will speed up the disposition of those cases.

We are studying the proposals made by Mr. Landis, by the so-called Cox committee, and by the American Bar Association.

We will have before us in a few months the proposals of a special subcommittee of the House Education and Labor Committee, now under the chairmanship of Mr. Pucinski of Illinois, who are going into this same matter.

We are exploring the degree to which we can adopt a procedure by which the intermediate reports of trial examiners may be made initial decisions. If this can be coupled with a form of certiorari procedure for the Board in taking appeals, the Board might cut down somewhat on its intake and, as the highest courts have done, restrict its review to the most important of the cases. This would enable the Board to give a more considered and substantial treatment to every case that it finally decides to take.

These are the main points I wanted to make, Mr. Chairman. I should say, too, the Board is trying to develop by conferences with the parties, both on the side of management and the side of labor, new

procedures to deal with the jurisdictional disputes which, as you know, the Supreme Court has said in the recent *CBS* case the Board must determine. This loads the Board with difficult responsibilities for work assignments between rival union claimants which it did not have before. We have set up conferences to try to work out practical procedures for handling these tough jurisdictional issues.

The cases before the Board are complex, they are for reaching. Some are cases of the first instance involving the application of the 1959 amendments. These will probably be tested in the courts. Some affect the bargaining relations of many employers and unions. Despite the rising workload, we want to do the best job we can in terms of quality, in terms of efficiency, and in terms of fairness to all parties involved.

Mr. FOGARTY. Thank you, Mr. McCulloch. Mr. Rothman, do you have a statement?

GENERAL STATEMENT OF THE GENERAL COUNSEL

Mr. ROTHMAN. I appreciate the opportunity very much, Mr. Chairman, to appear here again in behalf of the agency's budget request, and to conserve the committee's time I would ask leave to file my prepared statement and make a few observations.

Mr. FOGARTY. Very well.

(The statement follows:)

STATEMENT OF STUART ROTHMAN, GENERAL COUNSEL OF THE NATIONAL LABOR RELATIONS BOARD BEFORE THE SUBCOMMITTEE ON LABOR, AND HEALTH, EDUCATION AND WELFARE AND RELATED AGENCIES OF THE HOUSE COMMITTEE ON APPROPRIATIONS

I appreciate the opportunity to be here again to support the agency's fiscal 1962 budget request. It is in the amount of $18,880,000. I respectfully urge that the committee approve this request.

The General Counsel, by statute, exercises general supervision over the agency's 30 field offices. It is there that a substantial volume of the agency's caseload is handled. For example, it is in the regions that all charges of unfair labor practices and representation petitions are filed and investigated.

Upon completion of the investigation of unfair labor practices, if the charges are determined to be without merit, they are either withdrawn by the charging party or dismissed in the region. If the charge is meritorious, and voluntary disposition cannot be effected, a complaint issues and the formal processes of the Board ensue. The trial, which follows, is handled by a member of the region's legal staff before a Board trial examiner.

The regional offices undertake the preliminary investigation of representation and union shop deauthorization cases. The regions have the authority to effect election agreements or to dismiss or accept withdrawals in these cases, or to conduct hearings on the issues involved in the cases, if they are contested. Hearings are conducted by a regional office staff members. Decisions in contested cases are made by the Board.

Thus the General Counsel's Washington staff supervises, advises, and directs the regional offices in all phases of case handling. It also handles the important function of enforcement and other litigation of the agency in the Federal courts throughout the country.

OBJECTIVES DURING FISCAL 1961

In both fiscal 1960 and 1961 the Office of the General Counsel put into effect as part of a broader effort of management improvement and elimination of unreasonable causes of delay, a number of administrative improvements. The end in view was (1) to reduce the backlog of pending cases in the face of an intake that was running at an alltime high; (2) to process all cases in the most ex-

peditious fashion and, at the same time, improve the quality of case handling; and (3) to reintensify our efforts in the areas of voluntary settlements and voluntary compliance with the decisions of the Board and the courts. We believe there has been a cause-and-effect relationship between these administrative improvement efforts and performance in fiscal 1960 and now in the first half of fiscal 1961.

REDUCTION IN CASE BACKLOG

The total unfair labor practice and representation filings by case situations for fiscal year 1958 was 15,072; in fiscal year 1959, 18,408; and in fiscal year 1960, 19,182. We expect that in fiscal year 1961 filings will exceed those of 1960. Nonetheless, the regional offices are operating on a current basis without backlog. Since July 1959, pending representation and unfair labor practice caseload has been reduced by nearly 2,000 proceedings. Cases under investigation were reduced by more than 50 percent. At the end of December 1960, the number of cases pending under investigation was less than the average monthly intake.

REDUCTION IN CASE PROCESSING TIME

Despite the total increase in case intake just stated, including nearly 500 ULP charges alone by reason of the Labor-Management Reporting and Disclosure Act of 1959, the regional offices have progressively and steadily reduced the time it takes to process a case.

At the end of calendar 1958, it took an average of 51 days to investigate an unfair labor practice charge. As of the end of January 1961, it took an average of 19 days. Our general goal is to investigate each case and make a determination on the merits within 30 days. There are provisions for flexibility. We are confident that the investigations are being conducted better than ever before.

In December 1958, an average of 127 days was required to proceed from the charge to complaint in an unfair labor practices case. Today, this is done in an average of 44 days. Our objective is 45 days. We could reduce this time but we wish to allow adequate time for the interplay of settlement forces between the parties.

In December 1958, it took an average of 187 days to move from charge to the close of hearing before a trial examiner. Today it takes an average of only 85 days. Our goal is 90 days.

Progress is being made to reduce the time it takes to handle the petitions for representation elections. At the end of 1958, there were 586 petitions over 30 days old in which regional action had not been taken by dismissal, withdrawal, election agreement, or hearing. Today, there are only six cases pending over 30 days old.

Our present operational schedules for the handling of cases within reasonable time periods are attached to this statement. They reflect experience rather than established arbitrary time limits. They permit full flexibility in individual cases. Upon reaching the high level of performance described, we found in December 1960, that it was desirable to adjust our schedules further to permit further flexibility and to again more realistically reflect actual regional case-handling experience. They represent a realistic balance between case handling without delay and fair and due consideration of parties' needs in particular cases.

In response to written inquiries of over 450 conferees at our recently concluded second regional advisory conference, we were advised almost unanimously that no need existed for further time reduction in regional office case handling.

IMPROVED QUALITY IN CASE HANDLING

It is a grave public duty to handle the rights of persons as entrusted to the agency by Congress with wisdom and ability commensurate with the responsibility of the Federal Government to its citizens. We must be as good as the best that the private citizen could get if he would go to private counsel. The Office of the General Counsel continues its efforts to improve the quality of case handling. We have achieved a good measure of success in better trial preparation, using training seminars and by recruiting the best young lawyers we can find, most of whom qualify under our "honors program."

The Office of the General Counsel does its very best and cannot do less to make certain that each case is fully investigated in accordance with the highest trial standards if litigation is necessary, and, most importantly, to make sure that the decision to proceed or not is determined in accord with the body of precedent,

practice, and policy as intended by Congress. We are satisfied that the quality of our work, always difficult to measure in the field of litigation, is very high, for many reasons, including concentration upon the job of better preparation for trial, and the better and earlier investigation of cases. This concentration of effort upon increasing efficiency and effectiveness the whole of the Office of General Counsel organization expects from all its parts, Washington and the field.

VOLUNTARY SETTLEMENTS

From month to month, the success in cases litigated before trial examiners and the Board runs between 76 to 81 percent; enforcement, in whole or in part, of Board cases reviewed by the circuit courts approximately 70 to 75 percent; and injunctions granted by the district court in cases litigated to final order over 91 percent. But the litigation of cases is not the prime objective of the Office in effectuating the purposes of the act. On the contrary the emphasis is upon voluntary disposition on an honorable basis of cases between contesting parties. This fiscal year, as at all times, we are trying to increase the number of voluntary settlements in unfair labor practice cases. Among other things, it is the just, voluntary, and expeditious disposition of cases under the law which promote industrial peace. No complaint should issue until every avenue of amicable settlements consistent with the act is fully explored. It is our view that the early voluntary resolution of cases is the key to improving labor-management relations and relieving congested administrative and judicial calendars.

In this field of the voluntary disposition of merit cases, noteworthy progress has been made. The settlement rate has increased from about 47 percent in 1959 to approximately 66 percent today. In some months it has run as high as 75 percent. About a year ago, many regions reached settlement agreements in less than 25 percent of their merit cases. During the past 9 months no region failed to settle less than 55 percent of merit cases that otherwise would have to go through the long litigation route.

COMPLIANCE

We search also for more prompt and voluntary compliance with the law by respondents. We hope that respondents will be impressed with the knowledge that the agency will not falter in the steadfast prosecution of the cases before it, including compliance with decisions of the Board and the courts on a fair and reasonable basis, and that they will be more willing to voluntarily adjust the meritorious case. Statistics show substantial progress.

In calendar 1960, illegally discharged employees received a total of $1,263,132 in wages lost as a result of illegal discrimination, almost a 50 percent increase over the $846,170 collected in calendar 1959. On the basis of our improved operating programs in the compliance area, we look forward to a more meaningful, fair and realistic effectuation of the purposes of the act.

PROGRAM FOR FISCAL 1962

During fiscal 1962, the Office of the General Counsel intends to continue on its present high plateau of the timely disposition of cases within our present operating schedules with due allowance for special needs of flexibility, and to concentrate on improving quality in all areas of case handling, particularly in our efforts to improve the voluntary settlement of cases and compliance with decisions of the Board and the courts. We also are reexamining our present procedures in an effort to further improve administrative efficiency, effectiveness and fairness in the trial stages of a case, for example, by considering carefully any possible increased adaptations and improvements in the prehearing conference, particularly in the situation of protracted litigation.

We have noted some but not all of the important improvements. We have put into effect, two comprehensive management programs, Operation "60" and Operation "Challenge," designed to improve administrative efficiency. I should like to refer the committee, and those who may be interested in these two operations, to our 1960 calendar year report which appears in 107 Congressional Record 1931 *et seq.*

I wish to assure the committee, for myself and my colleagues on the Board, that in fiscal 1962 we intend to do all we possibly can to improve the operations of the agency and reduce causes of unreasonable delays in our processes wherever they may exist.

Thank you.

Mr. ROTHMAN. Our appropriation is in the amount of $18,800,000, or $667,000 more than the budget requirements for fiscal 1961. The increase is required to annualize our 1961 growth.

UNFAIR LABOR PRACTICE CASES

In the face of the largest caseload in the agency's history, I believe that true progress has been made in several areas of caseload handling. With respect to the unfair labor practice cases, they are now being investigated and decided on their merits in 30 days from the filing of the charge. In addition, over 50 percent of these cases are fully investigated and decided on their merits in 20 days.

If it might be expected that such accelerated case handling would reduce the quality of the investigation, such has not been the case; but, rather, there is every indication that the quality of the investigation, starting earlier, is now better than at any time in the agency's history. In 1958 it took 127 days to handle an unfair labor practice charge from the time of the complaint, in 1959 it took 52 days, and today 44 days. We could reduce the time further if we want to, but we do not because we want to give the voluntary settlement process between the parties a chance to work.

In 1958 it took 60 days to go from the complaint stage to the close of the hearing before the trial examiners. In 1959 it rose to 74 days, and today it is 36 days. Thus on the overall in 1958 it took 187 days to go from the filing of a charge in the unfair labor practice case to the close of the hearing before the trial examiners, or over 6 months. In 1959 it took 126 days, or 4 months. On January 1 of this year 80 days, or just less than 3 months—this makes more than a 50 percent reduction since 1958.

We believe it has been a good showing. I believe the Office of the General Counsel in Washington and the field and trial examiners have done a remarkably good job to reach this performance at these stages.

I should also like to point out at the end of 1958 there was an active caseload of 2,261 cases under investigation with a median age of 51 days or approaching 2 months. On January 1 of this year there were 991 cases with an average age of 22 days. That is, the time factor is receding from 1 month. In other words, output per month in the Office of the General Counsel is meeting our intake of unfair labor practice charges, and the field offices have, therefore, been operating on a current basis for many months.

REPRESENTATION PETITIONS

With respect to the representation petitions, in 1958 there were 586 petitions for election that had not been acted upon after they had been filed and in the region for more than 30 days from the date of the filing. One year ago 505 cases, and today there are 6 cases, or a nominal number.

In 1958, 59 percent of the regional reports on election challenges and objections took over 45 days, a year ago over 45 percent, and today there are two cases over 45 days old, or just a nominal amount.

Our office in December 1960 asked 450 leading labor law practitioners who attended our second regional advisory conference whether there was any need to reduce further the time it takes for the office to handle unfair labor practice cases, or representation cases. The answers received were almost unanimously, no, that there was no need to reduce the time further.

There are two other points worth mentioning. In the back pay area illegally discharged employees received $887,000 in back pay in 1958, in 1959 $846,000, in 1960 $1,263,000. Over half of this was voluntarily restored without litigation.

VOLUNTARY SETTLEMENTS

The other point is settlements. I think the objective of the statutes, we would all agree, and of the administrative process should not be long and protracted ligitation. The purpose of the act would be better effectuated by voluntary and expeditious disposition of the cases.

In 1959 the voluntary settlement ratio of unfair labor practice cases that had merit was 47.6 percent. This has gradually increased so that by June 1960 it reached 66 percent and has stayed at that level since June 1960.

I believe the voluntary processes of the agency are being used effectively. In some regions in 1959 the voluntary disposition or voluntary settlement of cases that had merit did not exceed one-quarter of the cases. For the last 9 months in our 29 regional offices no regional office has settled less than 55 percent of the merit cases on a voluntary basis, thus avoiding the protracted and expensive litigation and relieving not only the Board as a whole, the agency as a whole, of litigation that clogs the calendar, but also the courts.

I would like to at this time mention and thank this subcommittee on behalf of all of the members and the staff of the agency for our new building. We have moved into 1717 Pennsylvania Avenue. I know this subcommittee and the House was very patient with our problems with respect to finding a new place. I believe we have an efficient home that contributes to morale and to better efficiency. On behalf of the agency, I want to thank the subcommittee.

I would like to mention one other thing. I heard in the past that the office was said to require many hours of overtime work. We believe we work hard, a full day every working day, but it is on the basis of the normal workweek. We do not require people to work overtime. This is not to say that some persons work when they do not have to, but it is a matter of an individual situation and not one that is centrally directed. Of course, if clericals are required to work overtime, they are paid for it or given compensatory leave.

As for 1962, it is our intention to stay on this high plateau of performance with respect to time and the quality of our work to the fullest extent we can and to concentrate particularly in the areas of compliance and back pay and the settlement area. Of course, at such time as there is representation case delegation to the regions, we intend

to discharge the responsibility with the expedition that Congress intended.

For myself and my colleagues on the Board, I want to assure you that in fiscal 1962 we intend to do all we can to reduce the cause of unreasonable delay wherever they exist in the agency. Thank you.

Mr. FOGARTY. Thank you, Mr. Rothman.

THE 1962 INCREASE TO ANNUALIZE 1961 POSITIONS

Your appropriation for 1961 is $18,213,000, your request for 1962 is $18,880,000, or, as you said, an increase of $667,000.

Mr. ROTHMAN. Yes, sir.

Mr. FOGARTY. There are no new positions requested?

Mr. ROTHMAN. No new positions are being requested.

Mr. FOGARTY. The justifications say that most of this increase is requested to annualize the new positions filled for only part of 1961. Is that right?

Mr. ROTHMAN. Yes; that is correct. It is the intention of the agency—and I believe that we are carrying out the intention—of increasing the size of the staff to the amount of the budgeted positions. We are continuing to hire, so that by the end of this fiscal year we will have approximately the 1,851 employees on board.

The purpose of the increase of approximately $667,000 over the 1961 original budget request and the supplemental is to annualize that hiring.

POSITIONS AUTHORIZED FOR 1961

Mr. FOGARTY. Congress, in the fiscal year we are operating in, gave you every cent you asked for, did we not?

Mr. ROTHMAN. Yes, sir.

Mr. FOGARTY. How many positions were included in your request for 1961?

Mr. ROTHMAN. 1,851, I believe.

Mr. FOGARTY. Do you have last year's justifications?

Mr. WRIGHT. 1,820.

Mr. FOGARTY. How many positions have you actually set up?

Mr. WRIGHT. We have established a position structure of 1,851.

Mr. FOGARTY. What was the average grade in your 1961 request?

Mr. WRIGHT. Last year the average grade in the estimate was 8.8.

Mr. FOGARTY. What is the average grade of the positions you actually established?

Mr. WRIGHT. 9.1.

Mr. FOGARTY. Where did the authorization for the hiring of these 31 additional positions come from?

Mr. WRIGHT. The Budget Bureau approved the plan, which provided for a slight increase in the number of positions. In large part, it was to take care of a fact not included in the original estimates, but to accommodate the ability to hire at the end of the fiscal year the graduates of law school in the spring graduating classes in June.

In order to enable us to hire when the professional people are available, they permitted us to raise the level of positions to accommodate that.

Mr. FOGARTY. You did not come to Congress for that?

Mr. WRIGHT. No, sir.

Mr. FOGARTY. You did not ask any congressional committee for this authorization. Did they also allow you to hire these people at an increased grade over what you justified to Congress?

Mr. WRIGHT. They recognized the change in grade. This is not just a case of hiring at a higher grade, but it was also a case of being granted a few more supergrades by the Civil Service Commission and changing the structure.

Mr. FOGARTY. Is that what raised the average grade from 8.8 to 9.1?

Mr. WRIGHT. That, plus an adjustment in the structure to accommodate to the supergrades the Commission gave us.

Mr. FOGARTY. Has there been any change in the responsibilities of the General Counsel? Are they still the same?

Mr. ROTHMAN. Yes, sir; they have not changed.

CASELOAD STATISTICS

Mr. FOGARTY. The charts on pages 9, 10, and 11 show time required to close cases in comparison with previous years. The tables on pages 3 and 4 show the number of filings in 1958 through 1961. We will put those in the record.

(The charts and tables referred to follow:)

CHART 1

COMPARISON OF TIME REQUIRED TO CLOSE CASES BY INFORMAL PROCESS

(UNFAIR LABOR PRACTICE CASES)

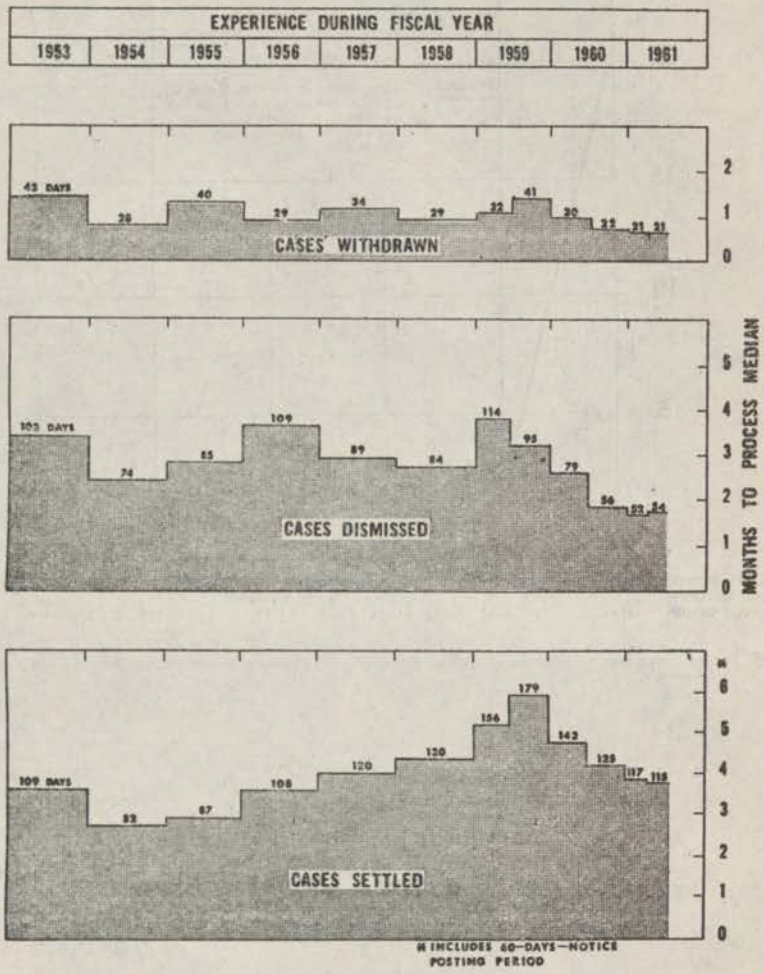
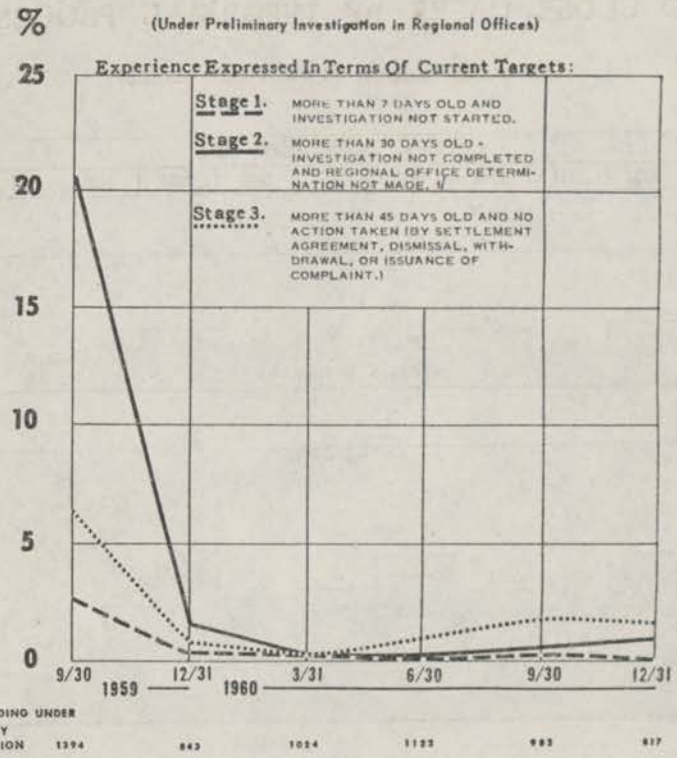


CHART 2

Unfair Labor Practice Cases

PERCENT PENDING LONGER THAN TARGETS AT THREE STAGES

(Under Preliminary Investigation in Regional Offices)



CASES PENDING UNDER PRELIMINARY INVESTIGATION	1394	843	1024	1122	983	817

y/ BOTH COMPLETION OF INVESTIGATION AND REGIONAL DETERMINATION ARE NECESSARY TO MEET THIS TARGET.

CHART 3

COMPARISON OF TIME REQUIRED TO COMPLETE FORMAL PROCESSING STAGES

(UNFAIR LABOR PRACTICE CASES)

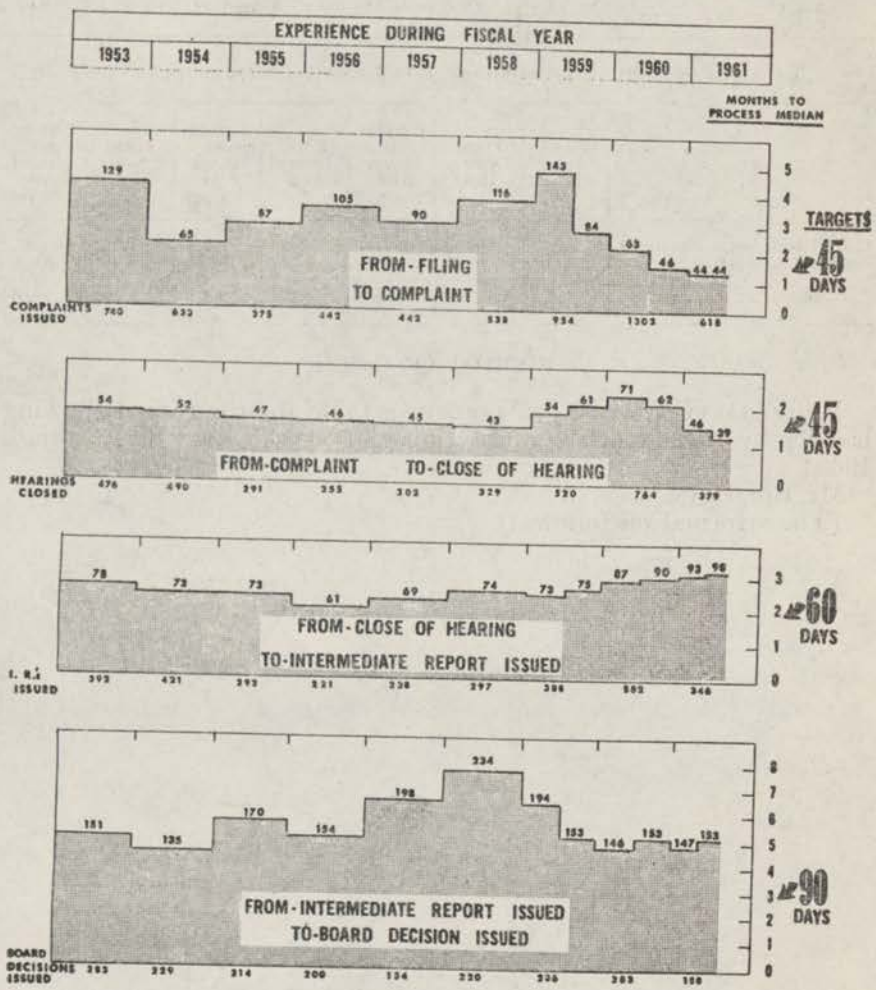


TABLE I.—*Comparison of filings, fiscal years 1958–60*

	Fiscal year 1958	Fiscal year 1959	Percentage change over prior year	Fiscal year 1960	Percentage change over prior year
Unfair labor practice situations	7,673	9,061	+18.1	9,052	−0.1
Representation petitions	7,399	9,347	+27.5	10,130	+8.4
Total	15,072	18,408	+22.1	19,182	+4.2

TABLE II.—*Comparison of filings, first 6 months, fiscal years 1958–61*

	Fiscal year 1958	Fiscal year 1959	Percentage change over prior year	Fiscal year 1960	Percentage change over prior year	Fiscal year 1961	Percentage change over prior year
Unfair labor practice situations	3,272	4,151	+26.9	4,082	−1.7	4,790	+17.3
Representation petitions	3,604	4,092	+13.5	4,514	+10.3	4,916	+8.9
Total	6,876	8,243	+19.9	8,596	+4.3	9,706	+12.9

BACKLOG OF CASES

Mr. FOGARTY. Would you prepare a table for the record showing backlog by type of case as of December 31 for the years 1957 through 1960?

Mr. ROTHMAN. Yes, sir.

(The information follows:)

Analysis of size and age of pending caseload

Organizational unit primarily concerned with stage	Processing stages		June 30, 1957			June 30, 1958			Dec. 31, 1958			Dec. 31, 1959			Dec. 31, 1960		
	From—	To—	Cases	Proceedings	Average age in stage	Cases	Proceedings	Average age in stage	Cases	Proceedings	Average age in stage	Cases	Proceedings	Average age in stage	Cases	Proceedings	Average age in stage
	UNFAIR LABOR PRACTICE CASES																
1. Regional office operations		Dismissal Withdrawal	1,635	1,635	63	3,412	3,412	83	3,210	3,210	73	1,800	1,800	56	1,515	[1] 1,515	[1] 43
2. Office of Appeals	Filings	Settlement															
3. Division of Law (for legal advice and for injunction functions).		Issuance of complaint.															
1. Regional office operations																	
2. Division of Trial Examiners	Issuance of complaint.	Close of hearing.	200	114	36	200	114	36	559	264	56	1,016	488	69	520	278	43
1. Division of Trial Examiners	Close of hearing.	Issuance of intermediate report.	110	64	40	110	64	40	219	96	47	406	162	54	317	221	69
1. Board members and legal assistants.																	
2. Office of Executive Secretary																	
3. Regional office operations (for compliance efforts with intermediate reports).	Issuance of intermediate reports.	Contested Board decisions.	270	167	138	270	167	138	299	181	109	604	251	93	881	417	124

[1] Of this quantity, only 54 percent or 817 cases were being investigated or pending regional determination for an average time of 23 days. The remainder of this category includes cases on which regional determinations as to appropriate course of action have been made and are pending for the following reasons; awaiting headquarters advice rulings, awaiting dismissal or appeal action by the parties after dismissal, including a 10-day waiting period; awaiting issuance of complaint or completion of settlement negotiations including a 15-day waiting period.

Analysis of size and age of pending caseload—Continued

Organizational unit primarily concerned with stage	Processing stages		June 30, 1957			June 30, 1958			Dec. 31, 1958			Dec. 31, 1959			Dec. 31, 1960		
	From—	To—	Cases	Proceedings	Average age in stage	Cases	Proceedings	Average age in stage	Cases	Proceedings	Average age in stage	Cases	Proceedings	Average age in stage	Cases	Proceedings	Average age in stage
	MISCELLANEOUS PENDING CASELOAD																
1. Board members																	
2. Office of Executive Secretary	Stipulation for Board decisions received	Stipulated Board decisions.	21	8	48	21	12	60	31	13	35	51	21	48	75	29	99
1. Division of Litigation	Stipulated Board	Circuit court of appeals consent decree.	44	22	90	45	28	36	37	24	57	81	39	41	56	32	67
2. Board members and legal assistants.																	
3. Office of Executive Secretary																	
1. Regional office operations (for attempting to secure compliance with Board decisions).	Contested Board decisions.	Referral for court enforcement action.	105	69	77	150	94	69	186	119	83	292	137	58	221	122	120
1. Division of Litigation	Referral for court enforcement action.	Circuit court of appeals action.	88	65	159	152	98	154	180	114	176	320	185	197	525	220	212
2. Board Members																	
1. Regional office operations (for attempting to secure compliance with court decisions).	Any Circuit Court of Appeals.	Final Agency Closing of Case.	207	138	315	206	136	363	209	133	379	220	131	335	289	170	231
2. Division of Litigation (for court contempt action, for court certiorari action and for Supreme Court pleadings).																	
Total, ULP cases pending			2,680	2,282	-------	4,648	4,175	-------	4,930	4,154	-------	4,790	3,214	-------	4,399	3,004	-------

	REPRESENTATION CASES															
1. Regional office operations 2. Board members and legal assistants (appeal of dismissal or objections to stipulated elections).	----------	Dismissal Withdrawal														
	Filing	Consent or stipulated election, close of hearing.	1,105	1,072	31	1,078	1,043	30	1,079	1,067	34	994	903	28	889	865	29
1. Board members and legal assistants. 2. Regional office operations.	Close of hearing.	Board direction of election and/or decision.	259	241	27	350	290	31	302	267	36	462	409	43	664	593	55
1. Regional office operations 2. Board members and legal assistants (post election).	Board direction of elections.	Close of case	363	320	36	295	269	30	253	244	32	326	278	28	317	235	73
Total representation cases	----------	----------	1,727	1,633	-------	1,723	1,602	-------	1,634	1,578	-------	1,782	1,590	-------	1,880	1,693	-------

Mr. FOGARTY. According to your statement, Mr. Rothman, you have made some improvements, and you say you are pleased to report that your management improvement efforts have resulted in a record of processing, but we have also almost doubled your appropriation in the last 4 years.

Mr. ROTHMAN. We are very grateful for that. It has been very important.

Mr. FOGARTY. We gave you $2 or $3 million more than you asked for 1 year, did we not?

Mr. ROTHMAN. This committee and the chairman and its members have always been very considerate and understanding of the needs of the labor agencies that I have been associated with.

Mr. FOGARTY. I think we have to be. When these cases are delayed, it is unfair for both parties.

Mr. ROTHMAN. In the formal budget statement that was submitted in justification of our budget request, I think full and due acknowledgment is made of the fact that the Congress has given us additional funds to work with.

HISTORY OF 1962 BUDGET

Mr. FOGARTY. What did you ask the Bureau of the Budget for?

Mr. ROTHMAN. $20,200,000.

Mr. FOGARTY. Put in the record, please, what that difference meant to you in jobs and what you hoped to accomplish with that additional amount of money.

Mr. ROTHMAN. We shall do that. We will supply it for the record.

(The information follows:)

Comparison between $20,200,000 estimated for 1962 and $18,880,000 allowed in Budget Bureau markup

Organizational unit	$20,200,000			$18,880,000			Difference—$18,880,000 over $20,200,000(+) or $18,880,000 below $20,200,000(−)		
	Number of positions	Average number	Total cost	Number of positions	Average number	Total cost	Number of positions	Average number	Total cost
Board members and related units:									
Board members and staff	222	214.1	$2,083,000	221	206.1	$2,012,000	−1	−7.1	−$71,000
Division of Trial Examiners	109	107.5	1,546,000	101	99.6	1,427,000	−8	−7.9	−119,000
Division of Information	10	9.3	76,000	13	12.3	76,000	+3	+3.0	
Total board members and related units	341	330.9	3,705,000	335	318.8	3,515,000	−6	−12.1	−190,000
Office of the General Counsel:									
Immediate Office of the General Counsel	7	7.0	95,000	7	7.0	90,000			−5,000
Office of Appeals	27	27.6	265,000	27	25.7	247,000		−1.9	−18,000
Division of Operations:									
Departmental	75	74.0	720,000	75	74.0	720,000			
Field	1,184	1,170.5	11,315,000	1,081	1,066.1	10,387,000	−103	−104.4	−928,000
Division of Litigation	114	114.0	1,361,000	122	118.6	1,354,000	+8	+4.6	−7,000
Division of Administration	214	200.0	1,357,000	204	179.8	1,261,000	−10	+4.0	−96,000
Total, Office of the General Counsel	1,621	1,593.1	15,113,000	1,516	1,471.2	14,059,000	−105	−121.9	−1,054,000
General agency			1,382,000			1,306,000			−76,000
Total agency	1,962	1,924.0	20,200,000	1,851	1,790.0	18,880,000	−111	−134.0	−1,320,000
Total, agency ULP cases		12,500			11,275			1,225	
Workload estimates, representation cases		11,800			11,050			750	

Source: Division of Administration, Budget and Finance Branch (Budget), Mar. 30, 1961.

Mr. ROTHMAN. I should like to point out that at the time the Bureau approved the amount of $18,800,000 it recognized that it may be necessary for us to request an additional amount and that the door was left open for us to return to the Bureau of the Budget with the justification for additional funds.

The chairman, Mr. McCulloch, has pointed out some of the factors that show now that an increase in our workload is contemplated and that the justification for additional funds exists.

Mr. FOGARTY. That is something I cannot understand the Bureau of the Budget doing if this workload is really going up.

Mr. MCCULLOCH. May I add a comment there, Mr. Chairman? I think this is the fact: that as of the end of March we now have a little later look at what our contested caseload and case filings are and are likely to be. Their original estimate may have been reasonable when made, because they thought our estimates were a little too high 3 months ago. Now, with the added experience, we have added evidence to present to them. So we are not trying to find fault with them, but we think they ought to look at the most recent facts.

Mr. FOGARTY. I have found fault with them for the past 3 weeks on some of the estimates coming up here from the Department of Labor and the Department of Health, Education, and Welfare.

Mr. ROTHMAN. I might add in that connection that as a matter of management efficiency and realistic budgeting, I believe it is preferable to attempt to anticipate our caseload in advance and to meet it when the peaks hit rathetr than wait for the caseloads to mount and thereafter attempt to catch up; as a matter of budget approach, I much prefer the first one.

Mr. FOGARTY. So do I.

NEW BOARD MEMBERS

Mr. DENTON. How many new members are there on the Board?

Mr. MCCULLOCH. I am the only new one thus far. Gerald Brown, our regional director in San Francisco, has been nominated by the President for the other vacancy. I suppose his nomination is likely to be taken up in the Senate in about 2 weeks, and he will make a second new member if and when he is confirmed by the Senate.

Mr. DENTON. There are five members on the Board?

Mr. MCCULLOCH. Yes.

Mr. DENTON. Three old members and two new members?

Mr. MCCULLOCH. That is right.

DELAY IN PRESENTING CASES TO THE BOARD

Mr. DENTON. I am glad to see you are reducing the case time. But I hear considerable about the delays in connection with representation cases.

There is a type of lawyer developing which has a system of delaying action in representation cases before they get to you. That works a great hardship. They have a line of procedure which seems to be very efficient.

Is there anything which can be done to eliminate that delay?

Mr. MCCULLOCH. I believe you may have been taking a brief telephone call when I was telling the committee that the Board has de-

cided to act upon the power given it by the 1959 act to delegate the decisionmaking in these cases to the regions. This is the first thing that will enable us to cut down the time.

Mr. DENTON. What will that be?

Mr. MCCULLOCH. Under the 1959 statute the Board is given the power to delegate its decisionmaking in these representation cases to the Directors of its regional offices. The Board will do that.

Mr. DENTON. I think that is the trouble.

Mr. MCCULLOCH. Mr. Rothman may want to respond to that. I think there is room for improvement in both places, both before the Board and in the field, and we believe the streamlined procedures we are setting up under this delegation will bring about that improvement.

Mr. DENTON. I am very pleased you placed a regional office in Indiana, and that has been a great help, and everybody is pleased with it. I think that has tended to cut down the time.

Nevertheless, I hear the lawyers and union officials complain about this delay in representation cases between the time they have filed a petition and the time they can have an election.

Mr. MCCULLOCH. Before Mr. Rothman answers that, and I want him to because he is so much more familiar with the operation of the regional offices than I am, I have tried to secure from our staff an estimate of the time that will be taken under our proposed delegation of this decisionmaking power to the regions as compared with the time taken now. It is our best estimate that we may be able to reduce that time by 30 days in the field.

Mr. DENTON. There is enthusiasm to organize a union at a certain time. If they can delay it long enough the men lose interest. The great procedure is to try to delay that.

It is not delayed in your office but in the field.

Mr. MCCULLOCH. Whether they can secure further delays under this new procedure we are setting up, will depend in large part on the degree to which the Board permits unnecessary delaying reviews. We are going to set up a review procedure so that if the regional directors make mistakes we will have a chance of correcting them. We hope that that procedure will be streamlined enough, and the Board will be tough enough to make that time short.

Mr. DENTON. Mr. Rothman, you heard my statement to the chairman about the fact that there were a great many delays in representation cases in the field. I think that is caused very largely by a type of lawyer who represents the employers in labor cases. He generally has been in the employ of the National Labor Relations Board, and he has generally a technique whereby he can delay representative elections.

What have you to say about that?

Mr. ROTHMAN. I have heard that complaint made. It is not for me to characterize whether certain counsel engage in such tactics or not, but I believe that the agency and the Office of the General Counsel has devised a method to cope with that kind of problem if it exists. This is what we have done:

Based upon our experience, based on trial and error in this area of representation elections, the Office of the General Counsel established

many months ago a time schedule of operations with respect to representation cases.

When a regional office did not comply with this time schedule——

ELAPSED TIME FROM PETITION TO ELECTION

Mr. DENTON. How much time do you give them from the time the petition is filed and the election?

Mr. ROTHMAN. Within 30 days for the opening of the hearing on the election or the agreement is executed.

Mr. DENTON. You mean 30 days from the petition until they have an election?

Mr. ROTHMAN. That is when the hearing opens on the election.

Actually these are time limits.

Within 3 days after the filing of the petition, an initial contact is made with the interested parties.

Within 7 days of the filing a regional office determination is made concerning the matter, and within 14 days of filing there is a notice of hearing of the issues, and that hearing is held within 30 days.

Mr. DENTON. That is 54 days?

Mr. ROTHMAN. No, this is the total elapsed time. Three days from the initial filing, 7 days from the initial filing, 14 days from the initial filing.

Mr. DENTON. That is 24.

Mr. ROTHMAN. No, you are adding them up. We do not add these times. This is the length of time from the beginning.

Mr. DENTON. I understand now.

Mr. ROTHMAN. With respect to this time schedule, we asked some 450 attorneys whether they wanted that time reduced below 30 days.

With respect to that most of the answers were "No." We thought we could reduce it to 24 days.

Mr. DENTON. You mean you asked the attorneys for the petitioners and the companies, too?

Mr. ROTHMAN. No. We have a regional advisory conference in which our regions sit down with practitioners, both labor and management, in the field, and we talk over procedural matters.

In this connection we asked whether it was desirable to reduce the time limitations that we have below 30 days. The answer was "No."

This does not mean that in connection with cases where there are issues concerning the appropriate unit and other matters there are not methods by which delays can and will occur.

I am confident that when the Board undertakes "R," representation case delegation, many causes of this delay may be eliminated. At least the possibility or potential of eliminating delays will be very much increased.

We have with us one of our experts in the Office of the General Counsel with respect to representation cases. I might ask Mr. Summers if he might give the committee and Mr. Denton some additional experience we have had with our new time targets in representation case handling.

Mr. DENTON. Can you give me the average time between when the petition is filed and when the election is held? Do you have any record on that?

Mr. ROTHMAN. I believe it is 24 days to the close of hearing; an additional 25 days from the close of hearing to direction of election except in the cases involving consent elections.

Mr. DENTON. Fifty days is the average?

Mr. FIELDS. It should be noted that 40 percent of all petitions filed are taken care of by consent elections. Then, we have another 25 percent which are another form of stipulated election where the objections are determined by the Board.

Mr. DENTON. Down my way I don't think you have anything like 40-percent consent elections.

Mr. SUMMERS. In Indiana, sir, you do.

Mr. DENTON. Maybe that is because I hear so much about the others.

Mr. FIELDS. That is a national average. I do not have the specific Indiana statistics.

Mr. SUMMERS. The only thing I would like to add is that you really should talk about two averages rather than one because there are at least two averages far apart. Those elections which are the result of consent situations (I haven't the figures before me but I will warrant on the basis of my 20 years' experience) those average less than 25 days from the filing of the petition.

Those which have to go to hearing have to have a decision and direction of election, and those which Mr. McCulloch referred to as about to be referred to the regions, have taken an additional 40 or 50 days. Those are the ones which we think will be greatly improved in this new move by the Board.

POSTELECTION PROBLEMS

Mr. DENTON. Then you have a third thing, when they raise questions about the election. We have had a great deal of that.

Mr. SUMMERS. Mr. Rothman referred to that when he said that we have set this time at 45 days after election. There are only two cases which have exceeded that figure in the country as of today.

Mr. DENTON. Exceeded which figure?

Mr. SUMMERS. The complicated case in which they are postelection problems which arise.

Mr. DENTON. How much time does that take?

Mr. SUMMERS. The average must be well below 35, but as I say this outside date is 45. Two cases only have gone beyond 45 days.

Mr. DENTON. I know cases which have gone longer than that, unless I am badly mistaken.

Mr. SUMMERS. We are talking about handling in the field. If a case calls for a Board decision, these facets will be dealt with——

Mr. DENTON. That would be 90 days maximum?

Mr. SUMMERS. That is right. I refer to field handling.

Mr. DENTON. We have had several down my way where they had an election and the Board ordered another election.

Mr. MCCULLOCH. I would like to ask Mr. Fields to comment on this further.

Let me say this first: In the brief time I have been with the Board, in my study of the delay problems in connection with representation cases, it seemed to me that in the field the staff there has largely hit these time targets. Perhaps the delays which have caused you the greatest worry have really been those with the Board.

As a representative of the Board I want to acknowledge that, so that the blame for this does not fall on the General Counsel and the people under his direction.

If you read my statement I think you will see that we made a reduction of 44 days in connection with the handling of the complaint cases, between the time of the intermediate report and the Board's decision.

On the representation cases, I did not make that degree of claim of improvement.

Mr. DENTON. There is not much complaint about the complaint cases. It is the representation cases where the argument comes in.

Mr. MCCULLOCH. I wonder if Mr. Fields would like to expand on the answer as to the Board's handling of the R cases.

Mr. FIELDS. Take the last fiscal year; out of 2,240 cases, from the close of the hearing, and the hearing closes according to our statistics about the 25th day——

Mr. DENTON. Twenty-five days after the petition is filed?

Mr. FIELDS. Yes. Then after the close of hearing there are about 24 days for getting the transcript and the briefs.

Mr. DENTON. That is pretty fast.

Mr. FIELDS. Then it takes an average of 30 days for the Board to issue its decision.

You understand that the——

Mr. DENTON. That is 90 days.

Mr. FIELDS. In fact, last year it was 87 days.

Mr. DENTON. I would say that is a good average. I have known cases which went much longer than that.

Mr. FIELDS. That is right. There are a number of cases which take longer because of the complications.

Mr. DENTON. Do all those down my way take longer? Is that it?

Mr. FIELDS. Those you hear about do, no doubt about it. We are familiar with many of the lawyers in that area. Some are former alumni, so we can appreciate that problem. I think under delegation this can be cut down. Most of the delay mentioned in the field is not because of any delay in the handling of the representation cases, I believe, but it is because of attorneys filing unfair labor practice charges against the union.

I know the practice in the field, when they charge——

Mr. DENTON. Then we have representation cases and complaint charges on both sides.

Mr. FIELDS. The policy is to give those cases priority. We are very familiar with that, all of the boys in the field are, and as soon as that happens those unfair labor practice cases take priority and they jump in to investigate as promptly as possible because a high proportion are just dilatory charges, filed for the purpose of trying to hold it up.

Mr. DENTON. Maybe that is why they are delayed so long.

Mr. FIELDS. That is usually the case.

Mr. DENTON. I do think when a petition is filed you should have an election as soon as possible.

Mr. FIELDS. Under delegation we hope to cut down the time.

AVERAGE CASELOAD OF BOARD MEMBERS

Mr. DENTON. One other thing. How many cases did you say the Board handled last year?

Mr. FIELDS. The Board decided 2,240 representation petitions and issued that many decisions.

Mr. DENTON. You have five men. That would be over 400 cases per man on an average. How do you do that?

Mr. FIELDS. Fortunately about 85 percent of the representation cases go to hearing which are more or less routine type governed by Board precedent. We put them out in single page printed short form decisions.

Mr. DENTON. Clerks do that work?

Mr. FIELDS. Legal assistants to Board members do that work. All Board members see them. Three of the Board members sign those.

Mr. DENTON. I cannot conceive of how you can decide more than one case a day.

Mr. FIELDS. We have a staff of about 120 legal assistants. Each Board member has approximately 25 legal assistants.

Mr. DENTON. How much of a check do you have? Most of them are law clerks just out of law school?

Mr. FIELDS. No.

Mr. DENTON. Many are ready to practice labor law immediately thereafter?

Mr. FIELDS. Not so much here. The number of years experience of a legal assistant is perhaps 6 or 7 years.

APPEARANCE OF EX-EMPLOYEES BEFORE THE BOARD

Mr. DENTON. In that connection do you think there should be some regulation prohibiting a man after he leaves the National Labor Relations Board from practicing before your Board for a period of time?

Mr. FIELDS. We have a policy that any employee of the Board may not participate in a case which has been filed with the Board during his tenure.

Mr. DENTON. That is not the trouble. He knows the Board. He knows the clerks he worked with. He knows everybody and that gives him a big advantage over anybody else.

Mr. FIELDS. His knowledge of the personnel does not give him any advantage at all. However, he has the advantage of experience. It is a technical field——

Mr. DENTON. In general, he knows his way around.

Mr. FIELDS. That is right. There are so many experts concerned with the issuance of every case that personal knowledge is no advantage.

Mr. DENTON. You decide over a case a day but you do it because you have law clerks and assistants who render decisions for you and you approve what they have done?

Mr. FIELDS. That is right. They are much more experienced than the average law clerk. Many of our law clerks in representation cases have been doing this for 15 and 20 years.

Mr. DENTON. Of course, but you would call them law clerks if they were in a judge's office.

Off the record.

(Discussion held off the record.)

PROHIBITION OF ASSISTING AGRICULTURAL LABORERS

Mr. LAIRD. I notice that in your budget submission this year, which has apparently been concurred in by the new administration, that you continue the language in title III of this bill, including the proviso that no part of this appropriation shall be available to organize or assist in organizing agricultural laborers, et cetera.

We shall insert this section at this point.

(The information referred to follows:)

Provided, That no part of this appropriation shall be available to organize or assist in organizing agricultural laborers or used in connection with investigations, hearings, directives, or orders concerning bargaining units composed of agricultural laborers as referred to in section 2(3) of the Act of July 5, 1935 (29 U.S.C. 152), and as amended by the Labor-Management Relations Act, 1947, as amended, and as defined in section 3(f) of the Act of June 25, 1938 (29 U.S.C. 203).

Mr. LAIRD. It is requested that this language be continued?

Mr. ROTHMAN. Yes. I had not understood that this presents any problem to the National Labor Relations Board.

Mr. LAIRD. There was no objection to that language?

Mr. ROTHMAN. None that I know of, sir.

Mr. MCCULLOCH. We are aware of other pending legislation which can change that.

Mr. LAIRD. It would not so far as this proviso of our bill is concerned.

Mr. MCCULLOCH. You are quite right.

1962 INCREASE TO ANNUALIZED 1961 POSITIONS

Mr. LAIRD. Last year in the justifications before this committee we were told that you would establish 1,820 positions. Now we find you have gone out and hired additional employees over and above the amount justified before this committee.

We granted the budget request of the National Labor Relations Board. We did not change it up or down 1 penny.

It is difficult for me to understand how this can be done without your coming back and at least informing the committee that you have changed your testimony, the testimony given to us as a justification for your budget.

Mr. ROTHMAN. Actually the number of employees on board at any time has not exceeded 1,820. However, with respect to the total authorized strength, this matter came up earlier in the discussion and testimony this morning. I would like to ask Mr. Wright to explain how that came about.

Mr. WRIGHT. We have found, after we appeared before the committee last year, that one of our recruiting problems tied into the time when most young lawyers were available to be hired. We had to

make special provision for hiring of law school students graduating in the spring class and at the end of the school year.

Our present staff is not at the level you see there, for example. We are only staffed to about 1,770 at the moment. However, we do have to allow for being able to bring employees in during June, getting ready for replacement next year.

Otherwise, as we found in prior years, we would lose people during July, August, September, and October, and the good young graduates were no longer available at that time. This situation is true for lawyers, investigators, and secretarial staff generally. The better graduates already had lined themselves up with other jobs.

Mr. LAIRD. My point is a little bit different, however. Your budget request this year is predicated on annualization of these jobs which were never approved by this committee.

Mr. WRIGHT. Except that the annualization is a general term. We are not talking about having 1,850 people on all year long. Our average employment boils down to something less than that. It boils down to 1,790.

Mr. LAIRD. But you are annualizing these new jobs which you went out and——

Mr. WRIGHT. No, Mr. Laird. With an average employment of 1,790 you have a lapse of 60 positions.

Mr. LAIRD. That is always the case, that you have some lapse.

Mr. WRIGHT. But it allows for a heavy lapse. It is a matter of overlap from the time the June graduates are available for hire until you need the replacement of people in July, August, September, and October when you cannot get the lawyers to replace those lost by attrition.

Mr. LAIRD. Then what is your increase for?

Mr. WRIGHT. For annualization of those other jobs you permitted us to hire for this year. You did permit us to hire additional jobs for this year, but it is not this increase from the 1,821 to the 1,850.

Mr. LAIRD. I do not understand this because in 1960 you had 1,820 positions and you justified the budget for 1961 on the basis of 1,820 positions. Now you have an increase for annualization when there has been no increase in job level. How can you have increase to annualize new positions when no new positions have been authorized?

Mr. WRIGHT. Employment is one of trying to accommodate the availability of people. We were not being at all successful in hiring to replace employees as we lost them during the year. One of the problems we had at about the time we were up here, but did not recognize it then, is that you lose people regularly during the year and you cannot find replacements for them readily. You have to set your position structure so as to be able to hire the new people when they are available.

Mr. LAIRD. Are you really not annualizing jobs which were not provided for in either 1960 or 1961?

Mr. WRIGHT. I don't think so but I don't know how else to explain it.

Mr. ROTHMAN. This problem is relatively new to me because we did not understand we had a problem as you see it.

As I see the picture I believe this is the situation. If I am in error about this I would appreciate the opportunity to supplement my statement.

Toward the end of each fiscal year there are many law school graduates who are available for employment. Recruiting takes place during Christmas and Easter holidays.

It would be possible, in order to meet the competition of others seeking the employment of attorneys, that we would not be able to recruit and fill our total demand during the rest of the school year, but toward June we may want to take on a large number of employees.

Actually funds would be available on the basis of 1,820 because we do not meet even that full strength during the year.

Accordingly, as I understand it, the Bureau of the Budget has approved a situation where it would be possible to have on board as high as 1,851 employees at one time.

Of course, it would be understood we would have to stay within the budgeted amounts, but funds would be available because of what might be called a lapse when the funds were not being used.

It would also be contemplated, as I understand the situation, that during the rest of the fiscal year, by reason of the leveling off, the total number of employees on board probably would not exceed the budgeted strength, reflected by the 1,820 figure.

Mr. WRIGHT. That is right. You may possibly hit a peak in June after you take advantage of the people coming out of school.

Mr. LAIRD. Your employment level is going up, though.

Mr. ROTHMAN. Yes, it is.

Mr. WRIGHT. As a matter of fact, there is one other item to look at. In the 1,820 we spoke of last year, in the 1961 estimates, we had an average employment level of 1,767.

We have raised that by four. We figure we can get an average employment out of this of 1,771, and it is in that magnitude.

Mr. LAIRD. I don't want to pursue this unduly, but in your justifications you state:

> These new employees will be employed for an average of 3 months in 1961. In 1962 this new staff will be employed for a full 12 months. The annualization of these positions from one-fourth of a year in 1961 to a full year in 1962 is the main reason for acquiring additional funds in 1962.

Mr. WRIGHT. That is right. Part of that was in the plan in 1961. There was hiring going on in 1961, and dropping off other staffs. As I say, the difference in average employment between what we presented to you last year and what we see in 1961 right now is a difference of four additional in average employment.

It is only on that type of magnitude.

In the total positions we were trying to lick a very difficult situation. We had difficulty recruiting. This is a problem. You cannot recruit all year long but you have to recruit when the employment market is good and then let employment levels drop off.

Mr. LAIRD. But the staffing you justified before this committee last year was changed.

Mr. WRIGHT. Yes, sir.

Mr. LAIRD. It was changed after your testimony here. The justifications apparently did not mean very much because you made the change after the funds were made available to you by the Congress.

Mr. WRIGHT. In terms of work and average employment available it is basically the same estimate.

Mr. LAIRD. We are a little jealous of our prerogatives in the Congress. We like to have these things justified on the basis of what will

happen. We do not like to see a program changed after you get the money especially if the change will then require increased appropriations in the future.

Mr. ROTHMAN. We fully appreciate that. I want to assure the committee that actually our employment of people on board has lagged behind the total authorized budget strength of the 1961 budget.

Mr. FOGARTY. Do you have anything else which you would like to say, Mr. McCulloch?

RISING CASELOAD

Mr. MCCULLOCH. I might add one brief statement, by way of explanation, for the rising caseload if the committee desires it.

Mr. FOGARTY. Why do you not submit that information for the record?

Mr. MCCULLOCH. May we submit that information for the record, along with the other data which you asked for?

Mr. FOGARTY. I think you ought to go into some detail on that, because we may be asked those questions when the bill is before the House. As you know, this appropriation is not the most popular appropriation we handle.

Mr. MCCULLOCH. Yes, sir.

(The statement referred to follows:)

SUBSTANTIVE FACTORS CONTRIBUTING TO RISING INTAKE PICTURE

Several factors are responsible for the current rise in case intake and lend support to our revised estimate that the present level of intake will continue during fiscal year 1962.

1. *National economic growth.*—Cases filed with the National Labor Relations Board over the past 5 years reveal a history of continuously rising volume that parallels the development of the national economy. While, for short periods, there have been special factors which caused slight or minor deviations, these conditions have been temporary, and the general upward direction has continued.

Authoritative sources have predicted that a recovery in economic activity of substantial dimensions will occur in fiscal year 1962. Economic recovery will foster new industrial construction, the reopening of plants and the expansion of curtailed operations resulting from the current recession. Industrial expansion will be attended by new efforts at union organization and collective bargaining. The ensuing reemployment and recall of work forces which careful analysts concede will still leave large numbers of unemployed will in all probability produce a rise in "CA" and "CB" charges of discrimination in hiring. This will be particularly true in the maritime and building industries where hiring for the most part, is done through union-operated hiring halls which often constitute the exclusive source for an adequate labor market and which, under the *Mountain Pacific* decision, may not be operated in a discriminatory manner.

2. *Inevitable expansion of Board's jurisdiction.*—Recent stabilization by Congress (1959) of the Board's exercise of jurisdiction at the broadest scale and broadest scope in its history together with a rising volume of business for many smaller employers causes the scope of Board jurisdiction to expand and encompass new areas of the economy continuously. In other words, as businesses grow, more of them come within the dollar limits set by the Board as a measure for determining if its jurisdiction should be exercised. As long as the national economy keeps expanding and the gross national product keeps rising, barring major compensating deflations, the only alternative for agency intake estimates is upward.

The recent assertion by the Board of jurisdiction over American owned vessels of foreign registry engaged in American commerce, involving millions of tons of shipping, can also be expected to cause a rise in unfair labor practice charges. Now that the act applies to such ships, unfair labor practices committed against crewmembers or employers on the high seas, in foreign territorial waters, and in foreign ports fall within the jurisdiction of the Board.

3. *Hot cargo, secondary boycott and picketing cases.*—Recent legislation has also had an impact on the filing of unfair labor practice charges and representation petitions. The new hot cargo provisions and broadened secondary boycott restrictions are giving and will give rise to more unfair labor practice charges in this area.

Section 8(b)(7) decisions now issuing by the Board, distinguishing legal from illegal picketing, will undoubtedly result in increased filings as employers become more aware of their rights and unions seek to evolve changes in their approach to organizational picketing.

4. *Former nonusers now filing cases.*—Prior to 1959, some unions did not make use of agency facilities because of a failure to comply with the filing provisions of section 9 (f), (g) and (h), enacted in 1947. With the repeal of these subsections by the 1959 amendments, two of the previously noncomplying, larger unions began filing cases with the Board during the early part of fiscal year 1960. Included in the total cases received in fiscal year 1960 are 401 charges and petitions filed by these unions alone. There were 211 of all types of cases filed by them during the first 6 months of fiscal year 1961. We think it is valid to assume that these formerly noncomplying unions will resort more and more to using the processes of the Board in fiscal year 1962.

5. *Improved procedures attract more filings.*—Priority requirements under the 1959 amendments together with expedited procedures have placed case processing at the regional level on a current basis. Two years ago it took an average of 51 days to investigate an unfair labor practice charge. Today it takes an average of 19 days to investigate a case and make a determintion on the merits. There are provisions for flexibility, and we are confident that the investigations are being conducted better than ever before. Two years ago it required an average of 187 days to move from charge to close of hearing before a trial examiner. Today it takes an average of 85 days.

This expedition in case handling has a double effect of (*a*) discouraging strategy or harassing-type filings and (*b*) encouraging the filing of real cases where, under prior time-delay experience, agency service has been inadequate and parties resorted to other than Board processes. We believe the net effect on intake, reviewing experience over the past year, has been to contribute to the rising volume of cases filed. We expect this to continue in the year ahead.

6. *Representation case delegation to regional directors.*—The same effect can be expected from the imminent representation case delegation to the regional directors, to be effective May 1, 1961. By giving greater authority in practically all representation cases to regional directors, as authorized by Congress in 1950, we anticipate that the time required to proceed from the filing of a petition for representation to the election in the case will be substanially reduced. This will undoubtedly encourage greater recourse to the Board's processes rather than recourse to self-help or other than Board processes.

If we may add an editorial comment on these facts, any regret at the increased workload for the Board resulting from these improved procedures, is more than counterbalanced by the substitution of the orderly processes under the law in place of various forms of economic warfare.

7. *Narrowed enforcement orders possible.*—The broad cease and desist orders which the Board has been issuing concerning unfair labor practice violations, are being tested in the courts. Should the latter decide against the Board issuing broad orders, an additional volume of unfair labor practice charges can be expected.

8. *Recent decisions may increase load.*—Two recent decisions, one by the Supreme Court and the other by the Board, will, we believe, cause a rise in unfair labor practice filings.

The Supreme Court decision in the Columbia Broadcasting System case placed upon the Board, for the first time, the duty to determine the jurisdictional dispute when unfair labor practice charges are filed under the provisions of section 8(b)(4)(D). Parties to jurisdictional disputes, who heretofore could not expect to obtain a Board determination of their dispute, will henceforth be more likely to place their cases before the Board, which is now required to adjudicate them. As a direct result of the court's decision, the work of the Board in these cases will also become infinitely more complex, demanding considerably more time for investigation, hearing, and decision.

Recent Board decisions are expected to give rise to the filing of a number of unfair labor practice charges attacking the agency shop provisions in contracts covering employees in 17 States with right-to-work laws.

9. *Union organizing drives expanding.*—Reports from our regional offices commenting on the rise in unfair labor practice filings in January and February of 1961, refer to renewed organizational campaigns by the Teamsters, Retail Clerks, Hotel and Restaurant Employees and AFL–CIO Industrial Union Department. This should result in a rise of filings during fiscal year 1962.

Mr. FOGARTY. Is there anything else which you wish to say?

Mr. ROTHMAN. No; thank you, Mr. Chairman. I want to thank you and express my appreciation for the time and consideration you have always given us in connection with the needs of an agency such as ours.

Mr. FOGARTY. Thank you very much.

Mr. MCCULLOCH. Thank you, Mr. Chairman and members of the committee.

FRIDAY, MARCH 10, 1961.

NATIONAL MEDIATION BOARD

WITNESSES

FRANCIS A. O'NEILL, JR., CHAIRMAN
THOMAS A. TRACY, ASSISTANT EXECUTIVE SECRETARY
EDWARD W. WIESNER, MEMBER
HOWARD K. HAGERMAN, MEMBER
LELAND HOWARD, ADMINISTRATIVE OFFICER

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1960 actual	1961 estimate	1962 estimate
11	Personnel compensation:			
	Permanent positions	674	737	758
	Positions other than permanent	380	494	473
	Other personnel compensation	5	3	----------
	Total personnel compensation	1,059	1,234	1,231
12	Personnel benefits	53	62	63
21	Travel and transportation of persons	180	182	187
23	Rent, communications, and utilities	41	41	41
24	Printing and reproduction	39	53	50
25	Other services	17	17	15
26	Supplies and materials	8	9	9
31	Equipment	6	6	8
	Total obligations	1,403	1,604	1,604

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	92	91	91
Full-time equivalent of other positions	20	19	22
Average number of all employees	108	110	113
Number of employees at end of year	129	125	126
Average GS grade	8.8	8.9	8.9
Average GS salary	$7,212	$7,870	$7,965

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Mediation	562	590	604
2. Voluntary arbitration and emergency disputes	307	364	350
3. Adjustment of railroad grievances	527	653	650
Total program costs	1,396	1,607	1,604
4. Relation of costs to obligations:			
Costs financed from obligations of other years, net (−)		−3	
Obligations incurred for costs of other years, net	7		
Total obligations	1,403	1,604	1,604
Financing:			
Unobligated balance lapsing	34		
New obligational authority	1,437	1,604	1,604
New obligational authority:			
Appropriation	1,437	1,555	1,604
Proposed supplemental due to pay increases		49	

Mr. FOGARTY. The committee will come to order. We have before us this morning the National Mediation Board. Mr. O'Neill, do you have a statement?

GENERAL STATEMENT

Mr. O'NEILL. Yes, Mr. Chairman, I have a statement.

The purpose of the Railway Labor Act which is administered by the National Mediation Board is to avoid any interruption to commerce or to the operations of a rail or air carrier engaged in commerce. To accomplish this purpose, the act provides definite procedures for handling labor disputes in railroad and airline industries. These procedures of mediation, voluntary arbitration, investigation of emergency disputes, and adjustment of railroad grievances are conducted through the activities of the National Mediation Board, Arbitration and Emergency Boards and the National Railroad Adjustment Board.

The estimate of the appropriation necessary to carry out these activities for the fiscal year 1962 is $1,604,000. For fiscal 1961 a total of $1,555,000 was appropriated, in addition, due to the pay increase authorized by the last Congress—Public Law 86–568—a proposed supplement of $49,000 has been requested. The total estimated expenditure for fiscal 1961 of $1,604,000 is the same amount as is being requested for the fiscal year 1962.

All of the employees of the National Mediation Board with the exception of the three Board members are classified civil service employees. The Board members are appointed by the President with the advice and consent of the Senate.

The 1962 proposed request of $604,000 for the activities of the National Mediation Board is the same as the revised estimate of expenditures for fiscal 1961.

For the activity voluntary arbitration and emergency disputes a total of $350,500 is requested for fiscal 1962. These funds are used to finance Special Boards of Adjustment and Arbitration Boards agreed to by carriers and organizations as a method of resolving disputes, as well as Emergency Boards created by the President under

section 10 of the Railway Labor Act to investigate disputes which threaten substantially to interrupt interstate commerce.

The National Railroad Adjustment Board which operates pursuant to section 3 of the Railway Labor Act is requesting a total of $649,500 to conduct its activities in fiscal 1962. This is the same amount as requested for fiscal 1961.

In summary, the requested appropriation for carrying out the provisions of the Railroad Labor Act in fiscal 1962 is the same as authorized for fiscal 1961 plus the proposed supplement required due to recent pay increase legislation.

The estimate of the appropriation necessary to carry out these activities for the fiscal year 1962 is $1,604,000. For fiscal 1961 a total of $1,550,000 was appropriated in addition due to the pay increase authorized by the last Congress, and a supplemental of $49,000 has been requested.

The total estimated expenditures for fiscal 1961 of $1,604,000 is the same amount as is being requested for fiscal 1962. I don't like to oversimplify it, Mr. Chairman, but that is our request before the committee. The only additional money we are asking over 1961 would be the amount to cover the pay increase. We are not asking for any additional employees or any other expanded activities.

AIRLINES STRIKE

Mr. FOGARTY. Since this budget was gotten up, you have had some real problems.

Mr. O'NEILL. Yes, we have. Of course you are fully aware from the newspapers about this. I assume you are referring to this airline strike?

Mr. FOGARTY. Yes.

Mr. O'NEILL. You recognize, of course, that at the airlines which were struck there was no dispute up to the point where they could strike.

Mr. FOGARTY. Did you get the blame for that? I saw your name in the papers a number of times.

Mr. O'NEILL. Yes. They struck over a decision of the National Mediation Board involving representation matters. After all, it is a decision; and if they feel they are aggrieved by it, they should take it to court. They have taken it to court since then.

The basic problem is the jurisdictional dispute between the pilots and flight engineers. It has been going on for some 6 years now.

Mr. FOGARTY. What about the stewardesses? What if they decide to form their own union?

Mr. O'NEILL. The latest I have seen in the paper is that they are affiliated now with the TWU. We have several representation proceedings going on right now in which the pilots are asking to take over the representation of the stewardesses. There again there was a fight between the president of the pilots and the president of the stewardesses. They couldn't get along. They attempted to withdraw, and that is in court. It is a rather complicated situation.

Mr. FOGARTY. For the record, would you identify the TWU?

Mr. O'NEILL. Transport Workers Union—Mike Quill.

Mr. FOGARTY. Who is going to speak for the Adjustment Board?

Mr. WIESNER. I will, Mr. Chairman.

Mr. FOGARTY. For the record, tell us who you are, Mr. Wiesner.

Mr. WIESNER. My name is Edward W. Wiesner. I am the grand lodge representative for the International Association of Machinists and a member of the Second Division of the National Railroad Adjustment Board. I am a member of the E.A. and D. Committee, which is the Estimates, Appropriations, and Disbursements Committee of the National Railroad Adjustment Board as a whole. I am appearing here in behalf of Mr. Keeley, who is the Chairman of the Committee.

ESTABLISHMENT AND JURISDICTION

I have a statement here, Mr. Chairman. It is written out. While most of the members of the committee probably are familiar with our agency, for the newer members it might be desirable to give a brief statement of the establishment and operation of the Board. The National Railroad Adjustment Board was created by act of Congress, approved June 21, 1934, for the adjudication of disputes between an employee or group of employees and a carrier or carriers, growing out of grievances or out of the interpretation or application of agreements concerning rates of pay, rules, or working conditions. The disputes are first handled locally on the property, and if not adjusted there, are processed through successive steps up to and including the chief operating officer of the carrier designated to handle such disputes. If not adjusted in this manner, they are then referred to the appropriate division of the Adjustment Board for settlement.

ORGANIZATION

The Board is composed of 36 members, 18 selected and paid by the carriers and 18 selected and paid by organizations of railway employees which are national in scope. The act provides for four divisions of the Adjustment Board, each of which has jurisdiction over disputes involving certain groups of employees. For example, the first division has jurisdiction over disputes involving train and yard service employees; the second division, shop crafts; the third division, clerical forces, maintenance-of-way men, dispatchers, etc.; and the fourth division, water transportation and miscellaneous.

There are 10 members, 5 labor and 5 carrier, on each the first, second, and third divisions; and 6 members, 3 of each labor and carrier, on the fourth division. Since the labor and carrier members are equally divided, they frequently deadlock on cases, in which event they attempt and many times do agree upon a neutral, or referee, to sit with the division as a member and make an award. If the division fails to agree upon and select a referee, that fact is certified to the Mediation Board, which Board then selects the referee.

WORKLOAD

The establishment of a number of special boards on individual properties has somewhat reduced the backlog of cases. In the meantime, new cases continue to be received almost as fast or perhaps

faster than disposition is made of old ones. There has been a decided increase in the number of cases submitted by the nonoperating employees. Causes for increases are the amendment to the Railway Labor Act permitting the union shop and resulting subsequent agreements, changes in agreements including the adoption of the 40-hour workweek, the national agreement covering vacations, pay for holidays, and time limit for submitting cases.

It might be pertinent to point out that there are some 20 standard railroad labor organizations and approximately 130 class I railroads and hundreds of others. There are about 5,000 agreements in effect between the carriers and labor organizations covering rates of pay, hours of service, working conditions, etc. It is these agreements with which we deal. During the past fiscal year, the four divisions of the Board received and docketed 1,798 cases and closed 1,486, but a backlog of 5,957 still remained as of June 30, 1960. Many of these cases may involve hundreds of thousands of dollars.

FUNDS REQUESTED

Other than the general increase in the cost of practically everything over a period of years, there has been little change in the cost of operation of the Board. There has been little increase in the number of employees, and there has been little change in the space occupied.

Our estimates for the fiscal year 1962 is $649,500, which is virtually the same as for the current. We should like to stress the fact that the salaries of the members of the Board are paid by the labor organizations and the carriers. It is estimated that this amounts to about $600,000 per year. In addition, both labor organizations and the carriers furnish research and technical assistance to some of their members. Thus, these two parties bear more than half the cost of operation of the Board.

Mr. Chairman, that concludes my statement; but we shall be glad to answer any questions the committee may want to ask.

Mr. FOGARTY. Do you have any problems?

Mr. WIESNER. We haven't got any outside of trying to settle a lot of cases.

DISPUTE BETWEEN AIRLINE PILOTS AND FLIGHT ENGINEERS

Mr. FOGARTY. If you haven't any problems, that is unusual.

Mr. O'Neill, you mention on page 9 "an unprecedented action in connection with a recent dispute." What dispute are you talking about?

Mr. O'NEILL. That, Mr. Chairman, is the dispute involving this representation matter which we discussed a few moments ago. Pursuant to section 2, ninth, the National Mediation Board appointed a committee of three to determine who should be eligible to participate in an election which was requested by the airline pilots of United Air Lines. It was another approach to the problem that has been in existence some 6 or 7 years. The pilots alleged that the proper grouping of the people in the cockpit in an airplane should be the pilot, the copilot, and the flight engineer. They said that was the proper craft.

The flight engineers said "No," there is a craft or class of flight engineers. Under section 2, ninth, we used that provision which had

never been used before. Congress, in enacting section 2, ninth, recognized that there may be a case such as this which would put the Mediation Board pretty much in the middle, and in addition would take up too much of their time.

Our principal hat, Mr. Chairman, is trying to settle these disputes. When you get into a jurisdictional matter of this sort, section 2, ninth, says, "and the Board may appoint a committee of three to establish the eligible list." That is what we did in this case. The membership consisted of J. Glenn Donaldson from Denver; George Ives, who is the son of former Senator Ives; and David H. Stowe of Washington. They took one solid year going into every nook and cranny of that dispute and came up with the report, which I believe was dated January 17, 1961. We issued it then in the name of the Mediation Board.

That is the decision on which we have had this strike.

Mr. FOGARTY. Is this the first time that provision——

Mr. O'NEILL. This is the first time that provision was invoked.

Mr. FOGARTY. The pilots had a problem with the orders of the FAA a few times, too, to have some of these investigators ride up in front. Were you involved in that?

Mr. O'NEILL. That was a problem that developed on Eastern Air Lines. We had nothing to do with it. It was a strike not authorized by the Airline Pilots Association as an organization. They ordered these people back to work, but they couldn't be found for a little while.

Mr. FOGARTY. Do you think your work with the airlines will increase or decrease in 1962?

Mr. O'NEILL. Undoubtedly it will increase, Mr. Chairman. Representation is proceeding right along. You may have read in the papers that a few organizations are about to spend a lot of money in organizing airlines.

BACKLOG OF ADJUSTMENT BOARD CASES

Mr. FOGARTY. Mr. Wiesner, I notice on page 24 that the Adjustment Board's backlog, which has been large for years, is still growing. You show 6,000 pending cases at the end of 1960. If you received no more cases, how long would it take to get rid of this backlog?

Mr. WIESNER. Mr. Chairman, the Second Division is in pretty good shape. As of the first of February we had about 355 cases. But the Third Division has had a lot more cases, and the First Division has had a lot more cases. They do have an extensive backlog.

Mr. FOGARTY. Why is it that the Fourth Division is in much better shape than the Second Division?

Mr. WIESNER. Because they have fewer cases. You have to keep in mind, Mr. Chairman, that the group of people that go to them is much smaller.

Mr. FOGARTY. How long will it take to catch up if you didn't have any more additional cases?

Mr. HOWARD. If I might answer that, Mr. Chairman, I think the only way you could determine that would be to notice the number that was closed during the last year. For example, in the First Division they closed 567. Since they have a backlog of 3,000, it would probably take about 5 years in such a matter. The Second Di-

vision is relatively current. The Third Division, with 624 closed last year, having a backlog of almost 2,400, it would be about 4 years.

The Fourth Division, as you will notice, is relatively current.

Mr. FOGARTY. Do you think this is a good situation to have such a backlog?

Mr. HOWARD. I think Mr. Wiesner could answer that. My own notion is that it isn't a good thing. But just how to get it current is the problem.

Mr. WIESNER. It isn't a good situation. It creates bad labor-management relations, for one thing. Right now there is a case going to the Supreme Court in connection with the D. & R.G.W. Railroad—that is in the First Division—over the application of a trainman's award. I just had opportunity to read the legal brief that was presented by the Mulholland, Hickey firm of this city. This was a case where it was 5 years, roughly speaking, getting through the First Division and it had built up to where it amounted to over $500,000, and the employee won the case. The carrier is, of course, fighting the payment of that case.

The situation there was that, if they could have handled that case and got it through in less time, the amount would have been a lot less. The chances are the railroad would have paid off and attempted to correct the condition. But by letting these cases lie around for this length of time, I have to agree with you that it is a bad situation.

They are talking about something—and probably we shouldn't get it into the record, of setting up a supplemental board in the third division to help this situation out. The carriers and the organizations are going to get together and get an agreement and set up a supplemental board so they can assume and attempt to settle these cases in the third division.

Mr. FOGARTY. What about the first division?

Mr. WIESNER. They had such a board in the first division 5 years ago.

Mr. FOGARTY. Did it do any good?

Mr. WIESNER. They cleaned up quite a few cases.

Mr. FOGARTY. By this record it looks to me as if they ought to do something. Do you think they are going to do something?

Mr. WIESNER. To the best of my knowledge, they are in the third division.

Mr. FOGARTY. Mr. Michel?

DISPUTE BETWEEN AIRLINE PILOTS AND STEWARDESSES

Mr. MICHEL. Only one question. That was on this matter of airlines disputes, the Pilots Association and the engineers. Do you anticipate any action relative to the airline stewardesses and the pilots union? They have their own union now and don't want to be absorbed by the pilots union as I understand it.

Mr. O'NEILL. First of all, there is no relation between that dispute and the pilots and engineers. They are two separate things, as I told the chairman earlier, and there are presently petitions pending before us asking for elections on Braniff Airlines and United Air Lines. The employees will be the ones to determine which union they want.

If the employees want the stewardesses to remain as their bargaining agent, that will be it. If they want the pilots to represent them, the pilots will represent them.

Mr. MICHEL. But that wouldn't have any effect one way or another on your workload?

Mr. O'NEILL. No, the chairman asked the question whether our workload would go up in the airline industry, and I said undoubtedly it will because there is a terrific amount of activity on the part of labor organizations to organize the unorganized.

Mr. MICHEL. That is all, Mr. Chairman.

Mr. FOGARTY. Do you have anything else you want to say?

Mr. O'NEILL. No, I believe that is it, Mr. Chairman.

Mr. FOGARTY. Are you going to have enough money to operate with next year?

Mr. O'NEILL. I believe so. In that connection, I want to thank this committee for going along with us on a consolidated budget. It has worked out beautifully.

Mr. FOGARTY. This committee has always tried to cooperate with you people.

Mr. O'NEILL. Undoubtedly so, and we thank you, Mr. Chairman. With the flexibility that you have given us from funds for the Adjustment Board and the Mediation Board, and vice versa, we have managed to get along pretty well. We have not had to come back to you for special appropriations for particular situations.

Mr. FOGARTY. I know. You have a good record. Thank you all very much.

FRIDAY, MARCH 10, 1961

RAILROAD RETIREMENT BOARD

WITNESSES

HOWARD W. HABERMEYER, CHAIRMAN
THOMAS M. HEALY, BOARD MEMBER

LIMITATION ON SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1960 actual	1961 estimate	1962 estimate
11	Personnel compensation:			
	Permanent positions	6,589	7,072	7,110
	Positions other than permanent	86	53	31
	Other personnel compensation	191	205	78
	Total personnel compensation	6,866	7,330	7,219
12	Personnel benefits	456	555	557
21	Travel and transportation of persons	189	220	220
22	Transportation of things	12	12	12
23	Rent, communications, and utilities	1,104	1,150	1,232
24	Printing and reproduction	65	69	65
25	Other services	244	284	278
26	Supplies and materials	155	138	130
31	Equipment	29	27	27
	Total obligations	9,120	9,785	9,740

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	1,305	1,237	1,222
Full-time equivalent of other positions	25	14	9
Average number of all employees	1,230	1,205	1,185
Number of employees at end of year	1,221	1,205	1,187
Average GS grade	6.5	6.5	6.6
Average GS salary	$5,465	$5,984	$6,067

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Maintenance of earnings accounts	515	542	383
2. Processing claims	6,438	6,911	6,975
3. Maintenance of beneficiary rolls	1,089	1,195	1,234
4. Hearings and appeals	54	59	59
5. Actuarial services	179	197	199
6. Administration	852	881	890
Total program costs	9,127	9,785	9,740
7. Relation of costs to obligations: Costs financed from obligations of other years, net (−)	−7		
Total obligations	9,120	9,785	9,740
Financing: Unobligated balance lapsing	340		
Limitation	9,460	9,485	9,740
Proposed increase in limitation due to pay increases		300	

General Statement

Mr. Fogarty. Do you have a statement for the committee, Mr. Habermeyer?

Membership and duties of the Board

Mr. Habermeyer. Yes, sir. Mr. Chairman and members of the committee, the Railroad Retirement Board administers the Railroad Retirement Act and the Railroad Unemployment Insurance Act. One act provides a system for the payment of annuities for age and disability and benefits for survivors. The other act provides a system for the payment of unemployment, sickness, and maternity benefits to qualified railroad workers, and for an employment service to find jobs for unemployment benefit claimants.

The Board is composed of three members appointed by the President with the advice and consent of the Senate: One upon the recommendation of representatives of employees; one upon the recommendation of representatives of carriers; and one, the Chairman, without recommendation by either employees or carriers. The organization of the Board is designed to integrate the administration of the programs conducted under the provisions of the Railroad Retirement Acts with programs conducted under the Railroad Unemployment Insurance Act without duplicating facilities or operations.

FINANCING OF INSURANCE AND RETIREMENT FUNDS

The unemployment and sickness insurance system is financed by contributions paid wholly by employers. Contributions are required on compensation up to $400 a month paid to railroad employees. The rate at which contributions are paid depends on the balance in the railroad unemployment insurance account.

The current contribution rate is 3.75 percent, the maximum rate payable under the Railroad Unemployment Insurance Act. Of the total contribution receipts, the portion represented by 0.2 percent of the taxable payroll is permanently appropriated to the Board for administrative expenses and the remainder is credited to the railroad unemployment insurance account in the unemployment trust fund for benefit payments.

When the 86th Congress was considering the 1959 amendments to the Railroad Unemployment Insurance Act, the balance in the railroad unemployment insurance account was insufficient to pay all benefits due in the months ahead. Railroad management and railroad labor organizations agreed that authority was needed to permit the Board to borrow money at 3 percent interest for a temporary period from the railroad retirement account in order to pay unemployment, sickness, and maternity benefits.

Accordingly, Congress included such authority in the 1959 amendments, approved May 19, 1959. The borrowing authority was used first in July 1959, and additional sums have been borrowed since that time with unemployment in the railroad industry continuing at a heavy rate. As of January 31, 1961, a total of $269,350,000 had been borrowed; $104,271,000 has been repaid, plus interest amounting to $1,369,237; and the balance due was $165,079,000 plus interest of $3,065,116.

Taxes for the support of the railroad retirement system are paid equally by employers and employees. The present combined tax rate is 13.5 percent, and applies to all compensation up to $400 per month paid to railroad employees. These taxes are deposited in the railroad retirement account (trust fund) and are invested in Government securities bearing interest of at least 3 percent. Transfers are made between this account and the Federal old-age and survivors insurance trust fund and the Federal disability insurance trust fund so as to place these funds in the same position in which they would have been if railroad employment had been included in social security coverage. Funds required for the administrative expenses of the railroad retirement system are derived from the railroad retirement account in amounts specifically authoized by Congress.

APPROPRIATION REQUESTED FOR 1962

The Board requests an appropriation of $9,740,000 to be derived from the railroad retirement account—trust fund—to cover the administrative expenses of the railroad retirement system for fiscal year 1962. Since this is a request for a transfer of funds from one trust account to another and not an appropriation of general funds of the Treasury, it has no effect on the total amounts appropriated as reflected in the Federal budget.

To place the appropriation request for 1962 in proper perspective, it is desirable first to comment briefly on the requirements for the 2 preceding years. In 1960, increases in productivity made it possible for the Board to hold retirement administrative expenses to $9,120,000. Since the appropriation for the year was $9,460,000, the Board closed the year with a balance of $340,000, which was returned to the railroad retirement account for benefit payment purposes.

In 1961, the regular appropriation of $9,485,000, of course, does not provide for pay act costs. Although pay act costs amount to $541,000, projected economies will make it possible for the Board to absorb $241,000. This leaves $300,000 to be provided by a supplemental appropriation, producing total appropriation requirements of $9,785,000 for the year. The absorption of $241,000 of pay act costs is being made in the face of new workloads created by the 1960 Social Security Amendments.

In 1962, the Board is requesting $9,740,000, which is $45,000 less than the $9,785,000 required for 1961. Further expected improvements in productivity make it possible to schedule a decrease in fund requirements even though workloads are estimated to increase from 1961 to 1962.

In preparing the appropriation request for 1962 the Board has been very mindful of its responsibility to conserve the trust funds it administers. We believe our appropriation request represents the minimum requirements to handle estimated workloads in an efficient and economical manner and still provide the service to which railroad workers and their families are entitled. In this respect, it should be noted that administrative costs will represent less than 1 cent out of each dollar spent under the railroad retirement system in 1962.

In addition to Mr. Healy, the management member of the Board, we have with us Mr. Frank J. McKenna, the Chief Executive Officer, and Mr. Michael Rudisin, the Director of Budget and Fiscal Operations, who are prepared to answer any questions which the members of the committee may wish to ask.

SUMMARY OF BUDGET

Mr. FOGARTY. Your appropriation for 1961 was $9,485,000, and the supplemental was $300,000 for pay costs, for a total of $9,785,000. The request for 1962 is $9,740,000—or a reduction of $45,000. Is that right?

Mr. HABERMEYER. Yes, sir.

Mr. FOGARTY. You are one of the few that has come in here with a reduction in their budget. Did you concur in this reduction, or was it imposed on you?

Mr. HABERMEYER. No; this is what we agreed to.

WORKLOAD

Mr. FOGARTY. Will your workload go up or down in 1962?

Mr. HABERMEYER. It will be slightly up, but we anticipate that we will get further increases in productivity which will allow us to operate at less cost next year than we did last year.

Mr. FOGARTY. Your justifications indicate that the workload estimate is based on a moderate recovery in railroad employment. Do you still think that that is realistic?

Mr. HABERMEYER. I would think so; yes, sir. It doesn't seem to me it could go down any further at the moment. There may be things in the offing that would change that picture, but management and, I think, labor will concur that there should be a slight improvement.

Mr. FOGARTY. What is the effect of automation?

Mr. HABERMEYER. Automation, together with other technological improvements, has caused considerable concern as far as the Board is concerned; and also placed our funds in a somewhat less favorable position than we had hoped they would be.

For example, we have had to borrow from the retirement trust fund in order to pay some unemployment benefits. This was anticipated, but not quite to the degree that it has occurred. Our retirement account is still in fairly good actuarial balance. Our actuary estimates, at the moment, with reduced employment, that the fund is probably deficient in the area of 1.25 percent of payroll, which isn't too serious as yet.

Mr. FOGARTY. How do the railroad mergers affect employment?

Mr. HABERMEYER. They will reduce employment; they have reduced employment.

Mr. FOGARTY. It looks to me, if you are going to have further automation and further technological developments and mergers and possible bankruptcies, your workload is going to increase a lot more than you anticipate. You are going to have a lot more men out of work.

Mr. HABERMEYER. That would primarily affect the portion of our budget that doesn't come before this committee. It would affect the expenditures under the Unemployment Insurance Act. It is true that when jobs get tight, there is a tendency to put pressure on the older men to retire. We have found that our retirement age in the last few years has dropped about 1 year. The average age of retirement was about 68 years; Now it is down around 67. So there is a tendency to put pressure on the older men to retire, which would increase our load.

THE NEW HAVEN RAILROAD

Mr. FOGARTY. Some people have recommended that the New Haven Railroad, which is up in my area, go into bankruptcy. Have any railroads gone into bankruptcy recently in this country?

Mr. HABERMEYER. As far as I know, the last one that went through bankruptcy proceedings was the New York, Ontario & Western, which was several years ago—5 or 6 years ago.

Mr. FOGARTY. Why would these people recommend that a railroad go into bankruptcy?

Mr. HABERMEYER. I just know what I read in the papers, so I have about the same information as you have. The statement I saw in the paper placed the blame on two things. One, bad management; and, two, possibly too heavy a debt load to carry.

Mr. FOGARTY. It must be about bankrupt if they are making that kind of recommendations.

Mr. HABERMEYER. We have been keeping pretty close watch on the New York & New Haven. We have been sympathetic with it in

its demands on the Board. In order to meet some of their payrolls, they asked us to defer collection of contributions. We did cooperate to that extent. They paid us the interest called for under the act, but that is about as far as we could go.

Mr. FOGARTY. What effect would this have on you if this railroad did go into bankruptcy?

Mr. HABERMEYER. If it went into bankruptcy, I can't conceive that the railroad would be allowed to discontinue operations. I should think that, as a public necessity, it would have to be maintained. Even going through bankruptcy proceedings, it would still be an operating railroad some way and somehow, with a reorganization.

Mr. FOGARTY. You mean it could be reorganized?

Mr. HABERMEYER. I should imagine so.

Mr. FOGARTY. And operated at a profit?

Mr. HABERMEYER. I wouldn't want to go that far. I don't know enough about the facts.

Mr. FOGARTY. What about the States running it, or the Federal Government?

Mr. HABERMEYER. It seems to me that, as a public necessity, it would have to be maintained.

Mr. FOGARTY. Do you have anything to add, Mr. Healy?

Mr. HEALY. I think he has explained it so far as we know. The New Haven Railroad has a heavy commuter load. That has to be separated from the balance. It is not an originating traffic road; it is a terminating road. Industry in that area, as you probably know, has declined insofar as production and tonnage are concerned, particularly in textiles. They do a fairly good volume of bridge traffic—from one road to another. But they also have been affected very seriously by the decline in steel production.

I wouldn't say that all of the current unemployment was due to automation—a certain portion, naturally. There would be some reductions due to mergers. Some people, and I, think mergers are essential. The drop in steel production to 55 percent of capacity, which also affects movements of related products; the decline in coal exports and other traffic have contributed to the terrific decline in railroad employment.

Mr. FOGARTY. Maybe I shouldn't have brought it up, but I just read this article this week in the paper and I ride that line quite often.

Mr. HABERMEYER. I can well understand your concern and agree with you. We too are concerned. I am convinced that it is a public necessity to keep that railroad operating and the trains running. Somehow, it is going to have to be achieved.

AUTOMATION AND RAILROAD EMPLOYMENT

Mr. FOGARTY. I thought that in most areas of automation there has been a drop in employment.

Mr. HABERMEYER. That is true.

Mr. HEALY. Automation affects principally the maintenance and way people through stronger materials and mechanized equipment. Mobile units now operate over the railroads; we have centralized traffic control——

Mr. FOGARTY. Don't you have television operations in some yards?

Mr. HEALY. Yes, sir; here at Potomac Yards. The second group

would be the clerical employees through electronics, machine recordings, and so forth. Those are the two big groups.

Of course, in the next group would be the shopmen through improvements in mechanical equipment. But so far as the train and operating services, I think they will level off generally about the same as now. Mergers or consolidations—for example, like Seaboard and Coast Line—will permit yard and terminal facilities to be coordinated which will affect the yardmen, the switch and engine crews and, of course, some clerical employees.

Thus, so far as the operating departments of the railroads are concerned, and so far as the railroad industry itself is concerned, any pickup in industrial business, which we are all looking forward to, will help the railroads and will indirectly help the New Haven.

FACTORS BEHIND A POSSIBLE IMPROVEMENT IN THE RAILROADS' FINANCIAL POSITION

Mr. HABERMEYER. There have been some other encouraging signs, too, Mr. Chairman. Piggybacking, which has been with us now for a few years, is on the increase. I notice that more and more automobiles are now being transported by rail. They have new cars that they use whereby they can carry 15 automobiles on a freight car. I counted that many the other day. It seems to me they are going to get back some of the business they lost in the past years.

Mr. FOGARTY. Do you think a Federal subsidy is needed?

Mr. HABERMEYER. Not as yet, no, sir.

Mr. FOGARTY. Mr. Healy?

Mr. HEALY. I think it would be possibly warranted in the case of commuter traffic; but I wouldn't say it would be desired so far as the general situation on the railroads.

I would like to comment here—speaking about piggyback loading, which as you know has tremendously increased in the last 10 years and more so in the last 5 years—that in 1960, 554,000 cars were loaded.

Of course, we have trailer automobile trains which have taken that business back, which we had lost to the trucks. Of course, some of them are objecting to it and fighting us, but don't forget, they took it from us in the first place.

I would say that any pickup, particularly in steel and the general productivity of the country, plus what the railroads are doing on their own, such as piggybacking, consolidations, and mergers, will give us a better picture in the next 5 years—not in total employment, but in the soundness of the railway system.

Mr. FOGARTY. What good will a pickup in steel do if we don't have enough people working in order to buy the products that steel makes?

Mr. HEALY. That is a vicious circle.

Mr. FOGARTY. You are satisfied with your budget as is?

Mr. HABERMEYER. Yes, sir.

MILITARY SERVICE CREDITS

Mr. FOGARTY. I have one last question. For quite some time now, we have had the problem of the military service credits. In this budget we have before us, we don't see anything new. As you know, this committee has been attempting to get the Bureau of the Budget to include funds for military service credits in the President's budget. They have refused. We have a new Budget Director now. I hope that he might see the light and accept the recommendations of this committee.

Will you, for the benefit of the committee, bring us up to date on what has happened in the last year? I know there have been meetings between you and the Bureau of the Budget and the Department of Health, Education, and Welfare.

Mr. HABERMEYER. Yes, sir. The committee again last year instructed that the Railroad Retirement Board, the Bureau of the Budget, and the Secretary of Health, Education, and Welfare get together to try to resolve this whole question of military service credits. We did hold such a meeting on November 16, 1960, which was attended by the Board members of the Railroad Retirement Board; the Deputy Director of the Bureau of the Budget, and several staff members; and the Secretary of Health, Education, and Welfare and a staff member.

Out of that meeting came what I thought was a general agreement that, one, the Railroad Retirement Board was entitled to the funds we have been requesting under the law; and, two, that a method would be set up whereby we would receive these funds not in a lump sum, but maybe in five or six installments.

Also the subsidiary question—the moneys that we owe the Social Security System—would be taken care of through transfer of funds from the railroad retirement account to the social security account by our financial interchange provision which is already in the law.

MEMORANDUM OF UNDERSTANDING

It was agreed, at the meeting, to prepare a memorandum—a so-called memorandum of understanding—as to what had been discussed and what the general agreements were.

Mr. FOGARTY. Do you have a copy of that?

Mr. HABERMEYER. Yes, I have, sir, in the file here. Would you like to have that?

Mr. FOGARTY. Yes.

Mr. LAIRD. May we put that in the record?

Mr. FOGARTY. I think we should put it in the record.

(The memorandum of understanding is as follows:)

PROPOSALS FOR RESOLVING CERTAIN ISSUES WHICH HAVE ARISEN IN CONNECTION WITH CREDITING MILITARY SERVICE UNDER THE RAILROAD RETIREMENT AND SOCIAL SECURITY ACTS

The crediting of military service under the Railroad Retirement and OASDI systems and the methods specified in the respective laws for the payment for such military service credits by the Government gave rise to certain problems which were discussed at a meeting held at the Bureau of the Budget on November 16, 1960. The participating agencies and their representatives were as follows: Bureau of the Budget: Deputy Director Staats, Mr. Sutton, and Mr. Turin; Department of HEW: Secretary Flemming and Mr. Kelly; and Railroad Retirement Board: Board members Habermeyer (Chairman), Harper, and Healy.

The discussion led to an outline of a general formula which was accepted as the basis for further consideration. The formula is as follows:

1. Except for adjustments to eliminate past and future duplicate Government payments for the same military service (see items 3 and 4 below), the present method of Government payment for crediting military service under the Railroad Retirement Act would continue in force until the end of 1961.

2. To implement the principle stated in item 1 above, the Bureau of the Budget would: (*a*) Approve an appropriation to the railroad retirement account covering the military service rendered from July 1948 through December 1958 (in the amount already determined) to be paid in five or six approximately equal annual installments beginning with fiscal year 1961–62, including interest of 3 percent per annum to the dates of transfer, and (*b*) approve appropriations to the railroad retirement account for military service rendered in calendar years 1959–61 at the earliest practicable date after such amounts are determined by the Board in accordance with present law.

3. The Secretary of HEW and the Railroad Retirement Board would establish as soon as practicable procedures for the elimination of past and future duplicate Government payments (to the OASDI trust funds and to the railroad retirement account) with respect to military service creditable under both systems. The adjustments resulting from the acceptance of this principle (which would pertain to both past and future benefits due to military service rendered before 1957) would be made by means of the financial interchange between the two systems.

4. The Department of HEW would modify its requests for appropriations with respect to benefits based on military service rendered before 1957 to allow for adjustments in favor of the OASDI trust funds in accordance with the procedures resulting from the adoption of item 3 above.

5. The Bureau of the Budget would approve an appropriation for the OASDI trust funds in an amount (after recognition of results of determinations in accordance with items 3 and 4 above) equal to: (*a*) the first annual installment with accrued interest in respect to the additional cost due to military service benefits paid before July 1956, and (*b*) the additional cost due to military service performed before 1957 in respect to benefits paid in fiscal years 1956–57 through 1958–59, including accrued interest. This appropriation would be transferred in five or six approximately equal annual installments beginning in fiscal year 1961–62 and would include interest to the dates of transfer. This procedure would in no way affect the other appropriations due the OASDI trust funds in the future under existing provisions of law.

6. Beginning with calendar year 1962, the method of reimbursing the railroad retirement account for military service rendered in and after such year would be modified along one of the following lines:

(*a*) the railroad retirement account would receive the same amounts of taxes as under present law except that the taxes (excess of railroad retirement over OASDI amounts) would be paid in equal shares by the servicemen and the Government, or

(*b*) the "tax" method would be superseded by an "additional cost" method which would be either on an "actuarial lump-sum" basis or on an "annual accounting" basis.

7. Amendments to implement the principles stated above would be introduced in Congress as soon as practicable and would be sponsored or approved by the agencies participating in the meeting.

Mr. HABERMEYER. After this memorandum was prepared, it was generally agreed, by the Board members, that the proposals were valid and sound and we would be willing to go along. We contacted the Bureau of the Budget and the Director, who had not participated in the meeting.

Mr. FOGARTY. What about HEW?

Mr. HABERMEYER. They were pretty much in agreement that this was the proper way of handling it.

Mr. FOGARTY. That was my understanding, that they were.

Mr. HABERMEYER. The Director, Mr. Stans, said no, he could not go along with this way of settling the matter, and it was left at that. Consequently, no funds were put in the budget that was presented to the Congress.

We have resubmitted this request to the new Budget Director and, as you know, he is a very busy man and hasn't had a chance yet to decided this question.

Mr. FOGARTY. Maybe we can remind him of what has been going on for 2 or 3 years and make the same request of the new Director as we did of the old one.

Mr. LAIRD. When did you resubmit it?

Mr. HABERMEYER. The first week in February. I think it was February 3, 1961.

Mr. LAIRD. In this resubmittal request you have asked for one-fifth?

Mr. HABERMEYER. We have submitted the memorandum of agreement to the new Director asking him that we be given favorable consideration in accordance with the proposals made in this memorandum. The memorandum calls for their giving the Board the military service credit money in either five or six installments, either of which is acceptable as far as we are concerned.

Mr. LAIRD. You are not presently running behind on military service credits?

Mr. HABERMEYER. Yes, sir. The $137 million that is covered by this memorandum—incidentally, the rest of the problem is covered by the memorandum also—only covers military service from July 1, 1948, to December 31, 1958. We have to make a study to determine what is due us for the years 1959, 1960, and 1961.

Mr. LAIRD. You can't tell us now what is due for 1961, can you?

Mr. HABERMEYER. It would be in the area of $4 to $5 million a year for 1959, 1960, and 1961.

Mr. LAIRD. So all the time that this has been under consideration, we haven't even kept up with the additional sums due during the current year?

Mr. HABERMEYER. No, sir.

Mr. LAIRD. We are getting further behind all the time, then?

Mr. HABERMEYER. Yes, sir.

Mr. FOGARTY. It is going to make it that much worse to catch up. That is what we thought a couple of years ago. The irony of the whole thing is that I thought we were in agreement. The last time I inquired, the Bureau of the Budget kept insisting that this law be changed and the change made retroactive. Everybody agreed that there wouldn't be anybody who would want to introduce the bill. I think we all agreed we couldn't get it passed if it was introduced.

Mr. HEALY. I think, Mr. Chairman, 2 years ago you spelled it out very thoroughly in a memorandum you had here on the situation.

Mr. FOGARTY. I think it is only fair to ask the present Budget Director as we did the last one don't you, Mr. Laird?

Mr. LAIRD. I think it is very fair to ask the present one.

Mr. FOGARTY. Mr. Michel?

DEFICIT IN THE UNEMPLOYMENT INSURANCE FUND

Mr. MICHEL. Subsequent to the amendments in 1959 to the Railroad Unemployment Insurance Act, I note there was borrowed from the trust fund $269 million—$104 million-plus has been repaid?

Mr. HABERMEYER. Yes, sir.

Mr. MICHEL. Now, with the current recession, do you anticipate that a year from now this repayment will show up in as favorable a light as it does now? It will probably be the other way around, won't it?

Mr. HABERMEYER. Probably not quite as well as it looks at the moment. We have projected 5 years in advance. Under the present benefits schedule and under the present tax provisions to support that schedule, we will be in somewhat poorer position, not too much but a somewhat poorer position 5 years from now than we are at the present time.

Mr. MICHEL. That far ahead?

Mr. HABERMEYER. Yes, sir.

Mr. HEALY. We will be doing well just to hold our own where we are now.

Mr. MICHEL. This is a relatively short period of time, however, for you to have paid back $104 million out of $269 million borrowed originally. How do you account for that, or is this a continually revolving fund?

Mr. HABERMEYER. It is a revolving fund. We collect our taxes quarterly and, as we collect them, we repay the fund. At the same time we are currently paying benefits, each quarter we have been losing ground and going further into the hole.

Mr. MICHEL. In your projection over the next 5 years, you are figuring that there will be a recovery from the present recession and then there won't be another recession in that 5-year period?

Mr. HABERMEYER. I think this points up an area where action is going to have to be taken sometime within the next 5 years. In other words, I don't think we can continue to let this fund go into the hole for a 5-year period at the rate it is anticipated.

Mr. MICHEL. So what will have to be done?

Mr. HABERMEYER. There are only two ways that you can get the fund back in balance; that is, either increase the taxes or reduce the benefits.

MICHEL. We are not about to reduce the benefits.

Mr. HABERMEYER. That's right, but I don't think at the moment, when the railroad industry is having to cope with its worst problems, is the time to attack this matter. I hope that some time in the near future we will have a more favorable situation when we can take the action I think is called for.

Mr. MICHEL. That is all, Mr. Chairman.

Mr. FOGARTY. Do you have anything else you would like to say?

Mr. HABERMEYER. No, sir. Thank you very much.

Mr. FOGARTY. Mr. Healy?

Mr. HEALY. No, sir, except to repeat what Mr. Habermeyer told you, that Mr. Harper asked I think each and every one of us to express his regrets for his inability to be here.

Mr. FOGARTY. I hope you will take the word back that we miss him, because he certainly has been doing a good job for the brotherhood and this Board. He has always been very honest with the committee.

Mr. HABERMEYER. Thank you again, Mr. Chairman.

Mr. FOGARTY. I hope he has a complete recovery. Thank you very much.

THURSDAY, MARCH 9, 1961.

FEDERAL MEDIATION AND CONCILIATION SERVICE

WITNESSES

ROBERT H. MOORE, DEPUTY DIRECTOR
WALTER A. MAGGIOLO, DIRECTOR, MEDIATION ACTIVITY
JOHN G. FLANAGAN, CHIEF, BUDGET AND FINANCE DIVISION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1960 actual	1961 estimate	1962 estimate
11	Personnel compensation:			
	Permanent positions	3,102	3,376	3,523
	Positions other than permanent	12	14	17
	Other personnel compensation	27	15	2
	Total personnel compensation	3,141	3,405	3,542
12	Personnel benefits	214	254	266
21	Travel and transportation of persons	275	276	317
22	Transportation of things	9	10	10
23	Rent, communications, and utilities	155	156	167
24	Printing and reproduction	7	8	8
25	Other services	10	11	11
	Services of other agencies	19	13	13
26	Supplies and materials	24	18	20
31	Equipment	49	15	34
	Total obligations	3,903	4,166	4,388

Personnel summary

	1960 actual	1961 estimate	1962 estimate
Total number of permanent positions	344	344	359
Full-time equivalent of other positions	3	2	2
Average number of all employees	343	345	358
Number of employees at end of year	347	344	359
Average GS grade	10.6	10.6	10.7
Average GS salary	$9,065	$9,785	$9,830

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Mediation and conciliation of labor disputes	3,503	3,795	3,971
2. Presidential boards of inquiry	15		10
3. Administration	357	384	404
Total program costs	3,875	4,179	4,385
4. Relation of costs to obligations:			
Costs financed from obligations of other years, net (−)		−13	
Obligations incurred for costs of other years, net	28		3
Total obligations	3,903	4,166	4,388
Financing:			
Unobligated balance lapsing	2		
New obligational authority	3,905	4,166	4,388
New obligational authority:			
Appropriation	3,905	3,905	4,388
Proposed supplemental due to pay increases		261	

General Statement

Mr. Fogarty. You may go right ahead, Mr. Moore. We will file your statement in the record at this time.

(The statement follows:)

Statement by Federal Mediation and Conciliation Deputy Director, Robert H. Moore

You gentlemen are thoroughly familiar with the general functions and responsibilities of the Federal Mediation and Conciliation Service under title 2 of the Labor-Management Relations Act, 1947, as amended. I only remind you that this Service is the only statutory agency in Government responsible for the prevention and settlement of labor-management disputes in industries affecting commerce, excepting in the rail and airline industries.

I would first like to report to you briefly our stewardship of the funds previously appropriated to us.

Our overall workload, compared to the previous year, has remained relatively stable. There was a decline during the immediate preelection and postelection periods, but as of now fiscal year 1961 seems to be about on a par with fiscal year 1960. Since the calendar year 1960 is the best annual unit convenient for discussion at this time of year, the following information is presented for that period.

Starting with January 1, 1960, we received notices involving the reopening or renewal of over 100,000 contracts. Through the process of grouping and consolidation in order to avoid needless clerical and mediator work, and the application of our jurisdictional and other screening processes, these were reduced to less than 19,000 assignments for mediation.

Our mediators maintained close contact with all of these cases either until the parties were able to reach agreement or until active participation by the mediator was indicated. In over 7,000 of these situations, it was necessary for the Service to participate in the negotiations in order to bring about an early agreement.

Most of these cases did not, of course, make the headlines. They were nevertheless of vital importance to the economy of the Nation and the communities affected; as well as to the maintenance of the institution of free collective bargaining. They cut across all segments of Ameircan industry: mining, refining, manufacturing, transportation, distribution, service, maritime, missiles, and defense procurement.

I think we can be gratified by the fact that relatively few strikes occurred in cases in which our mediators were involved; and most of these were settled very promptly. This is particularly significant when you consider that they were working only on those situations where a strike threat existed.

Naturally, some of the disputes on which we worked did make the headlines. Some of these which were settled during the first half of the calendar year are reported in our 13th annual report which has been furnished the committee. During the last 6 months of the year, the more significant cases include a strike at the Avco Corp. in Nashville, Tenn.; a strike against RCA in New York; a strike involving New Jersey Zinc operations in Pennsylvania, Illinois, Tennessee, Virginia, and Colorado; a strike against General Electric by the IUE; a serious threat of strike at Westinghouse; a strike at the Miami, Fla., Transit Co.; and strikes involving atomic energy operations in Idaho and Tennessee.

Perhaps the most difficult and challenging group of cases confronting the Nation during the year were those in the airframe and missiles industries. Basic airframe bargaining, involving 23 companies and some 300,000 employees, came up first and because of the complexity and seriousness the Service established the coordinator function that had proven so successful the previous year in the longshore disputes. With mediators assigned to each of the bargaining locations, with detailed and effective coordination, with close liaison between regional directors, and with almost daily consultation with the national office, the airframe contracts were negotiated with a very minimum of impact on the industry. The Service received written commendation from various elements of the industry because of the active assistance rendered.

The problems in missiles are of a continuing nature and frequently involve jurisdictional disputes between unions. While disputes as to union jurisdiction normally have not been considered appropriate for mediation, the Service explored this area with the Defense Department and other agencies involved. Because of the importance to national defense, special procedures have been established including—

1. A coordinator operation with continuing individual mediator assignments to each missile base.
2. Maintaining continuous liaison with base commanders, Air Force, and the Corps of Engineers advisers, and with representatives of labor and management operating at each base.
3. The establishment of local labor-management committees whose function it is to meet periodically and discuss actual and potential disputes. (A noteworthy example of this is the labor-management committee established by Commissioner McAlister at Cape Canaveral.)
4. Obtaining pledges from contractors and Building Trades Unions to use all established procedures (including mediation by FMCS) before engaging in any stoppages.
5. Maintaining close liaison with the National Joint Board for Settlement of Jurisdiction Disputes in the Building and Construction industry.
6. Anticipating potential disputes and seeking to avoid them by discussion of problems prior to the commencement of construction or installation.

In the actual dispute area, our mediators have been effective in many situations, including threatened or actual stoppages at Cape Canaveral; Altus Air Force Base, Altus, Okla.; Fairchild Air Force Base, Spokane, Wash.; Forbes Air Force Base, Kansas City, Kans.; Larson Air Force Base, Moses Lake, Wash.; Lowry Air Force Base, Denver, Colo.; Mather Air Force Base, Sacramento, Calif.; Offut Air Force Base, Omaha, Nebr.; and Warren Air Force Base, Cheyenne, Wyo.

During the year the field staff continued, during any time not engaged in dispute mediation, to engage in activities related to and supporting the basic mediation process; a total of over a thousand such activities having been reported.

More specifically, the Service continued to provide preventive mediation in selected situations. Some of the more effective of these include the southwest Michigan forum developed to provide an area approach to open discussion of labor-management problems, the labor-management committee at Altmont in Michigan, the labor-management-Government discussion program at Cape Canaveral and the Ruberoid, New Jersey joint discussion plan.

Staff mediators were active throughout the year in training programs for labor and management representatives and in participating in conferences and seminars on labor relations subjects. Some 600 such assignments were concluded.

The audiovisual program for improving inplant relationships continued to be in demand by both labor and management. Nearly 300 such training sessions were conducted—mostly outside normal duty hours.

The Service continued to be one of the prime agencies for the indoctrination of visiting foreign representatives of governments, labor, and management. During

the year it took part in the indoctrination of 70 foreign groups including 249 individuals. As an experiment, one of the Government representatives from the Philippine Islands spent nearly 3 months on a tour of duty at Federal Mediation and Conciliation Service offices, including participating as observer in mediation meetings. The reatcion was exceptionally favorable and the practice of permitting such participation in mediation by foreign visitors will be continued.

Internal audit, covering manpower utilization, procedures and general efficiency of operations was continued during the year. Audit reviews of regions 2, 4, 5 and 7 were concluded and review of region 1 is now in process. More than 80 percent of audit recommendations have been implemented, resulting in greatly increased efficiency and effectiveness.

Professional mediator training was stringently limited by availability of funds. Training programing of about 1½ days at each of the regional administrative meetings was all that could be provided.

The arbitration load of the Service has shown remarkable growth, but through streamlining the operation the manpower requirements have not been increased.

FISCAL YEAR 1962 REQUIREMENTS

The anticipated workload and functions of the Service for fiscal year 1962 closely follow the patterns established in 1960 and 1961. The peak work levels reached in 1960, placing an almost impossible load on the 200-man mediator staff, now seem to be well established for at least the ensuing fiscal year.

The more important contracts coming up for reopening or renewal are in auto, meatpacking, farm equipment, maritime, and glass. The total Service caseload will probably show a slight increase. The added complexities of bargaining arising out of automation, job security, cost consciousness, social protection, and the host of related issues they induce and with which you are all familiar, will continue to demand more mediator time and skill in helping labor and management reach sound agreements.

A careful and conservative study of fiscal year 1962 indicates the need for the continuation of basic procedures and activities.

A mediator staff of 212 represents a minimum to render the effective service required by labor and management during contract negotiations.

The establishment of the President's Labor Management Advisory Committee (and such similar regional and local committees as may be established) will not reduce the workload or responsibilities of the Service, but will rather serve to supplement the mediation process.

A slight increase in national office staffing may be required to permit the desired degree of liaison with field operations. Additional national office travel funds will also be required for the same purpose. Such additional costs, if incurred, will of course be within the requested appropriation.

Funds for an adequate training program are essential for maintaining the proper professional level of the mediator staff.

FISCAL ANALYSIS

You will note that the appropriation recommended for the fiscal year 1962 is $4,388,000. This represents a net increase of $221,600 over the 1961 appropriation, after adding the supplement for the general wage increases which took effect last July. Salaries and travel costs for the 12 additional mediator and 3 supporting clerical positions, together with added training funds, account for substantially all of this increase.

It is respectfully urged that the appropriation requested is the minimum appropriation for the effective and efficient operation of the Service.

I, as well as other staff officials present, am available for for any questions you may care to ask.

APPROPRIATION REQUESTED

Mr. MOORE. For the record, if I may explain, Mr. Chairman, my appearance here is at the joint request of Mr. Simpkin and Mr. Finnegan. I have spent many hours discussing our budget and our operations with both of them. Mr. Simpkin has spent many days with us in a transition process.

It is at their joint request that I appear and that my statement, I can say, bears their mutual approval as being in complete agreement as to the necessary programing and functions and staffing of the Service.

I am sure, Mr. Fogarty, you and the rest of the committee understand our operation well enough that it is no use my belaboring the subject. You, I am certain, have a full understanding of our mediation function. It would serve no purpose to repeat it.

Our new presentation, Mr. Fogarty, is basically the same operation as you approved last year. The figures may be confusing in the beginning. We have received approval for an appropriation of $4,388,000. This represents, in fact, a net increase of $221,600, because the Bureau of the Budget has approved our request for $261,000 supplement to offset the general wage increase effective last July.

REQUEST TO BUREAU OF THE BUDGET

Mr. FOGARTY. What did you ask of the Bureau of the Budget for 1962?

Mr. MOORE. $80,000 more than the Budget approval; $4,468,000.

Mr. FOGARTY. Will you supply for the record what that $80,000 was for and how the reduction will affect your operation?

Mr. MOORE. In applying this cut, they didn't tell us how to apply it. We basically applied it in the reduction of other than staff—in other supporting activities that we felt were desirable, but not as necessary as staff.

Mr. FOGARTY. All right, go ahead.

JUSTIFICATION OF 1962 BUDGET

Mr. MOORE. The 12 mediator positions was our proposal to the Bureau of the Budget and remains our proposal to your committee.

Mr. FOGARTY. How many additional positions have you?

Mr. MOORE. Twelve additional mediator and three supporting clerical.

Mr. FOGARTY. Where will these 12 be?

Mr. MOORE. The actual location, Mr. Fogarty, hasn't been determined. We have a continuing internal audit for the utilization of manpower requirements. There has been an appreciable change in the need in various areas. Some increase; some decrease. Our effort is to make this allocation equitable among the regions at the time, to try to give each mediator a reasonably equal caseload.

Mr. FOGARTY. All right, go ahead.

Mr. MOORE. Aside from the 12 added mediator positions and the necessary three supporting clerical, some additional funds for training represent the bulk of the increase approved by the Bureau of the Budget which were requested.

WORKLOAD

Mr. FOGARTY. Your justifications on page 5 say:

The mediation program is expected to continue at the level of activity of the past few years.

Mr. MOORE. Yes, sir.

Mr. FOGARTY. So, if that is true, why do you need 12 more people?

Mr. MOORE. Frankly we have three problems because of our staff size. Our careful check has indicated that since about 1958 we have had an increasing incidence where our limited staff has actually prevented mediation from being made available to labor-management who asked for it. This has been particularly true in specific localities rather than general.

Secondly, it has been somewhat general that particularly during peak workload periods which cover something more than half of the calendar year mediators very frequently are unable to spend enough time servicing any given case. They go into a meeting, and maybe, instead of continuing it through, have to say, "Well, gentlemen, I am booked up for tomorrow. I can't change that. Either recess or go ahead with your own meeting and I will come back as soon as I can get here."

So they do not give what we consider to be proper mediation treatment to the people in the meeting.

The third is, frankly I don't say we are running a professional sweat shop, but in 1960 and 1961 both we have had a terriffic problem of permitting orderly annual leave that these people earn. They will have leave scheduled; they will get into a situation where they can't walk away from it and have no one to substitute for them. They reshuffle their leave. Many of them actually lose leave.

We do our very best to prevent this. We have had no complaints. If they ask for leave, we grant it somehow or other. Most of them prefer not to. In fact, we have had situations where a mediator would be required to take annual leave so he wouldn't lose it and we would find out later he was conducting meetings while he was on leave.

The staff generally is a rather dedicated staff. I know you know some of them.

IMPACT OF STRIKES—RECESSION ON WORKLOAD

Mr. FOGARTY. Do you expect the work stoppages to increase or decrease this year?

Mr. MOORE. Mr. Fogarty, I wish we knew. We don't expect any appreciable change. You remember we pulled a "booboo" about 3 years ago—or 4 years ago, I guess it was, in 1957—by telling you that we were sure the incidence of strikes and work stoppages was going to be very high and it turned out it was exactly the opposite. That was when that recession went further and faster than anybody thought.

We thought it was going to make it difficult to negotiate wage increases. It turned out it scared unions so they were afraid to strike, and so we had fewer strikes. Actually the strike incidence has only a small effect on our work.

Mr. FOGARTY. We are in a recession right now, aren't we?

Mr. MOORE. So far, however, it has had no appreciable impact on bargaining. We had a slight dropoff in the immediate preelection and postelection period, which I think is customary.

Mr. FOGARTY. The last figures we had from the Department of Labor were for January, and they said there were substantially less work stoppages in January of this year than last year.

Mr. MOORE. This might be true. Actually work stoppages, as such have little or no impact on our work. The mediator mediates the case.

If there is a work stoppage, he continues to mediate. Whether there is a strike or not may determine the number of meetings he holds. Statistically it has little or no impact on our workload. So strikes to us are not of statistical significance.

REDUCTION OF 1960 APPROPRIATION REQUEST

Mr. FOGARTY. Two years ago the committee made a modest reduction in your agency's request, and Mr. Finnegan went over to the Senate and told the Senate:

I state unequivocally that we will not be able to perform our mission with a cut of the size that the House committee proposes. I am very definitely of that opinion.

Mr. MOORE. Yes, sir. As I remember, there was some $46,000 cut. I have forgotten the exact amount.

Mr. FOGARTY. Did the Senate——

Mr. MOORE. They restored that in full, yes, sir. We lost it in the conference that year. Mr. Fogarty, could I explain our approach to this particular problem?

Any agency has certain programing that they consider quite essential. In our case, one of the variable programs is training. Our attitude here is, we think, very realistic.

You know yourself how much collective bargaining has changed in the last 10 or 15 years. Fifteen years ago when I was a neophyte more or less with this service, my big problem frequently was just to get a meeting at all. If I could get the parties to meet, I had secured a victory. So the mediation process largely in that time was being able to get people to sit down and talk over their problems. This was a novel approach.

Mediation, like collective bargaining, has changed. It is no longer chairing a meeting. The mediator has to make a constructive contribution as a professional in the field, or he is not welcome. The parties have no time to waste on people who can't help. Mediation is still a personal process. We have to put in the field experts who are right up to date, who know the problems that are developing, the approaches to solutions, who can really contribute to the collective bargaining process, or people don't want to be bothered with them.

We can't do a job.

EVALUATION OF MEDIATORS

Mr. FOGARTY. What do you consider the most essential—a fellow who prevents a strike or the fellow who does a really good job after a strike has occurred?

Mr. MOORE. Neither, Mr. Fogarty. We don't feel that a strike is in an appreciable number of instances the result of either good or bad bargaining.

Mr. FOGARTY. Isn't one of the main purposes of your Service to prevent strikes?

Mr. MOORE. Yes, sir. We do certainly emphasize the necessity for more active effort when a strike deadline approaches. But we didn't use this as a rating system to determine the effectiveness of a mediator.

Similarly, we are always confronted with the need to avoid relating actual activity to effectiveness. Just because a mediator conducts 150

joint meetings in a year doesn't mean he is a better mediator than the man who settled approximately the same number of disputes with 100 meetings, nor does it mean he is any worse either.

These are just things that happen. Sometimes some cases require as many as 40 or 50 meetings; but this doesn't mean that a mediator is good or bad. It is the parties who present the problem. Again, a mediator might settle a serious dispute in 1 week.

EFFECTIVENESS OF THE SERVICE DURING THE LAST 2 YEARS

Mr. FOGARTY. Do you think the Service has been performing its mission in the last 2 years in a satisfactory manner?

Mr. MOORE. Within the limits of our ability, Mr. Fogarty. Frankly we haven't done, mainly because of our manpower limitation, as adequate a job as I would have liked to have seen us do in some areas. I am afraid we are getting in some of these—let me mention two areas where I think we are getting a little bit in trouble.

Training is one. I honestly believe that training in our particular operation has to be compared somewhat to amortization for obsolesence in a business venture. You can skip it 1 or 2 years; but if you don't provide for it over a period of time, sooner or later you are out of business.

The second is the area of liaison with the field. When we are short of money, we cut out national office travel to the field; we cut out field travel to the national office. This prevents the necessary interchange of thinking, planning, the development or feeling of an organization as against individuals who are out in the remote hinterland. That isn't good over a period of time.

We have various areas of this sort when, if we have to do it at the time, we can cut down on expenditures. But I think it is a long-range, what you might call selling-the-hour to-save-the-minute, approach. You gain the benefit at the moment, but I am afraid over the long haul you gradually undermine the effectiveness of the operation. This is our honest conviction.

NEW APPROACHES TO BE EMPHASIZED IN 1962

Mr. FOGARTY. Do you have any new ideas for 1962?

Mr. MOORE. Only two or three that are of substance, Mr. Fogarty. We have been experimenting in the past 2 years with a coordinator approach that we have used effectively in both the maritime and airframe industries, and are now adapting it to the missiles program.

We have implemented that in missiles and, if you are interested in more detail, Walter has been working very actively in that.

Mr. FOGARTY. I think I read something in the paper just recently on that.

Mr. MAGGIOLO. Yes, sir. What you read was, I think, Mr. Haggerty's resolution which was passed. I have been in touch with Mr. Haggerty. He knows our program and we are trying to work together.

Mr. FOGARTY. He is on easy man to work with, isn't he?

Mr. MAGGIOLO. I found him very cooperative—and darned decent, too. I think he understands the problem; and more so, he understands his own problems.

Mr. MOORE. It is in this general area of the specialized approach to particular problems, rather than just treating all problems as ad hoc, that we are attempting to adapt our mediation process to the type of problem that calls for a little different approach.

MEDIATION OF JURISDICTIONAL DISPUTES

So far our experimentation has been, I think, quite effective—in missiles particularly. I think it is recognized that we are beginning to make ourselves felt, even though we are indulging in mediation of jurisdictional disputes, which is something we always had avoided.

We had questioned whether mediation as between union jurisdictional claims was appropriate. We find now——

Mr. FOGARTY. You questioned what?

Mr. MOORE. We have always heretofore questioned whether it was appropriate for a mediator to try to mediate disputes between unions as to their jurisdictional rights. Don't ask me why. This has been an axiom of the Service since I joined it 20 years ago. I don't know who started it.

Mr. FOGARTY. You are doing it now?

Mr. MOORE. We are doing it in the missiles industry only.

Mr. FOGARTY. Outside of the missiles industry, have you had any success?

Mr. MOORE. We have never tried it outside of that, Mr. Fogarty. We have always felt that it was dangerous and probably not effectual; that it cut across established——

Mr. FOGARTY. It is a difficult thing to mediate, of course.

Mr. MOORE. It is very difficult. That is why we approached it cautiously. The only reason we got into it in missiles is the national interest. It was just so darned necessary for somebody to do something. We were the only ones apparently who were willing to take a gamble. We took a gamble, and so far we haven't been hurt, let me say, and have done some good.

We think, maybe by cautious treatment of this, we probably can develop this as an effective device, at least in missiles, wouldn't you say, Walter?

Mr. MAGGIOLO. Yes.

Mr. MOORE. I doubt very much if our experience would indicate we should get into it generally. I think we would rather work to strengthen the normal jurisdictional dispute settlement machinery of the building trades and others.

Mr. MAGGIOLO. Some of our people out in the Northwest have gotten a pledge of cooperation from the contractors and some of the building trades unions, where they pledge themselves that before they will engage in any work stoppage—that includes jurisdictional—they will call us in to see what we can do with them.

Here is a sample of that, if you are interested.

Mr. FOGARTY. We shall put it in the record.

(The matter referred to is as follows:)

PLEDGE OF COOPERATION

The Northeastern Washington Northern Idaho Building & Construction Trades Council and its affiliated local unions realize the importance of the missile program to the welfare and defense of the American people. In keeping with our past record of support and effort we pledge ourselves to lend every

possible assist to the present missile program to the end that the schedule of completion may be met in every way that we may be of assistance.

In keeping with the above pledge, we agree that there shall be no work stoppages without the following procedure being complied with:

"The processing of any dispute, where a work stoppage is imminent, shall include a meeting with the Federal Mediation and Conciliation Service being in attendance as well as a representative of the SATAF commander of the missile program at Fairchild Air Force Base and the nine sites located around the base. This pledge and agreement is predicated on the premise that the parties involved shall be readily available to assist in the processing of these disputes. Nothing in this pledge or agreement shall be deemed as reasons to expect members of the building trades unions to pass through any legal established picket line."

Signed this 3d day of January 1961: N.E.W.-N.I. Building and Construction Trades, Asbestos Workers, Boilermakers, Bricklayers, Carpenters, Electrical Workers, Elevator Constructors, Engineers, Ironworkers, Painters, Laborers, Plumbers, Plasterers, Roofers, Sheet Metal Workers, Signwriters.

Mr. MAGGIOLO. That is a pledge of cooperation dated January 31, 1961.

Mr. FOGARTY. Is there anything more which you want to say about that to complete the record?

Mr. MAGGIOLO. Although this is on missiles, as Mr. Moore has mentioned, this is one of the many things we are doing.

Mr. FOGARTY. Do you consider this a good example of what you are doing?

Mr. MAGGIOLO. Yes. We are trying, without belaboring the point, prejob conferences—getting the contractors and the unions that may be involved to sit down ahead of time and assign the work if they can possibly do it and set up a labor-management committee, that type of operation.

Mr. MOORE. I don't think you mentioned, either, that we have a unique operation in all missiles in that we have a mediator permanently assigned to every missile base for continuing intimate liaison with the commanding officer, the Air Force, all the parties who are involved. This is a continuing assignment, together with a man on the west coast who acts as a coordinator of all missiles problems, analysis and flow of information.

Mr. FOGARTY. You have mediators at every site?

Mr. MAGGIOLO. Every missile site that was certified to us by the Defense Department as being an active site or under process of construction is covered by one of our men.

Mr. MOORE. Not on a full-time basis.

Mr. MAGGIOLO. No. He does other work, but he has this as his responsibility. Anything that pops down there, he has got to be available and go down there.

Mr. FOGARTY. Does the Army or the Air Force have any mediators of their own?

Mr. MAGGIOLO. No; they do have advisers, Mr. Congressman, so-called advisers. The Air Force has, and so does the Corps of Engineers. Their man are stationed permanently at each base. They mostly try to anticipate some of these things.

Also they are quite involved in Davis-Bacon problems that arise there. They are instructed and work pretty closely with our people. When something pops which they feel is beyond them, they get our man and get him in there fast.

Mr. FOGARTY. Do you have any problem in getting good conciliators for $75 a day?

Mr. MOORE. We don't employ substantially any on that basis. This is really for fact finding and Presidential emergency boards.

Mr. FOGARTY. I see temporary employment at $75 per day in your appropriation language.

Mr. MOORE. For our basic employment, we try to get very mature men and prefer to employ GS–12's; GS–13 is a so-called journeyman grade after the probationary year, if they qualify.

Mr. FOGARTY. Have you had any of these Presidential boards of inquiry set up this past year?

Mr. MOORE. Yes, sir. I am sorry to say too often—steel and longshore.

Mr. FOGARTY. Steel and what?

Mr. MOORE. Longshore.

Mr. FOGARTY. You don't have any trouble getting mediators at $75 a day?

Mr. MOORE. They are not really mediators, Mr. Fogarty.

Mr. FOGARTY. The language in the bill refers to "Temporary employment of arbitrators, conciliators, and mediators." What does that mean?

Mr. MOORE. The Presidential boards—we pay for the members of those boards. I think they are paid $75 a day, but they are paid under the peculiar situation where the cost of the board has always been considered our financial responsibility. The rate of pay is determined, I think, by this provision of our appropriations act.

They may not fall technically under any one of those three categories, but we used to even have a separate provision in our budget, say $10,000 a year, for the Presidential boards of inquiry. We have simply inherited this.

Mr. FOGARTY. How many people were involved?

Mr. MOORE. Three ordinarily, sir, on each board. The board normally consists of three, and we usually provide the staffing within our national office regular employees—the executive secretary, secretarial service. We of course have to pay for stenographic transcripts, things of that sort.

So normally the cost is the salaries and per diem of those people.

Mr. FOGARTY. How long did these two run?

Mr. MOORE. The longshore board—I doubt if it met more than about 4 days. The steel board, Dr. Taylor's board—substantially longer than that. And with expensive transcripts, I think the total ran close to $15,000 for the two.

Mr. FLANAGAN. $15,000.

Mr. MOORE. That was my general recollection.

Mr. FOGARTY. Do you have anything else you would like to say, Mr. Moore?

Mr. MOORE. Not particularly, sir. I think your questions touch on most of the sensitive points that we are interested in.

Mr. FOGARTY. Thank you very much.

THURSDAY, MARCH 9, 1961.

INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN

WITNESS

ELLIS S. TISDALE, DIRECTOR

CONTRIBUTION TO INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Program by activities: Contribution to the Commission (total obligations) (object class 41)	5	5	5
Financing: New obligational authority (appropriation)	5	5	5

GENERAL STATEMENT

Mr. FOGARTY. Mr. Tisdale, you have been getting a lot of good publicity for your program for a clean Potomac and I think you have a very fine statement. We will file the statement and will be glad to hear anything you would like to tell us in the way of highlights of the statement or to supplement it.

(The statement follows:)

STATEMENT OF ELLIS S. TISDALE, DIRECTOR, INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN

I shall make a brief statement with respect to the work of the Interstate Commission on the Potomac River Basin for which the Bureau of the Budget has recommended an amount of $5,000, the same as last year.

By means of the contributions of the signatory bodies—Maryland, Pennsylvania, Virginia, West Virginia, the District of Columbia, and the United States—a $5,000 amount supplemented by the Federal grant, $28,000, from the Public Health Service for water pollution control, our budget for the past 4 years has been approximately $60,000 annually. The full-time staff of the Commission consists of three professional workers and two secretaries.

A glance at the enclosed brief annual report to the Commission on June 28, 1960, shows the extraordinary progress made in reducing water pollution control in the Potomac Basin during the past 5 years. The Upper Potomac Basin is much improved because of the effective work of the Maryland and Virginia water pollution control agencies in stimulating both industries and cites to treat their wastes. Both the North Branch of the Potomac, and the Shenandoah River are cleaner because of the several millions of dollars spent by industries and cities recently in treating industrial and municipal sewage. Pennsylvania has likewise done an outstanding job on her tributaries in the Potomac Basin.

Water quality improvement in the Washington metropolitan area, where 2 million people live, is moving forward. The new District of Columbia sewage treatment plant is effectively treating 75 percent of the sewage wastes of this region. The District of Columbia is constructing a Potomac interceptor 35 miles long to serve the Dulles International Airport and the neighboring territory, both in Virginia and Maryland, upstream from the Washington water supply intakes. The new interceptor, to be completed in 1963, will bring wastes downstream to the Blue Plains sewage treatment plant below the city.

David V. Auld, our Commission Chairman, and the Director of the District of Columbia Department of Sanitary Engineering, has available aproximately $100 million to construct remedial works, to be paid for by the citizens in sewerage charges, to separate the storm and sanitary wastes of the District of Columbia, and to build relief sewers to serve both Maryland and the District of Columbia, and also Virginia territory. It is a giant step forward. It will clean up the Potomac in the Washington metropolitan area.

The Commission is now working with the States to amend its compact so that its work, in addition to water pollution control, can include conservation of all water resources in the basin. Maryland has passed the amended compact. West Virginia and Pennsylvania legislatures will act this winter; and Virginia, the District of Columbia, and the Congress in 1962.

We ask your continued support for the Commission.

Mr. TISDALE. This Commission has been at work for about 20 years now, and remarkable progress has been made in the past 5 years. I would just like to speak of it under three or four headings.

UPPER BASIN

Take the upper basin. Due to the assistance the States have had from the Federal grants, these State pollution control bodies of Virginia and West Virginia and Pennsylvania and Maryland have built up their staffs——

Mr. FOGARTY. Has Virginia built up a staff?

Mr. TISDALE. They have good able staffs. Virginia is going along in good shape now. Not only that, but the public opinion has been generated by all of these discussions. Industry is really spending money to take care of their wastes on the Shenandoah River and on the North Branch, a $4.5 million sewage plant is now starting operation at Luke, Md.

The result of that is that when the water gets down to Great Falls, it is in pretty good shape for a water supply.

Mr. FOGARTY. That is good news.

WASHINGTON METROPOLITAN AREA

Mr. TISDALE. Let's come down to the metropolitan area. What progress have we made in the metropolitan area? David Auld, my chief, indicated in a statement the other day that there is substantially $100 million available now to make improvements in the next few years. The new Blue Plains plant is completed and in operation, which makes a big improvement in the quality of the treated water going to the river.

Congress has made available $25 million to build the Dulles Airport interceptor sewer, which will bring the wastes from all upper Maryland and upper Virginia area near the Dulles Airport 35 miles upstream to this new treatment plant below the District of Columbia. That is going to protect the water supply of Washington in the future. It is going to safeguard it adequately. So much, then, for the improvement in the metropolitan area.

This Commission believes that it is worthwhile to make and keep a close record of the river water quality. In cooperation with cities, water works, sewage works, and industries, we have some 84 places where, every week, water quality is being ascertained and the record filed with us. We tabulate them and put out this booklet every year so we know whether water quality is going up or coming down, that is getting better or worse.

EMPHASIS ON WATER RESOURCES

One word in closing. With respect to our future program, our Commission feels that we are not in just a water pollution control era any more. We feel we are in a water resources era. So we have developed some amendments to our 1940 compact. Those new pieces of legislation are now being enacted by the various legislatures of the four States.

Maryland has passed the amendments. West Virginia last week passed the amendments. The Pennsylvania House yesterday passed the amendments. The District of Columbia has approved them, so we have just about one hurdle to go—which is Virginia next year, and the Congress. And we will be able to function on a broad base of water resources conservation.

Mr. FOGARTY. That is good. I would think the President's message a week or 10 days ago on natural resources would help in this area, too.

Mr. TISDALE. The climate is extremely encouraging.

Mr. FOGARTY. I am pleased to hear of the progress you are making because this has been a real mess. There is no reason in the world why we couldn't clean up the Potomac River.

Mr. TISDALE. No reason at all.

Mr. FOGARTY. You are on your way now.

Mr. TISDALE. Of course you realize, Mr. Fogarty, we have 3 more months to go and we go practically out of business unless we get a Federal grant. The law which went for only 5 years has got to be reenacted. Otherwise no State and no interstate commission will get any financial assistance in their program.

Mr. FOGARTY. I wouldn't think there would be much trouble extending a program as worthwhile as it is. I hope there will not be.

Thank you, Mr. Tisdale. We think you are doing a good job.

Mr. TISDALE. Thank you very much.

THURSDAY, MARCH 8, 1961.

U.S. SOLDIERS' HOME

WITNESS

GEN. WADE H. HAISLIP, GOVERNOR, U.S. SOLDIERS' HOME

LIMITATION ON OPERATION AND MAINTENANCE AND CAPITAL OUTLAY

Object classification

[In thousands of dollars]

		1960 actual	1961 estimate	1962 estimate
	U.S. SOLDIERS' HOME			
11	Personnel compensation:			
	Permanent positions	3,508	3,680	3,735
	Positions other than permanent	58	65	66
	Other personnel compensation	195	192	191
	Total personnel compensation	3,761	3,937	3,992
12	Personnel benefits	242	294	299
21	Travel and transportation of persons	1	1	1
22	Transportation of things	19	2	17
23	Rent communications, and utilities	108	105	113
24	Printing and reproduction	3	3	3
25	Other services	321	339	408
26	Supplies and materials	982	1,000	1,069
31	Equipment	163	81	434
32	Lands and structures	169	161	38
41	Grants, subsidies, and contributions	1	1	1
	Subtotal	5,770	5,924	6,375
	Deduct quarters, subsistence, and laundry charges	145	136	136
	Total, U.S. Soldiers' Home	5,625	5,788	6,239
	ALLOCATION TO CORPS OF ENGINEERS—CIVIL			
11	Personnel compensation:			
	Permanent positions	54	71	72
	Other personnel compensation	6	3	2
	Total personnel compensation	60	74	74
12	Personnel benefits	4	5	5
24	Printing and reproduction		1	1
25	Other services	122	42	15
26	Supplies and materials		1	1
32	Lands and structures	4,180	154	604
	Total, Corps of Engineers—Civil	4,366	277	700
	Total obligations	9,991	6,065	6,939

67617—61——33

Personnel summary

	1960 actual	1961 estimate	1962 estimate
U.S. SOLDIERS' HOME			
Total number of permanent positions	1,016	1,014	1,014
Full-time equivalent of other positions	10	11	11
Average number of all employees	992	1,005	1,005
Number of employees at end of year	1,041	1,048	1,048
Average GS grade	3.6	3.7	3.7
Average GS salary	$4,131	$4,541	$4,541
Average salary of ungraded positions	$3,216	$3,244	$3,331
ALLOCATION TO CORPS OF ENGINEERS—CIVIL			
Total number of permanent positions	10	11	11
Average number of all employees	9	9	9
Number of employees at end of year	8	9	9
Average GS grade	7.9	7.9	7.9
Average GS salary	$6,088	$6,568	$6,592
Average salary of ungraded positions	$5,577	$5,687	$5,747

Program and financing

[In thousands of dollars]

	1960 actual	1961 estimate	1962 estimate
Program by activities:			
1. Medical care	2,409	2,554	2,623
2. Domiciliary care	1,230	1,269	1,448
3. Administration and central services	1,761	1,965	1,981
4. Permanent improvements	4,591	277	887
Total obligations	9,991	6,065	6,939
Financing:			
Unobligated balance brought forward	709	1,548	1,271
Receipts transferred from Soldiers' Home permanent fund:			
Authorized	11,008	5,664	6,052
Proposed increase due to pay increases		124	
Unobligated balance carried forward	−1,548	−1,271	−384
Unobligated balance lapsing	−178		
Total financing	9,991	6,065	6,939

General Statement

Mr. Fogarty. Do you have a statement for the committee, General Haislip?

General Haislip. Yes, sir. I would like to submit it for the record. (The statement follows:)

Statement of Gen. Wade H. Haislip, Governor U.S. Soldiers' Home

On March 3, 1851, organic legislation was enacted establishing a home for the relief and support of invalid and disabled soldiers of the Army of the United States. In 1947, applicability of laws governing the home was extended to include airmen. In 1948, enlisted women of the Army and Air Force became eligible for membership. The home's original mission has been continued for 110 years, and today the care and security the home offers stands as a substantial career incentive for soldiers and airmen.

The budget before this committee, as all past budgets, will be financed from the soldiers' home permanent fund (trust fund), not from the general revenues of the Treasury. Because of this method of financing, the home request for funds appears in the Federal Budget, but it is not included in the total thereof. As Governor of the home, I appear before this committee to justify the funds required for operation during fiscal year 1962.

PURPOSE OF HOME

The home was first conceived in 1829 by the Committee on Military Affairs of the House of Representatives and was finally established by law in 1851. Its mission was and is to provide a permanent residence for disabled and invalid soldiers and airmen without cost to the taxpayer. The home, as it has developed, is a symbol of available security for the career enlisted personnel of the Regular Army and Air Force.

Since its establishment, the home has provided domiciliary or hospital care to more than 36,000 men. Members of the home can live with the thought that they are not dependent upon public charity, nor are they limited in their stay at the home. They have a sense of pride in the knowledge that they and their comrades have made this possible by their contributions to its support in accordance with the original intention of the Congress in establishing the home.

In 1940 a report of a subcommittee of the Committee on Military Affairs of the Senate contained the following statement:

"Your committee are of the opinion that the whole legislative idea of the National Soldiers' Home was so well and so carefully worked out by our ancestors specifically in the acts of 1851 and 1883, that it is believed that even in the light of present day changes throughout the world it would be difficult indeed to improve upon the statutory provisions made for the comfort, care and protection of the members."

ADMINISTRATION

I report monthly to a Board of Commissioners established by the basic law, consisting of the Governor of the home, and six of the permanent staff officers of the Army: The Surgeon General, the Chief of Engineers, the Chief of Finance, the Quartermaster General, the Judge Advocate General, and the Adjutant General. Subject to approval by the Secretary of the Army, this Board has the legal power to establish regulations for the general and internal direction of the home.

ADMISSION CRITERIA

Admission to the home is confined to former warrant officers and enlisted personnel of the Regular Army or Air Force, under the following conditions: (1) Those who have served honestly and faithfully 20 years or more; (2) those with a service-connected disability rendering them unable to earn a livelihood; or (3) those with a non-service-connected disability rendering them unable to earn a livelihood, who have had some service during any war. These criteria emphasize as the home's principal interest the professional or career soldier and airman, and recognize and reward service both in peace and in war.

CAPACITY AND MEMBERSHIP

The home now provides 1,445 permanent domiciliary beds and 469 hospital beds. A steady increase in membership since 1956 has filled normal capacity, and has made necessary the establishment of 341 substandard spaces in the domiciliary area.

The fiscal year 1960 appropriation provided for a new 560-bed domiciliary building, now under construction, and which when completed in July 1962 will increase the domiciliary capacity to 2,005. Plans provide for two additional wings, with 340 beds, which can be added to this building as the need arises. In October 1958 it was determined to handle members on sick call as outpatients, whenever medically practicable. This action reduced the demand on hospital facilities and funds appropriated in 1960 for expanding the hospital have been temporarily placed in reserve until the present capacity appears insufficient.

There were 2,110 members on the rolls of the home on February 1, 1961. Not all of these required beds, as some were away on leave, while others were being cared for in special hospitals serving the home on a reimbursable basis. Beds were assigned to 1,588 domiciliary members and 346 hospital patients.

FINANCING

The act of 1851 provided that the home would be financed from a trust fund, and not from the general revenues of the Treasury. The Congress appropriates

from this fund for the annual operation of the home. The income to this fund established by law, is derived from the following principal sources: (1) a monthly contribution of 10 cents made by each enlisted member of the Regular Army and Air Force; (2) fines and forfeitures imposed upon these enlisted personnel by sentence of courts-martial; and (3) interest of 3 percent per annum on the fund balance in the U.S. Treasury.

The balance of this fund as of February 1, 1961, was $88 million; but attention is invited to the fact that income from the named sources was $10 million in fiscal year 1960 as compared with a $13 million level during the early 1950's. Once action which has had the effect of reducing income was a decision by the services to raise the standards of enlistment, and by eliminating those persons found unable to meet the higher standards. These actions have resulted in a decrease in courts-martial fines.

It is clear that with income declining and expenses mounting, expenses will begin to exceed income in the forseeable future. In the meantime the permanent fund balance will be adequate to provide for the operation of the home for a long time to come.

ANNUAL REPORT

The law provides that a comprehensive report of the home's activities be submitted annually to the Congress. Included therein, is a report of the Inspector General of the Army who, also by law, is required to make an annual inspection of the home and report the results to Congress. The following extract of his most recent inspection report dated November 30, 1960, is quoted below to assure the Members of this Congress that the home continues to be managed in an efficient and proper manner:

"*I. General*

* * * * * * *

"3. The Governor and his staff are carrying out the mission of the home in an outstanding manner. Of special note is the personal interest shown to each member of the home which diminished any aspect of institutional care. This confirms the remarks made in the last annual general inspection conducted by the Inspector General and attests to the interest that the responsible officials take in maintaining the dignity and well-being of each member. The morale of the members left nothing to be desired. Further comments on the high degree of excellence of the management of the home appear in subsequent observations made in the report.

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"*II. Summary of observations*

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"7. Development of the home was being carried out progressively in accordance with a master plan which was prepared several years ago but which, with some modifications in detail, appeared still valid. It was recognized that future membership figures could only be estimated; therefore, the current policy of initiating construction based on the master plan only as membership actually increased is believed sound.

"8. The state of police and maintenance of the domiciliary buildings was outstanding and reflected the personal interest of the Governor and his staff. It was recognized that some space occupied by members, and the number of members per room, as in the Sheridan Building, were not optimum. However, construction presently underway and planned for the future should eliminate any critical or prolonged reliance on substandard domicilary conditions.

"9. The general appearance, maintenance, and police of the buildings and grounds of the home were excellent. Careful and continuous attention to the upkeep of the entire facility was evident. Particular note was taken of the current program of extensive planting of trees and shrubs to preserve the attractiveness of the grounds and add to the future beauty of the home.

* * * * * * *

"11. The financial and manpower management functions of the secretary-treasurer department were conducted in an effective manner. All personnel responsible for the receipt, disbursement, and maintenance of financial records of funds available to the home and its members were well qualified and displayed outstanding attention to the accuracy of account (tab C). The devotion

of administrative personnel to the personal needs and problems of the members was highly commendable.

* * * * * * *

"13. The physical layout in the administration division, particularly the cashier's area, created an overcrowded condition not well suited to the orderly handling of funds. Space available in the present Administration Building and its arrangement presented severe limitations to a more favorable layout.

"14. The home recreation program was active, varied, and particularly well suited to the needs of home members. Especially noteworthy was the low per capita cost of the program. By sincere interest and intensive application, the recreation leaders had obtained many supplies and access to numerous cultural and recreational activities in the Capitol area for home members at nominal or no cost. The cheerful dedication of supervisors to their task of service to home members was outstanding.

"15. The library was unusually well equipped, organized, and arranged. It was completely responsive to the needs of home members. The heavy patronage reflected its valuable contribution to their welfare.

"16. In the general mess, food planning, preparation, and serving were exemplary. Sound policies, effective supervision, and cheerful diligent application by the employees contributed to their welfare.

"17. The operation of the hospital food service division was outstanding. Menus and food preparation were adapted to the exceptional needs of the patients in such manner as to receive an unusually high degree of acceptability.

"18. The authority for granting applicant admissions and readmissions to the home was exercised by the Governor with great care in determining eligibility qualifications, with impartiality in applying the laws governing admissions and with highly commendable understanding and kindness toward those most deserving and in need. The priority system used for insuring consistent and equitable determinations of eligibility under present conditions of limited facilities was just and effective.

"19. The office of the secretary to the Board of Commissioners was highly effective in its role of maintaining the continuity of Board policies, decisions, and proceedings and in rendering secretarial assistance to the Board. Additionally, the office of the secretary was of material assistance to the Board and to the Governor in executing policies on admissions and readmissions to the home. Liaison with Department of the Army agencies contributed effectively toward the development of home plans and policies, maintenance of admission records and moderniaztion of operational concepts. Direct assistance to the Governor in inspection, audit and legal counsel and legal assistance to members were further noteworthy examples of outstanding support rendered by the secretary.

"20. The secretary to the Board of Commissioners maintained a complete record of Board proceedings for policy reference. Supporting papers to the minutes and some historical records were separately filed and infrequently used.

"21. The appearance and police of offices, shops, storehouses and other facilities of the quartermaster department were worthy of note. Particularly outstanding in this respect was the general storehouse. The orderly layout and excellent functional arrangement of supplies and equipment were indicative of the careful planning that went into the new quartermaster service area in order to obtain the optimum functional operation. A policy had been established for the disposal of records after 6 years. Construction and historical records were not subject to this policy. Management and operations were of a high standard. Subordinate personnel were well informed of quartermaster department plans and policies.

"22. The hospital department was accomplishing its mission in accordance with the highest standards of medical care. The excellent facilities, appearance, police, maintenance of equipment, and the pleasant, friendly, helpful, humane attitude of hospital personnel significantly contributed to the excellent medical care provided for members.

"23. Procurement was being accomplished in an effective manner. While administrative procedures did not, in all instances, follow the armed services procurement regulation and the Army procurement procedure, they had been adapted to meet the requirements of the home. The procedures did provide for essential control, supervision and competitive bidding as required by law.

"25. It was note that the home had achieved a record of contribution to the UGF of approximately 200 percent of quota in 1960. This, as well as other

activities in support of community projects, was a noteworthy contribution to the excellent and mutually beneficial relations the home has continued to enjoy with local communities.

"25. The looseleaf handbook for civilian employees entitled "Your Job in the United States Soldiers' Home" was noteworthy in that it presented basic and timely guidance in an excellent manner. Each employee was furnished a copy at the time of hiring and current insertions were furnished when changes were necessary. Minor items of information were furnished by periodic announcements in the weekly information bulletin.

"26. Special mention is made of the dedicated service rendered by the present staff of the Sisters of Charity. The Inspectors General observed at first hand their quiet efficiency, and were greatly impressed with the magnificent contribution they are making to the well-being of the members. It is hoped this recognition will be passed on to them."

* * * * * * *

ANNUAL BUDGET

The home follows the same procedure for obtaining funds for operation as any other Government agency, but finances its operation from the Soldiers' Home permanent fund (trust fund). The budget now before the committee is based on past experience, changes in membership and generally increased costs of supplies and services. Obligations against appropriations previously made, and proposed new obligational authority are shown. The $6,052,000 required for fiscal year 1962 is $153,000 greater than the current year appropriation of $5,664,000 plus a proposed supplemental of $235,000. This net increase is due to the following:

1. Items increased. (*a*) Rations—$26,000: A 2-cent increase in the ration allowance over the current year is required to provide for 1962, a ration equal to that fed during 1960. In addition, it is estimated that due to the continued increase in the membership, 37 more members per day will be fed. (*b*) Utilities—$51,000: Additional fuel and electricity will be required for the new domiciliary building as it nears completion. It will be necessary also to annualize, in 1962, a 1-cent increase in the price of fuel oil made effective during the current year. (*c*) Equipment—$196,000: Provision is made for the purchase of a portion of the furnishings and equipment for the new domiciliary building ($138,000). Replacement of more costly equipment in 1962 will require an additional $58,000. (*d*) Maintenance—$62,000: Plant maintenance such as painting and repairs to buildings and facilities, and service contracts on equipment, have been increased by $8,000 to allow more extensive repairs to boilers and fireboxes. In addition, $42,000 is required to replace a sun deck; $8,000 to replace expansion joints, both in the General Winfield Scott Building; and $4,000 to convert a number of street lights to mercury-vapor lamps.

2. Items decreased. (*a*) Salaries and employee benefits—$59,000: Actually, this decrease is more apparent than real; $46,000 is included in the estimated obligations for 1961 for recent wage board salary increases and related costs, but no funds for this purpose are included in the 1962 estimate now before Congress. Annualization of this pay increase will have to be financed for the entire 1962 fiscal year from a supplemental proposed for transmission some time in January 1962. While the $46,000 is included in estimated obligations for fiscal year 1961, this money will not become available to the home unless and until the Congress appropriates the supplemental submitted under Bureau of the Budget instruction in January 1961. There is a real decrease of $13,000 however due to the fact that the last day of 1962 is a Saturday and fewer people will be working. (*b*) Major maintenance—$123,000: The current year appropriation provided $148,000 for additional landscaping, and major repairs to heating and plumbing in certain buildings. The 1962 reduced requirements total $25,000 and include installation of an elevator in Anderson Cottage, renovation of employee toilets, and air conditioning the occupational therapy area of the hospital.

CONCLUSION

I would like to point out to the committee that this budget, as all past budgets, is based on experience factors applied to changes in membership and costs, plus certain maintenance projects. Everyone connected with the soldiers' home will endeavor to continue to maintain the high standards made possible with the interest shown by Congress in the welfare of the members.

Mr. FOGARTY. We would appreciate it if you would highlight the statement for us general.

PURPOSE OF THE HOME

General HAISLIP. As you know, the mission of the home is to provide a permanent residence for disabled and invalid soldiers and airmen without cost to the taxpayer. Admission to the home is confined to former warrant officers and enlisted personnel of the Regular Army or Air Force under the following conditions: Those who served honestly and faithfully 20 years or more; those with service-connected disability rendering them unable to earn a livelihood; those with non-service-connected disability rendering them unable to earn a livelihood who have had some service during any war.

CAPACITY AND MEMBERSHIP

The home now provides 1,445 permanent domiciliary beds and 469 hospital beds. A steady increase in membership since 1956 has filled the normal capacity and has made it necessary to establish 341 substandard spaces in the domiciliary area. The fiscal year 1960 appropriation provided for a new 560-bed domiciliary building now under construction and which, when completed in July of 1962, will increase the domiciliary capacity to 2,005.

On February 1, 1961, there were 2,110 members on the rolls of the home. Not all of these required beds. Some were away on leave, while others were being cared for in special hospitals serving the home on a reimbursable basis. Beds are assigned to 1,588 domiciliary members and 346 hospital patients.

ANNUAL REPORT TO CONGRESS

The law provides that a comprehensive report of home activities be submitted annually to the Congress. Included therein is a report of the Inspector General of the Army, who also by law is required to make an annual inspection of the home and report the results to the Congress. The following extract of his most recent inspection report, dated November 30, 1960, is quoted to assure the Members of this Congress that the home is continually managed in an efficient and proper manner. I would like to read the first general paragraph of that report.

> The Governor and his staff are carrying out the mission of the home in an outstanding manner. Of special note is the personal interest shown to each member of the home which diminished any aspect of institutional care. This confirms the remarks made in the last annual general inspection conducted by the Inspector General and attests to the interest that the responsible officials take in maintaining the dignity and well-being of each member. The morale of the members left nothing to be desired. Further comments on the high degree of excellence of the management of the home appear in subsequent observations made in the report.

PROPOSED APPROPRIATION

The budget now before the committee is based on past experience, changes in membership, and generally increased costs of supplies and services. The $6,052,000 required for fiscal year 1962 is $153,000 greater than the current year appropriation of $5,664,000 plus a pro-

posed supplemental of $235,000. This net increase is due to the following:

INCREASES

Items increased. Rations, $26,000. There is a 2-cent increase in the ration allowance over the current year required to provide for 1962 a ration equal to that fed during 1960. In addition, it is estimated that, due to the continued increase in the membership, 37 more members per day will be fed.

Utilities, $51,000: Additional fuel and electricity will be required for the new domiciliary building as it nears completion. It will be necessary also to annualize in 1962 a 1-cent increase in the price of fuel oil made effective during this year.

Equipment, $196,000: Provision is made for the purchase of a portion of the furnishings and equipment for the new domiciliary building, $138,000. Replacement of more costly equipment in 1962 will require an additional $58,000.

Maintenance, $62,000: Plant maintenance such as painting and repairs to buildings and facilities, and service contracts on equipment, have been increased by $8,000 to allow more extensive repairs to boilers and fireboxes. In addition, $42,000 is required to replace a sun deck; $8,000 to replace expansion joints—both in the General Winfield Scott Building; and $4,000 to convert a number of street lights to mercury-vapor lamps.

DECREASES

Items decreased. Salaries and employee benefits, $59,000: Actually this decrease is more apparent than real; $46,000 is included in the estimated obligations for 1961 for recent wage board salary increases and related costs, but no funds for this purpose are included in the 1962 estimate now before Congress.

Annualization of this pay increase will have to be financed for the entire 1962 fiscal year from a supplemental proposed for transmission sometime in January 1962. While the $46,000 is included in estimated obligations for fiscal year 1961, this money will not become available to the home unless and until the Congress appropriates the supplemental submitted under Bureau of the Budget instruction in January 1961. There is a real decrease of $13,000, however, due to the fact that the last day of 1962 is a Saturday and fewer people will be working.

There is a major maintenance decrease of $123,000. The current year appropriation provides $148,000 for additional landscaping and major repairs to heating and plumbing in certain buildings. The 1962 reduced requirements total $25,000 and include installation of an elevator in Anderson Cottage, renovation of employee toilets, and air conditioning the occupational therapy area of the hospital.

I would like to point out, Mr. Chairman, that this budget, as all past budgets, is based on experience factors applied to changes in membership and costs, plus certain maintenance projects. Everyone connected with the Soldiers' Home will endeavor to continue to maintain the high standards made possible with the interest shown by Congress in the welfare of the members.

SURPLUS AGRICULTURAL COMMODITIES RECEIVED

Mr. FOGARTY. Thank you, sir. Mr. Marshall, as you know, has been interested in having a table, showing the surplus agricultural commodities being used, inserted in the record. Will you supply that for the record, please.

(The table is as follows:)

Quantity and value of surplus commodities received

Commodity	Actual, fiscal year 1960		Actual, fiscal year 1961 [1]	
	Pounds	Value	Pounds	Value
Butter	8,096	$4,939	15,840	$9,662
Beans, pea, dry			1,100	99
Chicken, canned			2,925	5,429
Eggs, dried	1,368	1,532	180	202
Flour, all purpose	49,950	2,997	21,200	1,272
Flour, hard wheat	112,700	6,762	46,950	2,817
Lard	4,968	600	18,192	2,183
Milk, powdered	5,400	972	7,128	1,354
Rice	3,900	429	2,000	220
Total		18,231		23,238

[1] Through Dec. 31, 1960.

Mr. FOGARTY. The appropriation for 1961 was $5,664,000, and there is $235,000 in the supplemental bill for pay costs and wage board increases, making a total of $5,899,000. The request for 1962 is $6,052,000, or an increase of $153,000, which you have explained.

What is your budget for construction?

CONSTRUCTION OF FACILITIES

General HAISLIP. The estimated obligations, on page 3, sir, are for capital improvements. In 1960, $4,591,000 was obligated by the Corps of Engineers chiefly for construction of a new domiciliary building. The estimated obligations for that in fiscal 1961 are $277,000; and in 1962, $887,000.

Mr. FOGARTY. Is there anything left over from the funds appropriated for the service area?

General HAISLIP. Yes, sir; there were surpluses. The home, with agreement by the Bureau of the Budget, transferred those surpluses to projects which were originally in our 1962 estimate. They made available those sums from that surplus for the purchase of furnishings and equipment for the new building, and several other items, rather than asking you for new obligational authority.

Mr. FOGARTY. How much is this surplus?

General HAISLIP. $187,000.

Mr. FOGARTY. How was it possible to make that saving?

General HAISLIP. We received a very fine contract price, Mr. Chairman. You may remember; we put in for funds for our service area, and then costs went up very rapidly. So we came in the next year for an additional sum to cover those increased costs.

But when we let our contract, it was very favorable. We built our service area, completed it entirely, and had this surplus left over.

Mr. FOGARTY. With the completion of this new building, will you have good living facilities for all of the members for the next several years?

General HAISLIP. Yes, sir. We can't determine exactly, but it will be at least 5, 6, or 7 years before we have to put on the final two wings of the building.

Mr. FOGARTY. When that building is completed, will you have any major deficiencies in facilities?

General HAISLIP. No, sir.

Mr. FOGARTY. It will be in pretty good shape?

General HAISLIP. In fine shape.

APPROPRIATION REQUESTED OF BUREAU OF THE BUDGET

Mr. FOGARTY. Did the Bureau of the Budget reduce your request for either construction or operations?

General HAISLIP. They reduced it for a few items.

Mr. FOGARTY. You can supply those for the record. You have accepted those?

General HAISLIP. Yes, sir. They were accepted. Mainly they took out the funds for some of our projects but authorized their accomplishment through use of this surplus in the service area; so the net reduction was for a few smaller items to which I agreed.

(The table referred to is as follows:)

Comparison of preliminary budget with congressional budget, fiscal year 1962

[In thousands]

Objects of expenditure	Budget to BOB	Changes made			Budget to Congress
		Additions	Reductions (−)	Application of prior-year funds (−)	
11 Personnel compensation	$4,000		$8.0		$3,992
12 Personnel benefits	299				299
21 Travel and transportation of persons	1				1
22 Transportation of things	17			$15	2
23 Rent, communications, and utilities	113				113
24 Printing and reproduction	3				3
25 Other services	398	$14.5	4.5	15	393
26 Supplies and materials	1,062	21.0	14.0		1,069
31 Equipment	438		4.0	157	277
32 Lands and structures	38				38
41 Grants, subsidies, and contributions	1				1
Deduct quarters, subsistence, and laundry	−136				−136
Total	6,234	35.5	30.5	187	6,052

EXPLANATION OF CHANGES MADE

ADDITIONS

Twenty-five other services ($14,500).—Increased rate per day at St. Elizabeths Hospital. ($7.26 to $8.16.)

Twenty-six supplies and materials ($21,000).—Annualization in 1962 of 1-cent rise in price of fuel oil made effective this year (1961).

REDUCTIONS

Eleven personnel compensation ($8,000).—Adjustment to reflect fewer employees working on the last day of fiscal year 1962, which is a Saturday.

Twenty-five other services ($4,500).—Reduction in amount for dental and spectacle contract work to the level experienced in 1960.

Twenty-six supplies and materials ($14,000).—Reduction in patient load level from 360 to 350 per day, and corresponding reduction of $4,000 for supplies and $4,000 for rations. Also reduction in the request for domiciliary supplies to a level experienced in 1960—$6,000.

Thirty-one equipment ($4,000).—This reduction in equipment resulted in the elimination of one truck and one sedan.

APPLICATION OF PRIOR-YEAR FUNDS

The three items listed here were eliminated as requests for new obligational authority. In accordance with informal discussion and agreement between the Bureau of the Budget and the Home, former service area construction funds, now considered surplus, are to be applied to accomplish the following:

Fifteen thousand dollars—Moving members, and moving and installing furnishings and equipment in the new domiciliary building.

Fifteen thousand dollars—Engineering survey of the electrical system of the Home.

One hundred and fifty-seven thousand dollars—Purchase a portion of the furnishing and equipment for the new domiciliary building.

TREND IN MEMBERSHIP

Mr. FOGARTY. What is the current trend in membership?

General HAISLIP. It is gaining in a small trickle all the time, Mr. Chairman.

Mr. FOGARTY. Please place a table in the record showing the membership since 1955.

General HAISLIP. Yes, sir.

(The table is as follows:)

Trend in membership

	Fiscal year 1955	Fiscal year 1956	Fiscal year 1957	Fiscal year 1958	Fiscal year 1959	Fiscal year 1960	Fiscal year 1961 [1]
Increase:							
Admitted	353	183	264	401	339	329	233
Readmitted	424	396	341	322	303	290	196
Total	777	579	605	723	642	619	429
Decrease:							
Discharged	326	372	343	328	296	344	257
Dismissed	35	34	20	34	62	26	20
AWOL	45	35	39	40	35	56	26
Deaths	149	152	140	155	212	181	86
Total	555	593	542	557	605	607	389
Net increase (+) or decrease (−)	222	−14	63	166	37	12	40

[1] To Feb. 28, 1961.

Distribution of membership, as of Feb. 28, 1961

Domiciliary:	
Present	1,571
Leave and a.w.o.l	120
Subtotal	1,691
Hospital:	
Present	370
Leave and a.w.o.l	7
Other hospitals	57
Subtotal	434
Total present and absent	2,125

Mr. FOGARTY. Is the trust fund continuing to increase?

General HAISLIP. Yes, sir; at a much slower rate.

Mr. FOGARTY. What is it now?

General HAISLIP. It is $88 million now—our last figure.

Mr. FOGARTY. $88 million?

General HAISLIP. You may recall, sir, that the military services in general began to improve the quality of their enlisted men.

Mr. FOGARTY. Is that the permanent fund you are talking about?

General HAISLIP. Yes, sir; the trust fund.

Mr. FOGARTY. I have a figure of over $100 million. That came from the budget, I believe.

General HAISLIP. We project figures through the years in the new budget. The $100 million to which you refer is the gross amount before the appropriation is taken out, sir. The actual balance at the end of fiscal year 1960 was $90,733,000. The total that I read to the Board of Commissioners last month was $88 million as of November 30, 1960.

Mr. FOGARTY. You don't have any financing problems, then.

General HAISLIP. No, sir; we don't.

Mr. FOGARTY. Do you have anything else you want to say?

General HAISLIP. No, sir. I am very happy to be here and appear before you, sir, and appreciate your courtesy to us.

Mr. FOGARTY. Thank you very much.

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