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DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR 1963

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH CONGRESS

SECOND SESSION

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

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

DEPARTMENT OF LABOR
FEDERAL MEDIATION AND CONCILIATION SERVICE
INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN
NATIONAL LABOR RELATIONS BOARD
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DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR 1963

MONDAY, JANUARY 22, 1962.

DEPARTMENT OF LABOR

WITNESSES

HON. ARTHUR J. GOLDBERG, SECRETARY OF LABOR
EWAN CLAGUE, COMMISSIONER, BUREAU OF LABOR STATISTICS
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY
CHARLES D. CARLSON, ADMINISTRATIVE OFFICER

INTRODUCTORY REMARKS BY THE CHAIRMAN

Mr. FOGARTY. The committee will come to order.

This is the first day of our 1963 hearings, and we are starting with the Secretary of Labor, Mr. Goldberg. For the information of the committee, because of the long-drawn-out session last year, I wrote a letter to the President about 2 weeks ago asking that he cooperate with the Congress by sending his legislative proposals to us promptly instead delaying them for months as has too often been the case in the past years. I sent copies of it to the majority leader and minority leader with whom I have also discussed this matter. They agree with me that there is no reason why we can't get our business done and adjourn by July 31.

So I thought we would set an example by starting early and working hard to finish this bill early. We hope to finish with the Department of Labor this week and also the related agencies. Then we shall start with Health, Education, and Welfare next Tuesday.

We hope to have this bill before the House by the last week in March. So we shall be doing our part.

Mr. MICHEL. I subscribe to that.

Mr. FOGARTY. We are very happy to have you with us, Mr. Goldberg. I read four or five papers a day and it seems to me I see your name in one or more every day. It looks to me as though you are the Assistant President. I don't know how you can do it all. But I personally think you are doing a good job. We are pleased to have you here.

You go ahead with your prepared statement, if you wish to read it, or do whatever you want to do. You have the afternoon.

GENERAL STATEMENT OF THE SECRETARY

Secretary GOLDBERG. Mr. Chairman and gentlemen of the committee, I very much appreciate the courtesy extended to me in inviting me to open your hearings. I have a prepared statement.

With your permission, I would like to offer it for the record. I would like then to make some comments about it.

(The statement follows:)

SECRETARY OF LABOR GOLDBERG'S STATEMENT, 1963 BUDGET ESTIMATES

Mr. Chairman, I appreciate this opportunity—my second—to appear before this committee to speak on our accomplishments so far which have been possible through the committee's active support and interest in the Department's program and to outline our program for 1963.

The primary task of the U.S. Department of Labor during 1961, aside from the operations of its established programs, has been to implement the administration's concern over the immediate and short-term problems which faced U.S. working men and women at the time the administration took office, while at the same time assisting in the President's program of legislative action, in a concerted attack on the basic economic problems which face the Nation.

We are glad to join with others in reporting that our economy is once more showing its traditional capacity for growth. In both October and November there were more people at work than in any other autumn in our history—an average of more than 67½ million people. Personal income in November was at an annual rate of $429 billion, 6 percent more than a year earlier.

Despite this sharp recovery, prices have remained relatively stable. Wholesale prices in November were actually lower than a year earlier and consumer prices advanced over the year by only 0.7 percent, the smallest increase for a comparable period since 1955. Thus, the purchasing power of the average factory worker was 6 percent greater in November than a year earlier and a full 30 percent greater than the average for 1947–49. Per capita purchasing power reached a new high in the third quarter of 1961, and continued to expand in the last quarter.

On the debit side, the stubborn problem of unemployment is still with us. Nevertheless new programs have been initiated and others are awaiting action by Congress—programs which are designed to attack the basic causes of unemployment. The Department of Labor is primarily concerned with the labor force itself. Are our working men and women qualified for the skilled jobs of the future? How many of our younger workers are unemployed because of inadequate skills? How many older workers are unemployed because of outmoded skills? How many workers are unemployed or impeded from advancing in employment because of discrimination based on race, religion, nationality, sex, or age? These are basic questions which must be answered if we are to achieve full utilization of our labor force. During 1961 the U.S. Department has attempted to answer these questions and suggest solutions to the problems they raise.

The Department has been concerned with the promotion of labor-management peace, the passage of needed labor legislation, and administrative improvement within the Department of Labor itself. Listed below are some of the more significant achievements within the Department's area of responsibility during 1961.

I. MAJOR NEW POLICIES AND ACTIVITIES OF THE DEPARTMENT OF LABOR

A. Employment

1. Automation: On April 20, 1961, there was established within the Department an Office of Automation and Manpower. This is the first time there has existed in the Government an operational unit dealing with the employment problems created by automation and other technological developments. There has been heretofore limited research work performed which is now being expanded and additional resources will be required to cope with this problem.

2. Equal employment opportunity: President Kennedy, on March 6, 1961, established the President's Committee on Equal Employment Opportunity. This committee is charged with responsibility for insuring that all Americans will have equal access to employment within the Government and with those who do business with the Government.

3. Youth employment: The President established a President's Committee on Youth Employment, headed by the Secretary of Labor, to bring the Nation's attention and resources to bear on the vital national problem of out-of-school and out-of-work youth, which has been described by the Committee's distinguished Vice Chairman, Dr. James B. Conant, as "social dynamite." The committee is actively at work seeking means to help our 1 million unemployed young people.

4. Employment of women: The President has established a President's Commission on the Status of Women, headed by Mrs. Franklin D. Roosevelt. Using the facilities of the Labor Department under the direction of Assistant Secretary of Labor Esther Peterson, its executive vice chairman, the Committee is studying and will report on policies and practices affecting the employment of women.

5. Employment statistics: In order to insure that the public may have complete confidence in employment and unemployment statistics of the Government, the President, on the recommendation of the Secretary of Labor, has appointed a committee to review the statistical methods employed in figuring the number of the employed and unemployed. The Committee will make recommendations for any improvements which its study may indicate will be helpful.

B. Labor peace

Under the direction of the President the agencies of Government concerned in the labor-management area have taken a number of steps to promote industrial peace. Partly as a result of this action, during 1961 the United States enjoyed its greatest period of industrial peace since the end of World War II. Only one-seventh of 1 percent of all estimated working time of all nonagricultural workers was lost because of strikes. The number of strikes and the number of man-days lost to them were both at postwar lows.

In its activities the basic philosophy of the administration has been to preserve collective bargaining, not to intervene by dictating the terms of settlement but to use the good offices of the Government to help avert or end strikes. The Department of Labor in this activity has worked in close harmony with the Federal Mediation and Conciliation Service and the National Mediation Board, whose basic jurisdictions in these areas have been preserved. These agencies have made an outstanding contribution in preserving labor peace and will report separately on their accomplishments. The activities of the Secretary of Labor have been limited to those relatively few situations where his good offices have been requested by the parties themselves and by the appropriate Government agency to help effectuate a mutually acceptable settlement in specific labor disputes. Most of the Secretary of Labor's activities have been in the transportation area, which has always been recognized as vital to the Nation's health and safety.

A new era in labor-management relations at missile and space sites has been inaugurated. The President's Missile Sites Labor Commission has been created, chaired by the Secretary of Labor with the Director of the Federal Mediation and Conciliation Service, William E. Simkin, as vice chairman, and a no-strike, no-lockout pledge has been obtained for missile and space programs.

The overall record of labor since the activation of the Commission reflects a gratifying measure of accomplishment. The cumulative lost time from June through November 1961 (approximately 4,260 man-days) as related to the man-days worked (approximately 7,126,000) is 0.06 percent. This represents 4.4 percent of the average time lost at missile sites during the 57-month period prior to March 31, 1961, and only 11 percent of the average time lost in the construction industry in the United States during this same period.

The President's Advisory Committee on Labor-Management Policy was created by Executive order of the President on February 16, 1961. It was assigned responsibility for studying and advising the President with respect to policies which will promote free and responsible collective bargaining, industrial peace, sound wage and price policies, higher standards of living, and increased productivity. The Committee has met regularly, and is preparing specific policy proposals in a number of areas.

The President established a Task Force on Employee-Management Relations in the Federal Service. This group carefully studied the subject assigned to it and on November 30, 1961, submitted to the President a report recommending a constructive, forward-looking program of employee-management relations within the Federal establishment keyed to current needs. The President will implement the Task Force recommendations by Executive order, thus providing an effective system for developing improved employee-management relations within the Federal establishment.

II. MAJOR NEW LEGISLATION

A. The Temporary Extended Unemployment Compensation Act of 1961

In the depths of the recession, millions of our workers exhausted their rights to unemployment insurance benefits, which are payable for only a certain number of weeks. When faced with the same problem in 1958, the Congress enacted a

program which in effect turned the burden of decision to the States. This year, the President's proposals asked for an acknowledgement of the national character and national responsibility of the problem. Every State participated in the program that was passed. As of November 30, 1961, 2.3 million persons had filed claims and $523 million in additional unemployment insurance payments had been made under this act.

B. The Fair Labor Standards Act

For the first time since the act was passed 23 years ago, millions of workers were given the protection of the Federal minimum wage law at the same time that the amount of the wage was increased, in steps, to $1.25 an hour. The Fair Labor Standards Act of 1961 reversed the long-standing policy of stabilizing or decreasing coverage under the act whenever the minimum wage itself was increased The result has been an increase of $175 million in the pay of workers covered by the act during 1961, and $536 million annually in the future. These are "high velocity dollars" which got immediately into the economy.

C. Additional position of Assistant Secretary of Labor

Public Law 87–137 permitted high-level recognition of the importance of women in the labor force. Mrs. Esther Peterson, director of the Department's Women's Bureau was appointed by President Kennedy to serve in the new Assistant Secretary of Labor position. The Department is proud to have the highest ranking woman in the executive branch of the Federal Government.

D. Armed Forces reemployment rights

Public Law 87–391 clarifies and reenforces the reemployment rights of members of the Armed Forces under the Universal Military Training and Service Act by permitting an additional 4-year period of service for reemployment rights for active duty performed after August 1, 1961.

Other major legislation nearing enactment includes:

A. The Manpower Development and Training Act of 1961 is designed to deal with the problems presented by the large numbers of unemployed workers who cannot secure full-time employment without retraining, as well as the need to upgrade the skills of workers so they will be qualified for the types of jobs that are and will be available in our highly advanced industrial society. The bill will develop new and accelerated training and retraining programs of on-the-job training and vocational education. It authorizes Federal payment of a minimum level of income for a maximum period of 52 weeks to certain persons while they are undergoing training. The bill passed the Senate and was reported favorably by the House Labor Committee.

B. The Welfare and Pension Plans Disclosure Act amendments will strengthen the act and thus safeguard the interests of 80 million beneficiaries of these plans.

C. The Youth Employment Opportunities Act of 1961 is intended to develop through the use of different kinds of pilot programs methods for assuring that our young people will find useful employment that they are equipped to carry out. The bill provides on-the-job and related training, including classroom instruction; public service and public works employment and training; and a camp oriented Youth Conservation Corps.

D. The Employment Security Amendments of 1961 will extend protection of the unemployment insurance program to more than 3 million additional workers, establish a permanent Federal program of additional unemployment compensation to workers who have exhausted all benefit rights, increase the taxable wage base, provide for equalization grants to States, establish Federal requirements with respect to weekly benefit amount, and provide that compensation not be denied to a person solely because he is taking training to which he was referred by a State agency.

E. The administration's proposals for improvement of the migratory labor situation were addressed to a long-neglected social and economic problem. Unlike previous years, all Government agencies concerned supported administration bills to require registration of crew leaders moving in interstate commerce, to eliminate employment of young children in agriculture, to authorize the Secretary of Labor to undertake new and stronger means of recruiting and moving underemployed U.S. workers to employment on U.S. farms, to establish a National Citizens Council on Migratory Labor, and to improve the health, welfare, education and housing of migrants. The Senate passed S. 1123, child labor in agriculture; S. 1124 and S. 1125, education of migrants and their children; S. 1126, registration of crew leaders; S. 1130, grants for health services to migrants; and S. 1132, National Advisory Council on Migrant Labor.

F. The administration's equal pay bill prohibits discrimination on the basis of sex in the payment of wages by employers having employees engaged in commerce or the production of goods for commerce. Such employees must be paid equal pay for comparable work, regardless of sex.

III. SPECIAL ACHIEVEMENTS IN DEPARTMENTAL PROGRAMS

A. Discrimination: All discrimination in employment and promotion of Department of Labor personnel on the basis of race has been eliminated. Negroes have been appointed to high positions within the Department, including Assistant Secretary of Labor.

B. Davis-Bacon Act: In the year 1961, there has been vigorous enforcement of the Davis-Bacon Act and related laws dealing with labor standards on Federal and federally assisted construction projects. The number of wage determinations issued has exceeded 46,000, a new record and 10 percent above the high of the previous year. Restitution was approximately $300,000 for more than 2,700 employees. The number of 8-hour law penalties assessed was more than twice as high as the preceding year and the number of firms and individuals blacklisted under the act was up 50 percent.

C. Minimum wage law enforcement: Enforcement operations under the Fair Labor Standards Act were also highly effective. Approximately 42,000 establishments were investigated during 1961. The amount of underpayments found was $30½ million; the highest amount found due since statistics on this were recorded in 1946. Employers agreed to make payment of approximately $14½ million.

D. Walsh-Healey Public Contracts Act: The Secretary of Labor took steps to speed up and improve minimum wage determination procedures under the Walsh-Healey Public Contracts Act. The changes dramatically reduced the timelag in surveying an industry and determining its prevailing minimum wages. In the past, the timelag averaged between 2 and 3 years and sometimes ran as long as 4½ years. The new procedures are expected to shorten this period to less than 1 year.

E. Public Employment Service: At the direction of the President the services to job applicants registered with the U.S. Employment Service and affiliated State employment security agencies have been expanded and improved. The administration's support and the additional funds allocated by the Congress have provided workers and employers of the Nation with a more fully staffed, better equipped, and highly efficient network of 1,800 public employment offices. Placement services for workers have been realined to meet the needs of all work ersand employers. Toward this end special purpose placement offices are being established in metropolitan areas to service such segments of the labor force as professional, managerial, and technical workers; sales, service, and trade occupations.

The Bureau of Employment Security and the affiliated State agencies have embarked upon a program of vastly increased testing, counseling, and placement activities for young people who are out of school and out of work. To coordinate and intensify this expanded program for youth, the Bureau of Employment Security has created a new National Youth Employment Service, and regional youth service representatives are being designated to work with the States.

F. Area Redevelopment Act: The Area Redevelopment Act passed by the Congress in 1961 has a provision under which training programs are instituted in depressed areas in order to provide opportunities for workers to acquire the skills necessary to fill jobs. The Department of Labor has been actively involved in developing these training programs. So far programs underway that have been approved by the Department are providing training opportunities for over 3,000 workers in both industrial and rural areas. The experience of the Department so far with this program reinforces the conviction that while training and retraining does not answer all the problems of the unemployed it is an important aspect of economic recovery that demands added attention on the part of the American people.

G. Labor-Management Reporting and Disclosure Act: The Bureau of Labor-Management Reports has completed the most active period in its 2-year existence with vastly increased activity in the twin areas of compliance and enforcement of the LMRDA. Over 98 percent of all violations of the act uncovered by Bureau investigative activities during fiscal year 1961 were corrected voluntarily, without recourse to litigation. During the same period, 33 court actions were initiated against persons and organizations violating the terms of the law. The Bureau also has pursued a constantly increasing program of technical assistance and education directed at achieving the maximum in voluntary compliance.

Economic and manpower outlook

Now, Mr. Chairman, I have with me Mr. Clague and his very interesting charts which have been brought up to date since last year to give you a picture of the outlook and sets the tone and background for the 1963 program of the Department. I would like at this point to have Mr. Clague make his presentation to the committee. I will then resume my statement.

Program for 1963

Financial analysis.—In terms of total dollars requested to be appropriated from general funds for 1963, the estimate calls for $371 million less than was appropriated for 1962. This is because of nonrecurring items as indicated on the table furnished to the committee.

While there is a net reduction in all funds of about $348 million there are net program increases of about $30 million of which $7 million would require general fund appropriations and the balance would be derived from trust fund sources.

In terms of staff increases we are proposing an increase of about 670 positions divided among 12 of our programs but primarily in the Department's manpower and skill development programs.

On a comparable basis—disregarding the nonrecurring items—the dollar increase over 1962 is about 5 percent. Summary financial tables are attached which gives the details of these figures.

Now I would like to move on to the program aspect of these increases and of course each Bureau head will be available to go into as much detail as the committee desires.

Program changes highlights

There are $1,285,000 included under various appropriation headings to carry on the Department's emergency program responsibilities which heretofore have been financed from appropriations to other agencies.

There is an item of $109,000 for celebration of the Department's 50th anniversary next year.

In the international relations field we are proposing an increase of $450,000, the bulk of which is for a program to provide a more adequate basis for designing labor policies and programs in support of the U.S. foreign policy.

There is an item of $2,630,000 for a comprehensive improvement or expansion of labor economic statistics of the Bureau of Labor Statistics, most of which is for support of manpower and skill development programs and of our vital price statistics program.

There is a total of about $25 million divided among several appropriations in the manpower-skill development field. Of this about $20 million would go to the State employment security agencies.

There is about $2 million allocated to what I call the labor-management relations standards and compliance field.

This paints with a broad brush the primary allocations of the program increase. It is to be noted that major emphasis is aimed at our critical manpower problems without overlooking needed improvements in our labor relations standards program.

The picture which Mr. Clague has so dramatically pointed up emphasizes the need for vigorous action, by all concerned, to get at the problems of refurbishing the skills of our work force—particularly the unemployed—to improve our system of free public employment services to attract greater utilization by both workers and employers and at the same time, not to diminish, but in fact to continue to seek improvement in the work standards of our labor force.

I believe that with favorable action on the specifics of the programs, to be outlined to the committee by the various Bureau representatives, and with favorable action by Congress on pending legislative programs that we will be geared up to do the job needed to be done.

Secretary GOLDBERG. Last year when I appeared before you I had taken office only a few months before. I must confess, as I look back over my testimony of last year, that I entered this office with a desire to carry out the objectives of Congress and the administration.

I think I know a little more than I knew then. I want to express my appreciation for the active and continuing interest of this committee in the work of the Department and its programs.

STATE OF THE ECONOMY AS IT RELATES TO LABOR

I think you will recognize, as I present my testimony, that in the administrative affairs of the Department I have tried to benefit by the observations you have made and by the appropriations you have recommended to the Congress in an effort to implement the Department's work.

I am particularly appreciative of the fact that this committee has taken an active interest in all of our activities and in the programs of the Department. I would like to take advantage of this opportunity to briefly comment on the state of the economy as it relates to the work of the Department of Labor, contrasting it from what appeared last year when I had the responsibility of appearing before you.

The Congress and the administration had a joint concern about the long-term and short-term proble ns facing the American wage earner, which we are charged by law with the responsibility of looking after; and of course the total economy of the country, since all elements of the population are interested in the economy of the country.

I am very glad to report to you that the situation has improved substantially over what it was with respect to employment, incomes, hours of work, and other relevant figures since we last met.

DECREASE IN NUMBER OF UNEMPLOYED

Last year about this time 5,700,000 Americans were out of work. The factory workweek had fallen below 40 hours per week. Earnings were down. Profits were down. The index of industrial production was not satisfactory, and the rate of economic growth was not what it ought to be.

Today I can report to you that, as of December, there has been a substantial improvement in the economy; and we are in the midst of a vigorous economic upturn. This does not mean that we have solved all of our problems—by no means. I will later talk about some of our problems as well as some of the accomplishments since we last met.

Unemployment has declined by 1,600,000 persons, more than half a million than could have been expected on a seasonal basis alone. This has resulted in a decline of the seasonally adjusted rate from 6.8 percent, which prevailed when we took office last year, to 6.1 percent as of the last reading of the unemployment statistics.

Nonagricultural employment has gone up by 2,100,000—600,000 more than could have been expected on a seasonal basis alone. In fact, total employment, which is now about 67 million, as well as nonagricultural employment, establishes an alltime record for any December in our history.

Hours of work have gone up since last year by 1.5 hours, now well above the 40-hour mark. This means that many people working part-time are now working a full workweek.

HIGHER AVERAGE EARNINGS

The average factory worker now earns $96 a week, the highest level in our history. As a matter of fact, it is very important to know that, for the first time in the history of our country, factory workers in our durable goods industries—goods such as automobiles,

steel, and so forth—averaged more than $100 a week in the year 1961—about $104 a week, to be exact.

These are all very good omens, and in addition to that we have some others that bear notice and in which you have always displayed a very great interest. Prices have remained relatively stable. Wholesale prices in November were actually lower than the year earlier; and consumer prices advanced over the year by only 0.7 percent—less than 1 percent, the smallest increase for a comparable period since 1955.

Thus the purchasing power of the average factory worker was 6 percent higher in November than the year earlier, and a full 30 percent greater than the average for 1947–49.

The per capita purchasing power reached a new high in the third quarter of 1961, and it continued to expand in the last quarter. Personal income in November was at an annual rate of $429 billion, 6 percent more than a year earlier.

There is a mistake which I would like to correct in my statement, which says $429 million. A million dollars no longer has great significance in our economy. We talk in terms of billions; so I would like to correct that to show that that is billions of dollars and not millions of dollars.

These are all good omens; but we have some debit sides still. While farm income is up substantially, it is my sincere conviction that neither the farm operator nor the farm laborer is receiving what he ought to receive from our economy.

PROBLEM OF MIGRATORY WORKERS

I said to the California delegation the other day when we were considering the problems of the migratory laborers, "I want my position in this area to be very clear," and I will repeat it to this committee.

We have great responsibilities in the migratory farm area, as well as the industrial workers. Just as an industrial worker depends for his livelihood upon a profitable industry, so does a farmworker depend for his livelihood on farm commodities.

I do not believe that the return to the farmer or the farm laborer is adequate in a society which should afford better conditions.

UNEMPLOYMENT PROBLEM

We have other debit things in our ledger which I want to report to you. We still have a very stubborn problem of unemployment. I want to give you the latest figures that we have in this area because of your great interest in this.

We still have 4,100,000 Americans unemployed. In that number, what is particularly troublesome is the fact that 1,200,000 have been out of work 15 weeks or more; and 700,000 have been jobless for more than 6 months. This is of great concern to you and to me and to the administration, because this is not good for our economy. It is not good in terms of the human values.

Therefore, since we are charged with the responsibility of dealing with the work force, the labor force, and their conditions, we have to pay particular attention to this disturbing phenomenon of continuing unemployment, particularly continuing long-term unemployment.

I have had occasion, as I reported to you last time, to go around the country. The chairman has been kind enough to refer to some of my activities in this regard. I want to say to you what you and your colleagues in the Congress know from your own constituents: It is not good for our country, it is not good for our political system, to have this long-term unemployment because our statistics are not completely disclosive of what actually occurs.

A national average of 6.1 percent sounds too large, but somewhat manageable. But when long-term unemployment is concentrated, as it often is, in certain areas, then statistics take a different proportion.

If, for example, as a member of this committee very well knows, you go up to northern Minnesota, the unemployment in iron ore mining is not 6.1 percent; it is closer to 25 percent unemployment—what we reached during the depression.

For the unemployed iron-ore miner, he is in a depression. He does not share in this general improvement which I am noting.

There are too many people out of work in Rhode Island; there are too many people out of work in various other areas where you yourself know the facts better than I do.

Then we have peculiar problems which need our attention and which this committee has always been very alert to note. How many of our younger workers are out of work? Of this 4,100,000, we find that almost a million of the 4,100,000 are young people between the ages of 16 and 21.

This is too high a proportion of unemployment concentrated among our young people.

We found that women are particularly susceptible to being subject to unemployment, even though women comprise more than a third of our working force at the present time. We found unemployment particularly acute among our older workers who need jobs because still they do not have the benefits of retirement, social security, and they are being displaced. And when they get displaced at ages beyond 45, they find difficulty in getting employment.

We find too much unemployment among minority groups who have not had the benefit of being skilled and educated in terms comparable to our other workers. This is a serious problem.

With your help, we have been able to at least address ourselves to all these problems during the last year. I am going to report on some of our activities in this area and then tell you about our plans for the future involving the appropriations which we are asking for.

Labor-Management Relations

Of course, last year when I appeared before you I talked to you about our concern with the promotion of labor-management peace. We have not in the past year—although we have been involved in the promotion of these activities—impinged upon the jurisdiction of the Mediation Service or the National Mediation Board, whose activities you supervise and know very well. But we are concerned with the general climate of labor-management peace and accomplishment. I am sure you approve of our concern with this very basic problem.

We have attempted in the first year of my administration to try and improve the atmosphere, the climate. Some years ago I noted

when I was practicing labor law a deterioration in the climate of this area. I am glad to report to you that the climate has improved.

We have had fewer strikes this last year than we have had in any period since the end of World War II, when we operated under a voluntary no-strike pledge. Management and labor have been, on the whole, very responsible and very cooperative.

Wage increases in the country have not exceeded—again on the average—our national productivity. As a consequence, we have had a stable price situation. I believe the collective bargaining process in the country is operating very effectively.

We may have individual variations that may be troublesome, but we must remember we do not have wage and price control. We do not want wage and price control. We want free collective bargaining to operate.

PRESIDENT'S LABOR-MANAGEMENT ADVISORY COMMITTEE

Last year I reported to you that I thought one of the significant developments was the appointment by the President of the President's Labor-Management Advisory Committee. I told you that that Committee would operate, and you properly questioned me on how that Committee would be financed. One of the distinguished members of this Committee addressed himself to that problem.

I want to report two aspects of this. One is the working of the Committee, in which I am sure you are very much interested. That Committee has met throughout the year and has had many meetings. It has exchanged points of view of great interest to the public.

Now it is proceeding to issue a series of reports on problems which impinge upon the concern of this Committee and the work of the Department.

Its first formal report was delivered to the President on January 11, 1962. It dealt with the problem of automation, about which I am going to talk in connection with the work of the Department in a few minutes.

The report represented a consensus of opinion by the members of the Committee. We had two members of the Committee who expressed varying views; but it is quite remarkable that leaders of labor, management, and the public could unite in as many things as they did in this report.

I want to report to this committee that there was unanimous agreement among the Committee members on three fundamental points: (1) That automation and technological progress is essential to the general welfare, the economic strength, and the defense of the Nation; (2) that this progress can and must be achieved without the sacrifice of human values; and (3) achievement of technological problems without sacrifice of human values requires a combination of private and governmental action consonant with the principles of a free society.

Mr. FOGARTY. What is your definition of "human values"?

Secretary GOLDBERG. "Human values" means what happens to the worker involved, the individual. Is he displaced? Is he thrown out of a job? Is he looked after? Or is he thrown on the scrap heap, as happened in the first industrial revolution in the world, without regard for the individual?

I think it is of great significance that seven prominent leaders of industry, as well as the public, all said that this must not happen again. This is what was referred to.

We can no longer just automate and ignore what happens to the human being. That is what everybody agreed upon.

Mr. FOGARTY. But it is going on.

Secretary GOLDBERG. It is going on. We want to take steps to correct it. I am not going to read all of this report; but I would like Mr. Chairman, to offer it for the record.

Mr. FOGARTY. We shall put it in the record.

Secretary GOLDBERG. There are copies available for the committee.

Mr. FOGARTY. I think it is important enough to put in the record.

(The report of the Advisory Committee on Labor-Management Policy reports to the President on automation follows:)

PRESIDENT'S ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY

Secretary of Labor Arthur J. Goldberg, Chairman;
Secretary of Commerce Luther H. Hodges, Vice Chairman

[For release: Immediate, Thursday, January 11, 1962]

ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY REPORTS TO THE PRESIDENT ON AUTOMATION

The President's Committee on Labor-Management Policy submitted today its first report to the President. The report was presented to the President at the White House by the Committee Chairman, Secretary of Labor Arthur J. Goldberg, and by the Committee Vice Chairman, Secretary of Commerce Luther H. Hodges. They were accompanied by members of the Committee.

Today's report deals with the benefits and problems incident to automation and other technological advances. The Committee believes it reflects the "sense of common purpose" which the President requested as a source of strength for our Nation in time of emergency, and as a climate conducive to cooperation and resolution of differences.

There was unanimous agreement among the Committee members on three fundamental points:

1. Automation and technological progress are essential to the general welfare, the economic strength, and the defense of the Nation.

2. This progress can and must be achieved without the sacrifice of human values.

3. Achievement of technological progress without sacrifice of human values requires a combination of private and governmental action, consonant with the principles of a free society.

Automation and technological progress are cited throughout the report as essential to the general welfare, the economic strength, and the defense of the Nation. This progress, it notes, must and can be achieved without sacrifice of human values, individual interests, or any such social consequences due to changes created by this progress.

Unemployment, it is pointed out, has increased during the past few years although total employment has reached new heights. This is ascribed to the net effect of rising output per worker, among other factors, but the report states: "We reject the too common assumption that continuing unemployment is an inherent cost of automation."

The Committee offers 11 recommendations which it believes may permit and accelerate the necessary advancement of automation and technological change without detrimental sacrifice of human values, if considered within purview of such relevant factors as costs to individual enterprises, effect on the Federal budget and influence on general price levels. These recommendations, if carried out, would constitute a combination of private and Government action.

This first report has the overall approval of all but 2 of its 19 members, Mr. Henry Ford II, chairman of the board of directors of the Ford Motor Co., of the management group, and Mr. Arthur E. Burns, president of the National Bureau of Economic Research, of the public group. They have approved it in part and

have filed statements of separate views which are included as part of the report

Labor leaders, David Dubinsky, president, International Ladies' Garment Workers' Union; George M. Harrison, president, Brotherhood of Railway & Steamship Clerks, Freight Handlers, Express & Station Employees; Walter P. Reuther, president of the International Union, United Automobile, Aircraft & Agricultural Implement Workers of America; Joseph D. Keenan, secretary of the International Brotherhood of Electrical Workers; and David J. McDonald, president, United Steelworkers of America; asked for some strengthening of the wording in the section dealing with hours of work in order to make it clear that should all exigencies fail, there may have to be recourse to a shorter work period.

In submitting the report the Chairman and Vice Chairman stated:

"We commend to you the substantial public service rendered by the members of the Committee, who have dedicated themselves to the work of the Committee.

"It is also a pleasure for us to report that the Committee has met regularly since it was appointed on February 16, 1961, and that the discussions at the Committee meetings have been most friendly and constructive. Our experience has demonstrated that your objective of bringing together top leaders of labor, management, and the public to arrive at a fuller understanding on vital policy issues can be achieved. We anticipate that recommendations concerning the other major topics assigned to the Committee—dealing with industrial peace, economic growth, wage-price policy, and world competition—will be forthcoming in the near future."

This Committee, established by Executive Order in February 1961 to encourage sound economic growth and healthy industrial relations in order to aid our free institutions to work better, has 19 members drawn from the public, labor, and management. It is chaired for 1-year alternating periods by the Secretary of Labor and the Secretary of Commerce.

This first report will be followed by others in the Committee's field of responsibility, now in preparation. Scheduled for submission next is the report on labor-management relations.

The President at the establishment of the Committee, deemed it "most important." It advises and makes recommendations with respect to policies that may be followed by labor, management, Government, or the public which will promote "free and responsible collective bargaining, industrial peace, sound wage and price policies, higher standards of living and increased productivity." It was specifically directed to consider the matter of policies to insure that American products are competitive in world markets, as well as the matter of the impact of industrial automation.

Full membership of the President's Advisory Committee on Labor-Management Policy is as follows:

PUBLIC MEMBERS

Arthur J. Goldberg (ex officio), Secretary of Labor.
Luther H. Hodges (ex officio), Secretary of Commerce.
Arthur F. Burns, president, National Bureau of Economic Research.
David L. Cole, attorney.
Clark Kerr, president, University of California.
Ralph E. McGill, publisher, Atlanta Constitution.
George W. Taylor, professor of labor relations, Wharton School of Finance, University of Pennsylvania.

MANAGEMENT MEMBERS

Elliott V. Bell, chairman of the executive committee, McGraw-Hill Publishing Co., Inc.
Joseph L. Block, chairman, board of directors, Inland Steel Co.
Henry Ford II, chairman, board of directors, Ford Motor Co.
John M. Franklin, chairman, board of directors, United States Lines Co.
J. Spencer Love, chairman and president, Burlington Industries, Inc.
Richard S. Reynolds, Jr., president, Reynolds Metals Co.
Thomas J. Watson, Jr., president, International Business Machines Corp.

LABOR MEMBERS

David Dubinsky, president, International Ladies' Garment Workers' Union
George M. Harrison, president, Brotherhood of Railway & Steamship Clerks, Freight Handlers, Express & Station Employees.
Joseph D. Keenan, secretary, International Brotherhood of Electrical Workers.
Thomas Kennedy, president, United Mine Workers of America.
David J. McDonald, president, United Steelworkers of America.

George Meany, president, American Federation of Labor and Congress of Industrial Organizations.
Walter P. Reuther, president, International Union, United Automobile, Aircraft & Agricultural Implement Workers of America.
Copy of the report is attached.

PRESIDENT'S ADVISORY COMMITTEE
ON LABOR-MANAGEMENT POLICY,
Washington, D.C., January 11, 1962.

THE PRESIDENT,
The White House, Washington, D.C.

DEAR MR. PRESIDENT: We are pleased to submit the first formal report of your Advisory Committee on Labor-Management Policy. This report, dealing with benefits and problems incident to automation and other technological advances, was approved at a meeting of the full Committee today.

When you established this Committee last year, you expressed the hope that it would "help restore that sense of common purpose which has strengthened our Nation in times of emergency and generate a climate conducive to cooperation and resolution of differences." It is a source of deep satisfaction to us that this first report eloquently reflects that "sense of common purpose." There is unanimous agreement among the members on these fundamental points:

1. Automation and technological progress are essential to the general welfare, the economic strength, and the defense of the Nation.
2. This progress can and must be achieved without the sacrifice of human values.
3. Achievement of technological progress without sacrifice of human values requires a combination of private and governmental action, consonant the the principles of a free society.

This agreement reflects the Committee's conclusion that "automation and technological changes have meant much to our country." The report as a whole has received the virtually unanimous endorsement of the Committee, while there are understandably some differences on implementation of these objectives. Statements of the separate views of two members of the Committee are appended to the report, and the positions of several members on one particular point are set out in two footnotes. Because the statement represents a consensus of the Committee members' views, their individual statements of position on various points covered would differ in some respects.

It is also a pleasure for us to report that the Committee has met regularly since it was appointed on February 16, 1961, and that the discussions at the Committee meetings have been most firendly and constructive. Our experience has demonstrated that your objective of bringing together top leaders of labor, management, and the public to arrive at a fuller understanding on vital policy issues can be achieved. We anticipate 7hat recommendations concerning the other major topics assigned to the Committee—dealing with industrial peace, economic growth, wage-price policy, and world competition—will be forthcoming in the near future.

We commend to you the substantial public service rendered by the members of the Committee, who have dedicated themselves to the work of the Committee.

Respectfully,

ARTHUR J. GOLDBERG, *Chairman.*
LUTHER H. HODGES, *Vice Chairman.*

Enclosure.

REPORT TO THE PRESIDENT FROM ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY

THE BENEFITS AND PROBLEMS INCIDENT TO AUTOMATION AND OTHER TECHNOLOGICAL ADVANCES

Three central propositions have emerged in the committee's consideration of the significance and impact of automation and other technological advances.

First, automation and technological progress are essential to the general welfare, the economic strength, and the defense of the Nation.

Second, this progress can and must be achieved without the sacrifice of human values and without inequitable cost in terms of individual interests.

Third, the achievement of maximum technological development with adequate safeguards against economic injury to individuals depends upon a combination of

private and governmental action, consonant with the principles of the free society.

Automation and technological change have meant much to our country. Today the average worker in the United States works shorter hours, turns out more goods, receives higher wages, and has more energy harnessed and working with him than a worker anywhere else in the world. Increasingly, machines are relieving men of heavy physical labor and of dangerous and repetitive work. Competition in the world markets has been possible against foreign countries whose standards of living are below our own, though this advantage is diminishing. Finally, in a world split by ideological differences, automation and technological change have a tremendous and crucial role to play in maintaining the strength of the free world.

For these reasons, we emphasize at the outset the imperative need for and desirability of automation and technological change. Indeed, increased productivity and fuller utilization of resources are urgently needed to improve our rate of economic growth. They are likewise needed to improve our competitive position in world markets. Failure to advance technologically and to otherwise increase the productivity of our economy would bring on much more serious unemployment and related social problems than any we now face.

It is equally true that the current rate of technological advance has created social problems and that an acceleration of this rate may intensify these problems.

While advancing technology has given rise to new industries and jobs, it has also resulted in employee displacement; and the fact that new work opportunities are eventually created is no comfort or help to the displaced individual who cannot, for one reason or another, secure comparable or any employment. While employment has expanded in some industries, the net effect of rising output per worker, of the growing labor force, and of other factors, has been an increase in the volume of unemployment during the past few years—even as total employment has reached new heights.

The impact of technology on agricultural employment has been particularly great. Along with other factors, it has resulted in over 1,600,000 workers—20 percent of the total—leaving the farms since 1950. Yet farm output has increased 28 percent, making available to our people an abundance of food, while there was famine in some of the Communist countries. This increased output enabled this country to be of substantial assistance to needy people elsewhere in the world.

Our purpose, then, is to seek that course of action which will encourage essential progress in the form of automation and technological change, while meeting at the same time the social consequences such change creates.

We recognize that the subject of automation and technological change cannot be dealt with apart from two broader subjects: increased productivity in general, and unemployment.

We are preparing a separate report on economic growth, and only note here the basic importance of such growth to any consideration of the problems—and the opportunities—automation and technological advance present.

Regarding technological advance and unemployment, it is clear that unemployment has resulted from displacement due to automation and technological change. It is impossible, with presently available data, to isolate that portion of present unemployment resulting from these causes. Whether such displacement will be short run depends to a considerable extent on our ability to anticipate and plan for programs involving technological change and to make better use of various mechanisms for retraining and relocating workers who find themselves unneeded in their former occupations. We have necessarily given general consideration in this report to some aspects of the broader unemployment problem and to the prospects of more effective use of the work force.

A long stride toward solution of the unemployment problem will be made if we first recognize the nature of the problem. We regard the following factors as important in this connection:

1. The recent rate of economic growth in the United States has been insufficient to reduce unemployment to a tolerable level.

2. The exact extent of unemployment attributable to automation and technological change is unknown, since it is greatly complicated by other factors, such as:

(*a*) The economic recession of 1960–61.

(*b*) The unusually high entrance rate into the labor market, caused by the great postwar population increase. In the next 10 years it is expected that there will be a net gain in the labor force of 13½ million workers.

(*c*) Chronic unemployment in distressed areas.

(*d*) The effects of the rapid advances which have been made by foreign competitors.

(*e*) Changing consumption patterns.

(*f*) The changing nature of jobs which often leaves a gap between job requirements and qualifications of applicants. During the 1950's there was a 58-percent increase in the number of skilled technical and professional workers. Unskilled workers, with only a limited education, found it more difficult to get, or hold, a job. In this connection, the Department of Labor projections indicate that unless steps are taken to reduce the dropout rate among high school students, some 7½ million of those new workers joining the labor force in the 1960's, or more than 30 percent, will not have completed high school, and over 2½ million of them will not even have completed grade school.

(*g*) Discrimination against workers on the basis of age, sex, race, and creed.

(*h*) Multiple jobholding by individuals.

(*i*) The continuing movement of workers away from the farms.

3. Public employment service facilities have been inadequate as well as seriously uneven in their effectiveness with respect to helping workers find new jobs, counseling them as to the kind of jobs which are liable to be available in the future and advising them as to job prospects in other geographical areas.

4. The mobility of workers is reduced by factors running contrary to the demands of a dynamic society, and an economy in transition.

(*a*) The nontransferability of pension, seniority, and other accumulated rights may result in an employee's being dependent upon his attachment to a particular job as the sole means of protecting his equities.

(*b*) Desirable and essential mobility is affected by reluctance to leave home—because of personal ties, or because other members of the family may be working; by the cost of moving and possible losses on local property; and by the insecurity of jobs in a new locality.

5. Educational and informational facilities have been inadequate in that:

(*a*) The requirements for general education prior to vocational and professional training have not kept pace with the shift in job opportunities.

(*b*) The required types of vocational and technical training and retraining are often not available, e.g., for workers leaving the farm.

(*c*) There has been an inadequate liaison among school systems, industry, and Government with respect to future job requirements, and in fact there is insufficient information about the nature of such jobs.

(*d*) There has been inadequate financial support for needy students.

(*e*) Counseling facilities have been generally inadequate.

6. Proper retraining facilities, and a system of financial support for workers while retraining, have been lacking.

These are some of the relevant circumstances of a society in which automation and technological advance are essential motive forces. The operation of these forces within the social context creates serious displacement problems—not as a necessary price of progress but as the stern consequence of failure to recognize and provide for these problems. We reject the too common assumption that continuing unemployment is an inherent cost of automation.

We believe, rather, that a combination of energetic and responsible private and public action will permit the advancement of automation and technological change without the sacrifice or human values, and that such combined efforts can cope satisfactorily with the total unemployment problem—including whatever part of it may arise from the displacements which result inevitably from the introduction of new devices and processes.

We do not attempt here an exhaustive exploration or enumeration of all the ways and means of achieving maximum technological progress with the minimum of individual disadvantage. Our suggestions can be only representative of a broader set of possibilities. We recognize, furthermore, that the totality of any combination of recommendations must be viewed in the light of such relevant factors as their costs to individual enterprises, their effect on the Federal budget and their influence on general price levels.

We recommend that serious consideration be given the following measures:

1. Adoption by the Government and others of policies which will promote a high rate of economic growth and fuller utilization of resources. A much higher rate of growth is essential and is the best device for reducing unemployment to tolerable levels. We will include in our forthcoming report on economic growth suggestions in this area.

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2. Acceptance by Government agencies of the responsibility for collecting, collating, and disseminating information with respect to present and future job opportunities and requirements in a rapidly changing society.

3. Cooperation between Government and private organizations in the field of education in improving and supporting educational facilities to the end that:

(*a*) New entrants to the labor force will be better qualified to meet the occupational demands of the future;

(*b*) The dropout rate at grade and high school levels will be reduced;

(*c*) Better vocational, technical, and guidance programs will be available;

(*d*) Rural and depressed areas, where surplus workers reside, will be better served;

(*e*) Financial support will be available for deserving and needy students; and

(*f*) There will be a general upgrading in the quality of our education.

4. Acceptance by management of responsibility for taking measures, to the maximum extent practicable, for lessening the impact of technological change, including:

(*a*) Adequate leadtime;

(*b*) Open reporting to the employees involved;

(*c*) Cooperation with representatives of the employees to meet the problems involved;

(*d*) Cooperation with public employment services;

(*e*) The timing of changes, to the extent possible, so that potential unemployment will be cushioned by expected expansion of operations and normal attrition in the work force (through separations resulting from retirement, quits, and so forth).

5. Support from both public and private organizations for retraining of workers who have been and will be displaced.

(*a*) Private employers and unions faced with automation or technological changes should make every reasonable effort to enable workers who are being displaced, and who need to be retrained, to qualify for new jobs available with the same employer, and to enjoy a means of support while so engaged.

(*b*) Where it is not possible for the employer to reabsorb displaced workers, appropriately safeguarded public support in the form of subsistence payments should be available to industrial and agricultural workers who qualify for and engage in retraining.

(*c*) Unemployment compensation laws should be liberalized to permit and to encourage retraining.

6. Support from both public and private sources, with due consideration to the circumstances of the enterprise involved, for the displaced worker who is seeking new employment.

(*a*) The duration, coverage, and amount of unemployment compensation, where inadequate, should be increased and made subject to realistic uniform minimum requirements under the Federal-State system.

(*b*) Employer supplementation of public unemployment compensation should be accomplished through severance pay, supplemental unemployment benefits, and similar measures.

(*c*) Attention should be given to provision for the special case of the worker who is displaced during the period when he is approaching retirement. This may appropriately include consideration of provision for early retirement, through private arrangements or social security measures; but alternative possibilities of more constructive temporary uses of such services warrant exploration.

7. Support from both private and public sources to the end that a worker's job equities and security may be protected without impairment of his mobility. This will warrant consideration, taking into account relevant cost factors, of such measures as—

(*a*) Financial aid in the transfer of employees to other plants in a multiplant system, and protection of existing rights for individuals so transferred.

(*b*) The use of public funds in order to give financial aid in the transfer of unemployed workers from one area to another where the result will be to provide continuing employment.

(*c*) The improvement of public and private protection of pension rights.

(*d*) The recognition by unions, individual employees, and employers of the necessity of adapting seniority and other rules in order to facilitate mobility of workers, while providing protection for the equities of employees.

The committee notes particularly the need for further study and exploration of this vital area.

8. Vast additional improvement of the public employment service so that it can effectively place, counsel, and relocate workers both locally and across State lines. We note with approval the start which has been made in this direction.

9. Vigorous and unremitting efforts by all segments of the population—including government, employers, unions, and employees—to eliminate discrimination in employment because of race, creed, age, or sex.

10. There are pressing national needs to be met, and an abundance of manpower available to meet these needs. This matching of manpower and national needs, which is part of the vital context of the automation and technological advance problem, will obviously be affected by various broader governmental policies. Reserving fuller consideration of this area for our economic growth report, we nevertheless note here that—

(*a*) When technological changes or other factors develop particular pockets of unemployment, this becomes an additional reason for the undertaking, particularly at the State and local levels but with Federal assistance where this is necessary, of public development projects for which there is need independent of the employment need itself.

(*b*) Every effort should be made to maintain on an up-to-date and ready-to-go basis a schedule of needed public development projects, particularly those which could be started most quickly and which would be of short or controllable duration, so that the initiation of such projects can in the future be advanced, and the flow of projects already underway can be speeded up, if the manpower situation warrants this.

(*c*) If the operation of the economy, including the effect of automation and technological change, creates or leaves an intolerable manpower surplus, consideration should be given to monetary and fiscal measures—including the possibility of appropriate tax reductions—which would give promise of helping alleviate this situation.

(*d*) Governmental action along the lines suggested here, stimulated in part by the need to meet unemployment situations, would obviously have to take account of other considerations, including particularly the maintenance of national economic stability and security. We simply assert, however, the coordinate importance of stability and growth.

11. The need for goods and services must not be left unfilled, particularly in a time of international crisis. At the same time, high unemployment is intolerable. In the light of our current responsibilities to meet world conditions, and in view of our unmet needs at home, we consider the development of programs directed at the achievement of full employment as being more significant at the present time than the consideration of a general reduction in the hours of work. A reduction in the basic work period has, however, historically been one means of sharing the fruits of technological progress, and there may well develop in the future the necessity and the desirability of shortening the work period, either through collective bargaining or by law or by both methods. In connection with such a development, consideration would necessarily be given to the extent to which purchasing power could be maintained along with a reduced work period.[1] [2]

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[1] Mr. Meany, Mr. Dubinsky, Mr. Harrison, Mr. Reuther, and Mr. Keenan are of the view that this paragraph should read as follows:

"The need for goods and services must not be left unfilled, particularly in a time of international crisis. At the same time, high unemployment is intolerable. In the light of our current responsibilities to meet world conditions, and in view of our unmet needs at home, we consider the development of programs directed at the achievement of maximum output and full employment as most significant at the present time. However, if unemployment is not reduced substantially in the near future we will have to resort to a general shortening of the work period through collective bargaining and by law. In connection with such a development, consideration would necessarily be given to the extent to which purchasing power could be maintained along with a reduced work period. A reduction in the basic work period has historically been one means of sharing fruits of technological progress."

[2] Mr. McDonald, Mr. Reuther, and Mr. Keenan comment as follows:

"We agree that, in the light of the considerations stated, the most desirable solution now to the problem of unemployment is the development of programs which will achieve full employment at 40 hours per week. Saying that this is the most desirable solution is not, however, the same thing as saying that we have in fact achieved that solution or that we will in fact achieve it in the near future. And only the fact of full employment—not a statement of its desirability—can properly serve as the premise for the statement that the necessity for shortening the work period will only develop 'in the future.' If we fail, as we have so far failed, to achieve the most desirable solution we will have to move more quickly than we are now moving in the direction of shortening the work period."

We affirm our conviction that the infinite promise of automation and technological advance can be realized without loss or cost of human values. America can enjoy the fruits of higher productivity without having to accept, as the inevitable result, serious social consequences growing out of the displacement of workers.

The recommendations made here suggest our view of a broader pattern of possible courses of action which would necessarily have to be adapted to particular circumstances, but which permit the constructive and responsible uses of technology and automation. We see no barriers—except misunderstanding, timidity, and false fear—to the accomplishment of this purpose by a coordination of private and public programs wholly consonant with the essential concepts of the free society.

We assert the necessity of automation and technological development to the maintenance of American standards of living and to the fulfillment of this country's role of leadership in freedom's fight for survival. We assert equally the obligation and the capacity of Americans—as individuals and as a group—to use these new instruments and methods to enrich the lives of all of us.

We see no reason for alarm if out of a greater sense of common purpose we can achieve the good will and the determination to act together.

Comment by Arthur F. Burns on Report on "The Benefits and Problems Incident to Automation and Other Technological Advances"

I find parts of this report highly constructive, particularly the recommendations designed (*a*) to achieve efficient and yet humane management of technological changes, (*b*) to improve the functioning of the labor market, and (*c*) to extend the coverage and otherwise strengthen the unemployment insurance system. Nevertheless, I am troubled by the report as a whole, and I consider it a dubious guide to economic policy.

The reasons for my dissent are as follows:

(1) The report fails to identify or to analyze or to assess the quantitative importance of the different causes of unemployment. Nevertheless, it conveys the impression that technological advances are a major, if not the major, cause of recent unemployment. I know of no evidence to support this view, and I deplore anything that adds to the greatly exaggerated fears that many people have of what is loosely called automation.

(2) The report suffers from a failure to link its proposed remedies to the causes of unemployment. Thus the report does not mention seasonal unemployment or ways of dealing with it. It does not mention the loss of exports by some industries or the policies needed for coping with this source of unemployment. It does not distinguish cyclical unemployment from other types or indicate how public policy for dealing with recessions should be improved. On the other hand, the report puts heavy emphasis on public works and seems to suggest that this kind of governmental spending is a good remedy for unemployment regardless of its cause. Unhappily, public works are poorly suited for dealing with mild recessions or with local pockets of chronic unemployment.

(3) Most recommendations of the report are couched in such vague language that they may mean much or little, depending on how they are interpreted. But if experience is any guide, neither the vagueness of language nor the surrounding qualifications will prevent articulate groups of our society from, claiming the authority of this committee for programs that could prove damaging to our economy. If all or most of the recommendations were implemented fairly promptly and on a liberal scale, both employer costs of production and governmental outlays would rise substantially. The report passes over lightly the question of how such increases would affect business profits or the Federal budget or the general price level. I find this question very troublesome at the present time. The deterioration of profit margins during the past decade is already a serious obstacle to achieving a high rate of economic growth. The protracted rise of the price level has already put severe pressure on our balance of international payments. This year's projected rise of Federal cash outlays already exceeds the increase of any peacetime year in our history and, the international situation being what it is, military expenditures may soon need to be still larger. In view of these facts, unless great caution is exercised in pursuing programs that raise costs of production or public outlays, we may find that economic growth is curbed, that confidence in the dollar is weakened, and that our international political position is undermined.

(4) Apart from these dangers, the report fails to analyze how its recommendations would affect the volume of unemployment itself. The report seems to call not only for liberalizing the unemployment insurance system, but also for extend-

ing private supplements to unemployment insurance, for providing public subsistence payments to workers who undergo retraining, for lowering the age at which displaced workers can qualify for social security, and for using public funds to aid unemployed workers in moving to areas where jobs can be found. I deem it a duty to point out that if all these measures were adopted in quick order and on a substantial scale, some individuals who now are outside the labor force will see an advantage in entering it, while there will be others who, having quit or lost their jobs, will be tempted to take more time in settling on new ones. In other words, unless great care and caution are exercised in implementing the committee's recommendations, the end result may well be the social misfortune of permanently higher unemployment.

(5) In large part, the shortcomings of the report are traceable to the pessimistic assumption on which it seems to proceed; namely, that there is a serious possibility that our Nation's economic progress will prove insufficient to provide jobs for all those who are able and eager to work. I have greater faith in our Nation's future. A tremendous expansion of prosperity lies within our power. The degree to which we attain it will mainly depend, first, on how much work people care to do; second, on how productive they wish to be; third, on how earnestly we pursue public policies to stimulate new, creative, and more efficient economic activities by business enterprises. If the report had started from this broad but fundamental premise, it would have dealt more constructively with the economic and human problem of unemployment.

Comments by Henry Ford II on Report on "The Benefits and Problems Incident to Automation and Other Technological Advances"

I share wholeheartedly the concern over unemployment expressed in this report and I applaud this committee's desire both to speed industrial progress and to spread its human benefits more widely.

Few things are as costly to our Nation, or as crushing to the human spirit, as lack of work for those who are willing and able to work.

Because I hold these views so strongly, I feel compelled to state my belief that this report does not really get to the heart of the matter.

Its major premise is the assumption that automation and technological advance are in and of themselves significant causes of unemployment—an assumption that neither history nor an analysis of current unemployment supports. Technological advance has been with us for many generations. But, popular beliefs to the contrary, technological advance has not been accelerating. Figures from the Bureau of Labor Statistics show, for recent years, an increase in productivity well below the average rate for the postwar period and not much different from the average rate since 1909.

Moreover, the factual evidence strongly indicates that, while automation displaces some individuals from the jobs they have held, its overall effect is to increase income and expand job opportunities. History teaches us that, by and large, workers displaced by technological advance have moved rapidly into other employment, ultimately to better paying jobs. This is why we have had rising personal incomes rather than mass unemployment as new technology has come into use and productivity has increased.

As Solomon Fabricant has recently pointed out (in his introduction to John W. Kendrick's "Productivity Trends in the United States"):

"Better-than-average increases in output were usually accompanied by better-than-average increases in employment of workers and tangible capital, despite the more rapid rise in productivity. Correspondingly, less-than-average increases in productivity were usually accompanied by less-than-average increases (or even decreases) in output and in the use of labor and capital resources. * * * No one concerned with the rise and fall of industries, or—to single out a currently discussed problem—with the effects of 'automation' on employment, may ignore these basic facts."

When the economy is prosperous, displaced workers quickly find new employment. This is illustrated by the movement of workers off farms and into industrial employment when times are good, and the slowdown in this movement when times are bad.

The committee has recognized that the general problem of unemployment is the key problem, but its recommendations are concerned mainly with the important but secondary matters of retraining and mobility. A good employment service and unemployment compensation facilitate the transfer from one job to another, but these measures, even if accompanied by massive retraining, relief,

and other social programs, will scarcely make a dent in unemployment when economic conditions are poor.

If, therefore, we would help persons displaced by technological advance, we must focus our attention not on relief or even training—though these, properly conceived and administered, will help—but on creating new jobs for people who seek them and can perform in them.

When wages rise faster than productivity in the economy, costs will rise and then either prices will go up or profits will come down—or both will happen. If profits come down, then incentive to save and to invest savings in new, job creating plants, enterprises, and industries must suffer. Moreover, unless inflationary measures are taken to support the higher wage, cost and price levels, demand will not be adequate to maintain production and employment. And, when the integrity of the dollar is at stake, inflationary measures cannot be taken without calamitous results.

We must find ways consistent with a free economy to keep wages and other costs from causing either unemployment or inflation.

I regret that the report does not make this focal problem the primary target of of its comments and recommendations. For, when we have found and placed in operation those policies and practices that can keep costs from rising and forcing us into either unemployment or inflation, we will have done much more than could be accomplished by all other measures combined.

The recommendations in this report are concerned mainly with ways of preventing and relieving technological displacement. I personally endorse many of them and the company with which I am associated has long followed practices similar to many of those recommended in the report.

Nevertheless, I have the following general reservations about the character of the recommendations:

First, they cannot solve the problem of mass unemployment because they are directed primarily at helping people to find jobs, not at the basic need for more jobs.

Second, the massive program of public and private actions called for may have unexpected consequences that the committee has not been able to evaluate. Indeed, I believe that the knowledge and experience necessary to evaluate this sweeping program do not now exist, and that it is, therefore, inappropriate and unwise for this committee to place its stamp of approval upon such a program. For example, greatly expanded Federal assistance could very well destroy incentives that stimulate private economic activity and generate individual initiative.

Third, the endorsement of comprehensive, economywide programs in very general terms diverts attention from and complicates the search for carefully selected measures to meet particular problems. For example, I believe that the main result of a large-scale, nationwide program to retrain the unemployed might be to impede the development of useful local programs carefully tailored to existing job opportunities and the needs and abilities of individuals.

In addition to these general reservations, I have misgivings about some of the specific recommendations.

With respect to unemployment compensation, I believe that duration, coverage, and amount of benefits must be increased where they are inadequate. In addition, safeguards to protect against abuses should be strengthened. I do not endorse Federal standards, but believe the States should continue with responsibility for fitting their particular systems to their own conditions and needs.

I agree that in the main the recommendations for improving our school systems are good. In many areas and localities, however, the most urgent need is not more money but greater public concern with what is taught in our schools.

Arbitrarily shortening the workweek in order to decrease unemployment would be a confession of defeat. Not only a poor remedy, it is also a harmful one; for it would retard the growth needed for the safety and welfare of our Nation at this point in its history. We can and should look forward to normal increases in our leisure time, but they must come as our growing economy can afford them and not as expedient solutions to unemployment problems.

In summary, I find some things in this report of which I approve, and much of which I disapprove. Its goal of making certain that high employment accompanying technological improvement and increasing efficiency has my full support. However, I believe that the general direction of its recommendations is not well calculated to achieve this goal. I believe, too, that the report's basic assumption concerning the relationship betwen technological advance and unemployment is in error.

Therefore, I feel it necessary to say, with reluctance, that I cannot concur in the report.

Secretary GOLDBERG. This report indicates a series of recommendations of private and governmental action that ought to be taken to handle the human values involved and also to make sure that we automate to protect our position.

On page 8 of the report, if you will look at it, you will see some of the specific recommendations that were made.

First of all, everybody agreed that we have to have a higher rate of economic growth and full utilization of our resources. Second, and this relates directly to a recommendation on a budget request we are making, this group believed that Government agencies have to accept the responsibility of collecting, collating, and disseminating information with respect to present and future job opportunities and the requirements in a rapidly changing society.

Three—and this again relates to the work of this committee—both in our presentation and the presentation of Health, Education, and Welfare, cooperation between Government and private organizations in the field of education, in improving and supporting educational facilities.

There, of course, vocational education as well as general education is stressed.

Then, in four, there is a stress on the obligations of employers to curb the effects of automation by providing adequate leadtime before they change so that the employees can know what is going to happen, open reporting to the employees, cooperation with the unions to meet the problems involved, cooperation of the public employment service, timing of changes so that attrition can operate rather than an outright displacement, and other measures.

Then support from both public and private organizations for retraining workers: This indicates that there is a necessity for public programs as well as private programs in this area.

Then adequate public support in the form of subsistence payments to both industrial and agricultural workers who qualify for retraining.

IMPACT OF AUTOMATION

Mr. Chairman, one of the things that has been overlooked in the automation area is that, up until now—now it is changing to the industrial worker—but up until now the principal impact of automation has been on the farms.

We have had the greatest technological explosion in our country in our farms. This is indicated by the fact that we produce more food and fiber with many millions fewer agricultural workers than we ever had before.

The agricultural worker has been a victim of technological displacement, automation; and he has borne quite a heavy load. He needs help just as much as the industrial worker now needs help.

Then this group of prominent citizens believe that unemployment compensation ought to be improved and made subject to realistic uniform minimum requirements under the Federal-State system. Everybody believed that there was a role that employers could play in supplementing public unemployment compensation; and attention ought to be given to the older worker who is displaced, particularly.

Maybe it is necessary to look again at our social security laws and to provide for earlier retirement, either through private means or by social security, for workers who get displaced at an age where they cannot find other employment.

Then this group also considered the question of improving our private and public measures to insure that there is more mobility. With the growth of private pension plans, there is a great question as to whether workers are not being tied to their jobs where private pensions plans are too limited in their scope to individual companies. This report suggests that attention be given to that.

Then, of course, we have to look at seniority systems to make sure that workers are not frozen too much in their jobs. Everybody recognizes the necessity of protecting seniority, but at the same time this is a problem which relates to the mobility of workers.

The majority of this committee recognize the steps that you authorized be taken to improve the public employment service by the appropriations which you gave us last year, and called for further improvement in the public employment service.

I won't go through it all, but you will see the various recommendations that have been made.

I regard this to be a very significant report. It is in itself the proof of the validity of this mechanism that the President created for establishing a way for top labor and management to improve this situation.

I might say to this committee that, as a result of the advice you gave us last year, we recommended that this activity—since it is the President's activity—be financed out of the appropriation for the Executive Offices of the President; and that is again being recommended to the Appropriations Committee as the way to do it.

FEDERAL EMPLOYEE-MANAGEMENT RELATIONS

In addition to this activity, we were called upon by the President to take the leadership last year by Executive order in the survey of employee-management relationships in the Federal Government.

I was chairman of the task force appointed for this purpose. We worked diligently at the job, and we have filed a report and my colleagues joined with me—the Secretary of Defense, the Chairman of the Civil Service Commission, the Postmaster General, the Director of the Budget, and the Special Counsel to the President—in a unanimous report and recommended a program by which employee organizations of the Government should be given appropriate recognition and charged with appropriate responsibilities.

In this report, which I am going to offer for the record, we made a notable step forward in the relationships of Federal employees and the Federal Government. There were many skeptics about our ability to achieve results in this study. We consulted with the congressional committees, and we dealt with this problem for a long time and consulted with labor and management. We had public hearings. We made certain recommendations which the President has accepted and which are now embodied in an Executive order dealing with this subject.

Many people were afraid that this administration would ignore the law, would open the way for labor organizations and the Federal Government to negotiate on wages, which is reserved for the Congress.

Our report excluded that because that is a congressional responsibility. Many people were afraid that we would open the way to undermining the Civil Service Commission by having a union shop and a closed shop in the Federal service. We said there were laws which prevented this.

But we have authorized genuine collective bargaining in the Government for proper Government organizations.

I am glad to report to you, Mr. Chairman and gentlemen of the committee, that this report has been received with almost uniform approval as a constructive step forward in the relationship between employees and management groups in the Federal service.

I would like to offer for the record copies of this report.

(The report follows:)

A Policy for

Employee-Management Cooperation

in the

Federal Service

Report of the President's Task Force on Employee-Management Relations in the Federal Service

November 30, 1961

Statement by the President

The Task Force on Employee-Management Relations in the Federal Service which I appointed last June has submitted a report recommending a constructive, forward-looking program of employee-management relations within the Federal establishment keyed to current needs. The Task Force has done an excellent job in a difficult and complicated field.

While preserving the public interest as the paramount consideration in the administration of employee-management relations in the Federal Service and retaining appropriate management responsibilities, the Task Force report recognizes the right of Federal employees and employee organizations to participate in developing improved personnel policies and working conditions. In recommending that employee organizations be consulted and that under specified conditions agreements with such organizations may be entered into, the Task Force has urged a proper course of action that should result in increased governmental efficiency as well as improved relations with Federal employees.

The report clearly recognizes that Federal employees do not have the right to strike, that both the union shop and the closed shop are inappropriate to the Federal Government, that where salaries and other conditions of employment are fixed by the Congress these matters are not subject to negotiation, and that all agreements must be consistent with merit system principles.

Additional recommendations of the Task Force call for regularizing arbitration procedures in handling individual employee grievances; extending to nonveterans appeal rights already held by veterans; requesting legislation to authorize voluntary withholding of employee organization dues by the Federal Government, at the expense of the organization; and appointment by the Secretary of Labor, when necessary, of panels of expert arbitrators to make advisory recommendations as to what constitutes appropriate units for negotiating purposes and to supervise elections by employees.

The Task Force reached its conclusions after holding public hearings in cities throughout the country, and after consulting the heads of Federal departments and agencies. Its recommendations will provide an effective system for developing improved employee-management relations. As an employer of more than 2,300,000 civilian employees, the Federal Government has long had an obligation to undertake the reappraisal which has now been made so well by the Task Force.

I have directed that an Executive order giving effect to the Task Force recommendations be prepared for issuance by the end of the year.

THE WHITE HOUSE
DECEMBER 5, 1961

PRESIDENT'S TASK FORCE ON EMPLOYEE-MANAGEMENT RELATIONS IN THE FEDERAL SERVICE
Washington 25, D.C.

OFFICIAL BUSINESS

November 30, 1961

Dear Mr. President:

In accordance with the instructions of your memorandum of June 22, 1961, I am transmitting herewith the report of the President's Task Force on Employee-Management Relations in the Federal Service.

The principal recommendation which we wish to make to you may be seen from the title of our report: "A Policy for Employee-Management Cooperation in the Federal Service."

At the present time, the Federal Government has no Presidential policy on employee-management relations, or at least no policy beyond the barest acknowledgement that such relations ought to exist. Lacking guidance, the various agencies of the Government have proceeded on widely varying courses. Some have established extensive relations with employee organizations; most have done little; a number have done nothing. The Task Force is firmly of the opinion that in large areas of the Government we are yet to take advantage of this means of enlisting the creative energies of Government workers in the formulation and implementation of policies that shape the conditions of their work.

This situation has attracted increasing interest from the Congress, from Federal officials, from scholars in the field of public administration, and from public spirited groups such as the National Civil Service League. The Task Force has received much assistance from these sources in our study of existing practices within the Government, and in our consideration of policies for the future. As was to be expected, we enjoyed the full cooperation of the many employee organizations, but we would like to remark upon the mature and reasoned quality of that cooperation. The employee organizations of the Federal Government are not strangers in our midst. Some of the largest date back to the 19th Century. Altogether they have enlisted some 33% of Federal employees; for decades they have maintained themselves as nationwide, stable, responsible organizations.

The Task Force believes the time has come to establish a governmentwide Presidential policy which acknowledges the legitimate role which these organizations should have in the formulation and implementation of Federal personnel policies and practices.

We believe, further, that the proposals which we are recommending, if adopted on a governmentwide basis, would constitute an historic development in Federal personnel policy. At the same time we would emphasize the fact that it was not necessary for us to seek far or wide to come up with our recommendations. With but minor exceptions, everything which we propose as a governmentwide policy for the future is at this moment the existing, established policy of one Federal agency or another. We have fashioned a program of our own ma-

terials, choosing that which has already been tested and has proved its worth within the Federal Government.

In proposing a governmentwide policy on employee-management relations, we are not proposing the establishment of uniform governmentwide practices. The great variations among the many agencies of the Government require that each be enabled to devise its own particular practices, in cooperation with its own employees. Our object is to lay down the general policies which should guide such efforts. Our proposals, then, are as follows:

A. *The Federal Employee's Right to Organize.*

Federal employees have the right to join bona fide employee organizations. This right encompasses the right to refrain from joining. Wherever any considerable number of employees have organized for the purpose of collective dealing, the attitude of the Government should be that of an affirmative willingness to enter such relations.

B. *Forms of Recognition.*

Bona fide organizations of Federal employees, which are free of restrictions or practices denying membership because of race, color, creed or national origin, which are free of all corrupt influences, and do not assert the right to strike or advocate the overthrow of the Government of the United States should be recognized by Government agencies.

Organizations of Federal employees should be granted recognition essentially according to the extent to which they represent employees in a particular unit or activity of a Government agency. This recognition may be informal, formal, or exclusive.

1. *Informal Recognition*

Informal recognition gives an organization the right to be heard on matters of interest to its members, but places an agency under no obligation to seek its views. Informal recognition will be granted to any organization, regardless of what status may have been extended to any other organization.

2. *Formal Recognition*

Formal recognition will be granted to any organization with 10% of the employees in a unit or activity of a government agency, where no organization has been granted exclusive recognition. Formal recognition gives an organization the right to be consulted on matters of interest to its members.

3. *Exclusive Recognition*

Exclusive recognition will be granted to any organization chosen by a majority of the employees in an appropriate unit. Exclusive recognition gives an organization the right to enter collective negotiations with management officials with the object of reaching an agreement applicable to all employees of the unit. Such agreements must not conflict with existing Federal laws or regulations, or with agency regulations, or with governmentwide personnel policies, or with the authority of the congress over various personnel matters.

C. *Veterans Organizations.*

The recognition of employee organizations should not affect the special relationship of veterans organizations with Government agencies.

D. *Religious and Social Organizations.*

The recognition of employee organizations should not preclude limited dealings with employee groups formed for religious or social purposes.

E. *The Scope of Consultations and Negotiations with Employee Organizations.*

Consultations or negotiations, according to the form of recognition granted, may concern matters in the area of working conditions and personnel policies, within the limits of applicable Federal laws and regulations, and consistent with merit system principles.

Accordingly, as an employee organization has been granted formal or exclusive recognition, it may consult with or negotiate with management officials on matters of concern to employees.

F. *Procedures to be Adopted in the Event of Impasses.*

Impasses in negotiations between Government officials and employee organizations granted exclusive recognition should be solved by other means than arbitration. Methods for helping to bring about settlements should be devised and agreed to on an agency by agency basis.

G. *Form of Agreements.*

Agreements between management officials and employee organizations granted exclusive recognition should be reduced to writing in an appropriate form. Decisions reached by management officials as a result of consultation with employee organizations granted formal recognition may also be communicated in writing to the organization concerned. Negotiations should be kept within reasonable time limits.

H. *Services That May be Provided for Employee Organizations.*

Bulletin boards should be made available to employee organizations. Officially approved or requested consultations with employee organizations should take place on official time. An agency may require that negotiations with an employee organization granted exclusive recognition take place on employees' time. No internal employee organization business should be conducted on official time. If authorized by Congress, voluntary dues withholding may be granted to an employee organization, provided the cost is paid for by the organization.

I. *Grievances.*

Employee organizations should have a recognized role in grievance systems. Advisory arbitration may be provided by agreement between an agency and an employee organization granted exclusive recognition.

J. *Appeals.*

A more uniform system of appeals of adverse actions should be established by Government agencies. Veterans and nonveterans should have identical rights to appeal adverse actions to the Civil Service Commission.

K. *Union Membership.*

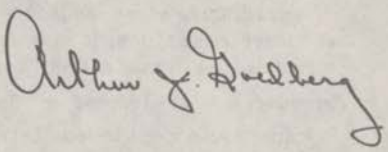
The union shop and the closed shop are inappropriate to the Federal service.

L. *Technical Services for the Federal Employee-Management Relations Program.*

Technical services required to implement the proposals contained in this report should be provided by the Civil Service Commission and the Department of Labor. Upon request, the Secretary of Labor shall choose a person or persons to make advisory determinations on appropriate units for exclusive recognition and to perform similar services. The Department of Labor and the Civil Service Commission jointly should prepare recommendations for standards of conduct for employee organizations and a code of fair labor practices for the Federal service.

In conclusion, I would like to note that it is the opinion of the Task Force that all of the measures proposed by us may be accomplished by Executive Order, with the exception of the provision for the withholding of employee organization dues which will require authorization by the Congress.

Respectfully,



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THE TASK FORCE

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THE WHITE HOUSE

Following is the text of a Memorandum from the President addressed to heads of departments and agencies on the subject of Employee-Management Relations in the Federal Service, June 22, 1961

The right of all employees of the federal government to join and participate in the activities of employee organizations, and to seek to improve working conditions and the resolution of grievances should be recognized by management officials at all levels in all departments and agencies. The participation of federal employees in the formulation and implementation of employee policies and procedures affecting them contributes to the effective conduct of public business. I believe this participation should include consultation by responsible officials with representatives of employees and federal employee organizations.

In view of existing policy relating to equal employment opportunity, management officials will maintain relationships only with those employee organizations which are free of restrictions or practices denying membership because of race, color, religion, or national origin. Further, such officials shall refrain from consultation or relationships with organizations which assert the right to strike against or advocate the overthrow of the government of the United States.

Further steps should be explored fully and promptly. We need to improve practices which will assure the rights and obligations of employees, employee organizations and the Executive Branch in pursuing the objective of effective labor-management cooperation in the public service. I know this is not a simple task. The diversity of federal programs, the variety of occupations and skills represented in federal employment, the different organizational patterns of federal departments and agencies, and the special obligations of public service complicate the task of formulating government-wide policy guidance. Nevertheless, this important subject requires prompt attention by the Executive Branch. With that objective in mind, I am designating a special task force to review and advise me on employee-management relations in the federal service, composed of the following officials:

The Secretary of Defense
The Postmaster General
The Secretary of Labor
The Director of the Bureau of the Budget
The Chairman of the Civil Service Commission
The Special Counsel to the President

The Secretary of Labor will serve as Chairman of this task force. This study will cover the broad range of issues relating to federal employee-management relations, including but not limited to definition of appropriate employee organizations, standards for recognition of such organizations, matters upon which employee organizations may be appropriately consulted, and the participation of employees and employee representatives in grievances and appeals. In the course of this study employees and employee organization representatives, department and agency officials, consultants in labor-management relations, and interested groups and citizens shall be given an opportunity to present their views for the consideration of the task force. In view of the need for decisions on this important issue at a reasonably early date, I am asking the task force to report their findings and recommendations to me not later than November 30, 1961.

All department and agency heads and their staffs are directed to cooperate fully with the task force in the accomplishment of this study.

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I
Background

In his memorandum of July 22, 1961, establishing a special Task Force on Employee-Management Relations in the Federal Service, the President declared his belief that "The participation of Federal employees in the formulation and implementation of employee policies and procedures affecting them contributes to the effective conduct of the public business." This has been the frame of reference in which the Task Force has carried out its assignment of formulating governmentwide policy recommendations.

There are many interests involved in the development of policy proposals on employee-management relations in the Federal Government, not least, of course, those of the employee organizations and of the employees themselves. Nonetheless, the essential interest is that of the public. The primary question with regard to any aspect of the subject, therefore, is whether it will contribute to the effective conduct of the public business.

The public interest in responsible, stable trade unions in the private sphere of the economy has long been recognized. For a quarter century, since the enactment of the National Labor Relations Act in 1935, it has been the public policy of the United States Government to encourage workers in private industry to organize and bargain collectively. During this period trade unions have been established as the recognized representatives of employees in most of the nation's large industrial concerns. Labor-management relations in these industries have reached a high level of complexity and sophistication, and have extended to a wide range of subject matter.

Despite the many differences between public and private employment, there has been a corresponding and somewhat similar development of employee organizations within the Federal Government. The Task Force studies indicate that some 33% of all Federal employees, altogether some 762,000 persons, including 489,224 in the Post Office Department, belong to employee organizations.* This matches almost precisely the national proportion of organized workers in nonagricultural establishments exclusive of Federal employment, which

*This figure excludes foreign nationals, the F.B.I., C.I.A., and some small agencies that did not report to the Task Force.

was 32.4% in 1960. It is a proportion half again as great as that of the total labor force in which 23.3% of the workers are organized.

This is hardly a recent development. Organizations of craftsmen have been active in Naval installations since the early 1800's. The largest union composed entirely of Federal Government employees, the National Association of Letter Carriers with some 150,000 members, was organized in the late nineteenth century and was one of the first affiliates of the American Federation of Labor. Almost one half million postal employees belong to unions, most of which have been maintained for many years, frequently in the face of pronounced hostility. Postal workers are by no means, however, the only heavily organized group within the Federal service. Contrary to the widely held impression, only 41% of Federal employees are in the classified service, and only part of these are white-collar workers. A majority of Federal employees are either postal employees or blue-collar workers. Most of the latter work in industrial establishments much like those in the private economy, and are paid according to rates prevailing in nearby private industry. Union membership is common among these blue-collar workers.

Despite these developments, the Federal Government has little in the way of formal policy to guide collective dealings between Federal management and employee organizations. The one important statute dealing with the subject, the Lloyd-Lafollette Act of 1912, is half a century old and essentially negative in content. It simply declares that membership in an organization of postal employees which is not affiliated with any outside organization imposing a duty to engage or assist in a strike against the Government is not grounds for reduction in rank or removal, and that the right to petition Congress may not be denied or interfered with. By extension, it has become the common law of Federal personnel practice that any government employee has the right to join or not to join any organization which does not assert the right to strike against or advocate the overthrow of the Government.

Since 1951 the Federal Personnel Manual has contained passages which encourage government officials to solicit and consider the views of employees in the formulation of personnel policy, but it is only since 1958 that this policy has been interpreted to apply to employee organizations as well as to employees generally.

Of the fifty-seven departments and agencies whose personnel practices were studied by the Task Force, it appears that a relatively large number, twenty-two, do not have any stated labor relations policies whatever. Most of these, however, are smaller agencies. Eleven agencies have the barest minimum of policy, providing simply that employees have the right to join, or not to join, legitimate employee organizations.

Twenty-one of the departments and agencies have patterned their employee relations policies on a guide prepared in 1952 by the Federal Personnel Council, an advisory group of Federal personnel officers. In general, these policies establish the right of employees to belong to legal employee organizations; express management's desire to encourage discussion with employee organizations; lay down certain criteria as to matters which may be discussed; state standards of conduct for the organizations; and specify the services, such as the use of bulletin boards, which may be provided to organizations. While no premium should attach to detail as such, it may be noted that the Department of Interior is alone among the departments of Government in providing a comprehensive code of labor relations procedures.

It should not be thought that the absence of an affirmative, governmentwide policy on employee organizations has completely thwarted the development of employee-management relations, anymore than it has inhibited membership in employee organizations. In both matters, the experience within the Federal Government has followed generally the pattern of private employment.

Within the Government, membership is larger among craftsmen and other blue collar workers; smaller among white collar workers. Government corporations and Federal enterprises such as the Tennessee Valley Authority have heavy trade union membership; many of the other agencies of the government, such as the Atomic Energy Commission, appear to have no employee organization members whatever. Among the cabinet departments, membership ranges from that of the Post Office in which 84% of the 582,427 employees are union members, to the Department of State which reported to the Task Force that a careful search had uncovered a total of eleven members of employee organizations.

The more similar a government activity is to that of a private activity in which workers are normally organized, the more often it will be found that the government workers are also organized and that relations with management officials approach the pattern of such relations in private enterprise. Thus, in the Tennessee Valley Authority and various units of the Department of Interior, relationships that are close to full scale collective bargaining between trade unions and management officials have been going on for years, to the complete satisfaction of all the parties concerned. Certain of these relations have developed under special statutes, others, such as those in the Bureau of Reclamation of the Department of Interior, have developed naturally, on the basis of mutual interest and desire.

The existence of systems such as those to be found in parts of the Interior Department make it clear that the absence of a governmentwide policy on employee-management relations has not positively pre-

vented the development of such relations, but there can be no question that it has been inhibiting. For the most part employee organizations in the Federal service have received but limited recognition, for limited purposes. Their role in the development of personnel policies has been peripheral at best. The Task Force is strongly of the opinion that employee organizations are capable of contributing more to the effective conduct of the public business than has heretofore been the case.

II
General Considerations

Over the past decade there has been increasing interest in the question of employee-management relations in the Federal service. As far back as 1949, the Commission on Organization of the Executive Branch of the Government, the Hoover Commission, proposed that the heads of departments and agencies should be required to provide for the positive participation of employees in the formulation and improvement of the Federal personnel policies and practices. In 1955, the American Bar Association's committee on labor relations issued a report much to the same effect:

> A government which imposes upon other employers certain obligations in dealing with their employees may not in good faith refuse to deal with its own public servants on a reasonably similar favorable basis, modified, of course, to meet the exigencies of the public service. It should set the example for industry by being perhaps more considerate than the law requires of private enterprise.

More recently, the National Civil Service League, the outstanding impartial citizen organization in the field of public personnel, completed an extended study "Employee Organizations in Government" which strongly endorsed the further development of employee-management relations along these lines. Members of Congress have been particularly interested in this problem; a number have sponsored legislation to endow employee organizations with specific rights to participate in decisions affecting their members.

In the public hearings which the Task Force has held in Washington and six other cities throughout the Nation, the view was repeatedly presented that the time is past due for the Federal Government to come forth with a positive and comprehensive policy in this field. This view was by no means limited to representatives of employee organizations. A clergyman representing one of the Nation's leading churches had this to say:

> The very least that the Federal Government can do to make up for lost time is to encourage its employees to exercise their right to organize, and to insist that responsible administrators of Government agencies take the initiative in developing a system of labor relations under which unions of Government employees would not only be permitted, but would be encouraged to speak for and to represent their constituents more effectively.

Representatives of employee organizations, while differing on many of the specific policies which they proposed for adoption, were united in their view that the Federal Government has yet much to do if it is to meet its responsibilities in this field. The Task Force heard repeated testimony from representatives of employee organizations that the absence of a positive policy of support for employee-management relations has been interpreted by many government officials as an excuse for hostile and obstructionist attitudes. Representatives of employee organizations were similarly united in their view that even where the heads of Government agencies have demonstrated an unmistakable wish to encourage cooperative relations, this view has frequently not made its way down to the operating levels of the agency.

Subsequent to its public hearings, the Task Force invited all of the departments and agencies of the Government to submit recommendations for a governmentwide policy in the field of employee-management relations. Here again a considerable range of policies were proposed for adoption, but there was much general support for the proposition that it would be profitable to adopt a governmentwide policy to guide agencies in devising systems most suited to their special needs.

The absence of Presidential policy at this late date is an unnecessary situation; in many ways it is an anomalous one. For a quarter century it has been the public policy of the Government to encourage employees in private enterprise to organize and deal collectively; yet the Government continues to have almost nothing to say concerning the role of organizations of its own employees. During this period a growing number of municipal and state employees have formed organizations for collective bargaining purposes. Cities such as New York, Philadelphia, and Cincinnati have entered into extensive collective bargaining relationships with employee organizations. The experience of these cities, along with similar developments that have taken place in many state governments, and in parts of the Federal Government itself has shown that responsible employee organizations can contribute substantially to the efficiency and effectiveness of public services.

The Task Force wishes most emphatically to endorse the President's view that the public interest calls for a strengthening of employee-management relations within the Federal Government. A continuous history, going back three quarters of a century, has established beyond any reasonable doubt that certain categories of Federal employees very much want to participate in the formulation and implementation of personnel policies and have established large and stable organizations for this specific purpose. This is not a challenge to be met so much as an opportunity to be embraced.

Despite the obvious similarities in many respects between the conditions of public and private employment, the Task Force feels that the equally obvious dissimilarities are such that it would be neither desirable, nor possible, to fashion a Federal system of employee-management relations directly upon the system which has grown up in the private economy. Nor is it necessary. The needs of the present can be fully met by adopting elsewhere in the Government the best features of employee-management systems which have been operating successfully for many years in some areas *within* the Federal structure. It is sufficient for the Government's purposes merely to extend the operation of the best existing Government practices.

The Task Force feels, however, that certain of the ground rules which Congress has laid down for employee-management relations in the private economy should be carried over to the Federal Government in order to ensure that the public interest and the interests of individual employees are protected.

It is clear, for example, that there are many areas in the Federal Government in which civil servants have shown little or no inclination to join employee organizations or to enter into collective relationships with management officials. This makes it most important to recognize that the right of Federal employees to organize and deal collectively with management officials is matched by the right to refrain from any or all of such activities. There should be no compulsion in either direction. It is equally important to carry over the policy laid down by Congress that in the private sphere employers may not "dominate or interfere with the formation or administration of any labor organization or contribute financial or other support to it. . . ." Within the Federal Government employee organizations must be free to carry on legitimate organizing activity, but they should not expect the Government to be anything but completely impartial in this activity if genuine and bona fide relations are to be maintained. After employees have organized and clearly manifested their wish to deal collectively with government management, the attitude of the government should, of course, be one of affirmative willingness to enter such relations.

If employee organizations are to be given a more significant role within the Federal Government, they must expect to assume greater responsibilities. Further consideration must be given to the question of extending to organizations of public employees the standards of conduct which have been established for trade unions in the private sphere. An example would be the reporting and disclosure of financial transactions and administrative practices now required of labor organizations in the private sector.

It should also be expected that the development of employee-management relations in the Federal Service will have the effect of making the role of government management clearer and better defined. The Task Force welcomes this prospect. One of the principal needs of the Federal service today is the development of a more emphatic concept of management responsibility on the part of government officials who have functions similar to those of managers in the private sphere. In particular such managers must be diligent to avoid any conflict of interest between their responsibility as managers and their role as members of employee organizations to which they may belong. A minimal requirement is that no management official and no personnel officer should hold office in an employee organization.

It must also be emphasized that however desirous an agency may be to respond to the wish of employees to negotiate collectively on matters of mutual interest, it remains true that many of the most important matters affecting Federal employees are determined by Congress, and are not subject to unfettered negotiation by officials of the Executive Branch. The benefits to be obtained for employees by employee organizations, while real and substantial, are limited. No valid purpose will be served by exaggerating them. It should be emphasized, however, that the established employee organizations within the Federal Government have recognized this limitation, and have shown their willingness to work within it, just as they have willingly accepted limitations on their own activities, such as the prohibition of the right to strike.

The Task Force wishes, finally, to note its conviction that there need be no conflict between the system of employee-management relations proposed in this report and the Civil Service merit system, which is and should remain the essential basis of the personnel policy of the Federal Government.

The principle of entrance into the career service on the basis of open competition, selection on merit and fitness, and advancement on the same basis, together with the full range of principles and practices that make up the Civil Service system govern the essential character of each individual's employment. Collective dealing cannot vary these principles. It must operate with their framework.

The Civil Service system has provided an excellent and, indeed, indispensable method of selecting government employees and rewarding their achievements. However, it has not, on the whole, provided a means by which employees acting in concert may promote the collective interests of civil servants. In this light it is clear that the systems are both mutually compatible, and in fact complement each other.

While Government policy in support of the Civil Service system has been established for many decades, there has been no equally affirmative policy in support of organized employee-management relations. With this need in mind, the Task Force wishes to recommend a body of general principles, as well as a number of specific practices in this area which it feels will make an important contribution toward the effective conduct of the public business. While these should be regarded as governmentwide standards, the Task Force recognizes that investigatory and intelligence units present special problems in this field. The same standards cannot always be applied to these organizations as to others in the Government.

III
Recommendations

A. *The Federal Employee's Right to Organize.*

Federal employees have the right to join bona fide employee organizations. This right encompasses the right to refrain from joining. Wherever any considerable number of employees have organized for the purpose of collective dealing, the attitude of the Government should be that of an affirmative willingness to enter such relations.

There must be no interference with the right of Federal employees to join bona fide employee organizations. The right to join encompasses, as well, the right not to join. Supervisors and management officials in the Federal service should exercise great care to ensure that they do not infringe this basic policy of the Federal Government.

Responsible, active employee organizations contribute to the efficient and harmonious performance of government functions. Experience within the Federal Government and on other levels of government in the United States has abundantly demonstrated this fact. Wherever any considerable number of employees at their own initiative manifest their desire to establish formal dealings with management officials, there should be no question of the willingness of the agency to enter such relations.

B. *Forms of Recognition.*

Bona fide organizations of Federal employees, which are free of restrictions or practices denying membership because of race, color, creed or national origin, which are free of all corrupt influences, and do not assert the right to strike or advocate the overthrow of the Government of the United States should be recognized by Government agencies.

Organizations of Federal employees should be granted recognition essentially according to the extent to which they represent employees in a particular unit or activity of a Government agency. This recognition may be informal, formal, or exclusive.

1. Informal Recognition

Informal recognition gives an organization the right to be heard on matters of interest to its members, but places an

agency under no obligation to seek its views. Informal recognition will be granted to any organization, regardless of what status may have been extended to any other organization.

2. Formal Recognition

Formal recognition will be granted to any organization with 10% of the employees in a unit or activity of a government agency, where no organization has been granted exclusive recognition. Formal recognition gives an organization the right to be consulted on matters of interest to its members.

3. Exclusive Recognition

Exclusive recognition will be granted to any organization chosen by a majority of the employees in an approprite unit. Exclusive recognition gives an organization the right to enter collective negotiations with management officials with the object of reaching an agreement applicable to all employees of the unit. Such agreements must not conflict with existing Federal laws or regulations, or with agency regulations, or with government-wide personnel policies, or with the authority of the Congress over various personnel matters.

The public nature of Government business imposes upon Government officials certain obligations towards employees and other citizens which do not necessarily apply to the managers of a private enterprise. Government officials must at all times be prepared to hear the views of any Government employee and any organization of Government employees.

It has been the policy of the Federal Government to solicit and consider the views of Federal employees in the formulation and adjustment of personnel policy. Recently, this policy has been extended to include employee organizations. In general, these relations have proceeded on an informal and essentially permissive basis. However, in those departments and agencies in which a large proportion of the employees have banded together for the purpose of collective dealing, they have quite frequently succeeded in establishing a fruitful relationship. Where only a small proportion of employees have organized, relations with management have tended on the whole to be irregular and insubstantial.

There is little reason to expect any marked change in the wide variation in the extent of employee organization membership among the various departments and agencies. For that reason, relations between management officials and employee organizations in many departments and agencies may be expected to continue on the present essentially informal basis. However, in the interest of establishing

more stable and significant relations in those departments and agencies where significant numbers of employees have organized or do so in the future, the Task Force considers it desirable to provide for more formal types of recognition.

As a general proposition, recognition should, under the conditions specified below, be granted to any trade union, association, council, federation, brotherhood, or society having as a primary purpose the improvement of working conditions among Federal employees; and any craft, trade or industrial union whose membership may include both Federal employees and employees of private organizations.

In order to be recognized by a Federal department or agency, an employee organization must be free of any restrictions or practices denying membership because of race, color, creed or national origin. It must not assert the right to strike against, or advocate the overthrow of the Government of the United States. It must be free of all corrupt influences and from the undermining efforts of communist agents and all others who are opposed to the basic principles of our democracy.

The Task Force proposes that three types of recognition be extended to employee organizations, essentially according to the proportion of organization members among employees at a particular government activity. Any form of recognition may be withdrawn upon the determination by appropriate means at periodic intervals that the employee organization no longer meets the requisite criteria.

1. Informal Recognition

Any organization of Federal employees, regardless of what status may have been extended to any other organization, shall be accorded informal recognition. This is simply an extension of the right of any Government employee to be heard. No appropriate group of Government employees should be denied access to management officials to present their view on matters of concern to their members. However, management officials are not obligated to seek the views of such an organization. There is also, obviously, a limit to the amount of time management officials may give such organizations.

2. Formal Recognition

Wherever an employee organization in a Government activity has achieved and maintained a sizable membership, it is desirable that management officials should grant it formal recognition. For this purpose, an organization may reasonably be required to have as members 10% of the employees of the unit or activity concerned. Consistent with this policy, each agency should be free to establish its own procedures and to define the units within which membership will be measured. As a general rule, formal recognition should apply to a dis-

crete Government activity, such as a post office or a navy yard. An organization of craftsmen would be expected to have as members at least 10% of all the members of its craft employed in its unit. An organization seeking overall representation for the various skills and occupations in a single unit must have as members at least 10% of all employees in those areas, skills, and occupations.

An organization requesting formal recognition should be required to submit to its agency a roster of its officers and representatives, a copy of its constitution and by-laws, and a statement of objectives.

In granting formal recognition to an employee organization, agency officials will by that act undertake to consult with such organization from time to time on the formulation and implementation of all personnel policies that are of concern to its membership. An organization which has been granted formal recognition should be enabled from time to time to raise matters for discussion with management, and should be permitted at all times to present views in writing. It is to be expected that management officials will pay careful attention to such proposals.

More than one organization may be granted formal recognition within the same activity, and the existence of a formally recognized organization in no way precludes the continuation of informal recognition for smaller organizations.

Formal recognition at the national level may be granted by the head of an agency to those organizations which, in the opinion of the agency head, have a sufficient number of locals or total membership within the agency. As in the case of formal recognition at the local level, formal national recognition would not preclude dealing at the national level with any other lawful organization on matters of peculiar interest to it, whether or not such organization has received formal recognition.

3. Exclusive Recognition

In a small number of activities of the Federal Government the practice of exclusive recognition has already been adopted. Under this system, if an employee organization is chosen by the majority of the employees in an appropriate unit it becomes the *only* formal recognized representative for the unit. In its dealings with management officials it is considered to speak for *all* of the employees of the unit, a responsibility which it must, of course, meet.

It should be emphasized that exclusive recognition in the form proposed by the Task Force would not prevent any individual employee from bringing matters of personal concern to the attention of management officials, nor, for example, from choosing his own representative in a grievance action. Similarly, under a system of exclusive recognition other organizations of limited membership continue to receive informal recognition, and may from time to time merely present their

views to management. However, only one voice may speak for all the employees in the appropriate unit, and management may negotiate and reach agreement only with it. Representatives of the organization with exclusive recognition normally have the right to be present at any discussion of personnel policy matters between management and other employees or employee representatives.

The essence of exclusive recognition is that it makes it possible for management officials and employee representatives by the process of collective negotiations to reach agreements on personnel policies and practices. An agreement with an organization having exclusive recognition applies to all of the employees in the unit. An agreement must be approved by the head of the agency, or an official designated by him.

Wherever exclusive recognition is now practiced in the Federal Government it has proved successful, and the Federal officials concerned have unanimously recommended its adoption elsewhere in the Government.

The Task Force accepts the view that in appropriate circumstances exclusive recognition is wholly justifiable and in such circumstances will permit the development of stable and meaningful employee-management relations based upon bilateral agreements. Such agreements may, of course, be reached between management and a single employee organization or, alternately, a council of organizations. It is to be expected that there will be circumstances in which employees, although organized, may not wish exclusive recognition. However, the general Federal practice should be to provide for exclusive recognition in an appropriate unit wherever a majority of employees desire it.

An appropriate unit is a grouping of employees for purposes of representation in collective dealings with management. The kind of grouping on which it is based should permit effective and rational dealing. The essential quality of such a unit is that its members should have a clear and identifiable community of interest, so that it becomes possible for them to deal collectively as a single group. An appropriate unit is thus based on a factual situation: what is appropriate must be decided in the first instance on a case by case basis by the agency concerned.

Appropriate units may be established on plant, craft, functional, or departmental lines. No unit should be established simply on the basis of the extent of union organization.

Except where established practice, joint agreement, or special circumstances dictate a different course, no unit should be established for purposes of exclusive recognition which includes among the employees concerned (1) any managerial executive; (2) an employee engaged in personnel work in other than a purely clerical capacity;

(3) both supervisors who effectively evaluate the performance of other employees and other employees whom they supervise; (4) both professional employees and employees who are not professional employees, unless a majority of such professional employees vote for inclusion in such unit. Supervisors and professional employees should be free to establish organizations of their own and, where appropriate, separate units may be established and such organizations may be granted recognition.

Any agreement between management officials and an employee organization to grant exclusive recognition should include a statement recognizing that in the administration of any agreement reached between the parties, the officials and employees concerned are governed by the provisions of applicable Federal laws and regulations, including policies set forth in the Federal Personnel Manual, and the agency's regulations, all of which are regarded as paramount, and any such agreement must at all times be applied subject to all such laws, regulations and policies. Subject to existing collective agreements, such agreements should recognize that the responsibility of management officials for a Government activity requires that they retain the right (1) to direct its employees; (2) to hire, promote, demote, transfer, assign, and retain employees in positions within the activity on the basis of merit and efficiency, in accordance with applicable Federal laws and regulations; (3) to suspend or discharge employees for proper cause; (4) to relieve employees from duties because of lack of work or for other legitimate reasons; (5) to maintain the efficiency of the Government operations entrusted to them; and (6) to determine the methods, means, and personnel by which operations are to be carried on.

C. *Veterans Organizations.*

The recognition of employee organizations should not affect the special relationship of veterans organizations with Government agencies.

For many years, veterans organizations have enjoyed a special relationship with Government agencies. Congress has granted special rights and privileges to Government employees who are veterans. Over the years, veterans organizations have been active on behalf of their members in exercising these rights and privileges. The Task Force feels that there is no conflict between such activities of veterans organizations on behalf of their members and the work of regular employee organizations. The development of more formal employee-management relations should not be permitted to inhibit, restrict or impair these valuable services of veterans organizations.

D. *Religious and Social Organizations.*

The recognition of employee organizations should not preclude limited dealings with employee groups formed for religious or social purposes.

Some notice must be taken of the existence among Federal employees of a considerable variety of associations which are formed primarily for purposes other than the improvement of working conditions. The Task Force feels that there should be no objection to management officials dealing with such associations on matters involving individual members, or on policies having particular application to their group (e.g. work schedules on a religious holiday) even though exclusive recognition has been granted to another employee organization. As a normal practice, a representative of an employee organization with exclusive recognition has the right to be present on such occasions.

It is to be understood, however, that such dealings shall not assume the character of formal consultation or negotiation on matters of general employee-management policy, nor shall the furtherance of the interest of one group of employees be permitted to discriminate against or injure the interests of other employees. This would plainly be contrary, e.g., to the Government policy of withholding recognition from any employee organization which adheres to or practices discrimination based on race, color, creed, or national origin.

E. *The Scope of Consultations and Negotiations with Employee Organizations.*

Consultations or negotiations, according to the form of recognition granted, may concern matters in the area of working conditions and personnel policies, within the limits of applicable Federal laws and regulations, and consistent with merit system principles.

Accordingly, as an employee organization has been granted formal or exclusive recognition, it may consult with or negotiate with management officials on matters of concern to employees.

It must be recognized that a major and perhaps controlling distinction between the type of employee-management relations that have developed in private industry and those which are possible in the Federal service is that in the latter neither the employer nor his employees are free to bargain in the ordinary sense. The employees cannot strike, nor be represented by an organization affiliated with a group which asserts the right to strike against the Government. The employer in most parts of the Federal Government cannot negotiate on pay, hours of work or most fringe benefits. These are established by law.

Generally, negotiations may take place on policies in such areas of employee concern as working conditions, promotion standards, grievance procedures, safety, transfers, demotions, reductions in force, and other matters, consistent with merit system principles. It may be noted that in the public hearings held by the Task Force the representatives of the major employee organizations in the Federal Government made it clear that they are aware of these limitations and are quite content to negotiate within them.

In this matter as in most others, the Task Force is of the opinion that each department and agency of the Government should be left to determine its own practice. As a general rule, however, it may be said that a negotiable matter must be within administrative discretion, that is, it must be within the authority of the manager who is negotiating, and permissible by applicable laws, executive orders, and Administration and agency policy. In general, it will be in the area of working conditions and personnel policies and practices. It should not include matters concerning an agency's mission, its budget, its organization and assignment of personnel, or the technology of performing its work. Major reorganizations or changes in work methods, while not negotiable themselves, will involve implementation problems that may be negotiable such as promotion, demotion and training procedures.

Specific areas that might be included among subjects for consultation and collective negotiations include the work environment, supervisor-employee relations, work shifts and tours of duty, grievance procedures, career development policies, and where permitted by law the implementation of policies relative to rates of pay and job classification. This list is not, of course, all-inclusive, nor should it be expected that every agency will feel free to negotiate in all such areas.

F. *Procedure to be Adopted in the Event of Impasse in Negotiations.*

> *Impasses in negotiations between Government officials and employee organizations granted exclusive recognition should be solved by other means than arbitration. Methods for helping to bring about settlements should be devised and agreed to on an agency by agency basis.*

Most discussions of employee-management relations in Government devote considerable attention to the question of procedures to be adopted if an impasse is reached in negotiations between management officials and an organization granted exclusive recognition. It is evident that the recourses open to private employers and employees such as strike action are not available to their counterparts in government.

Among the few Federal activities at which collective bargaining relations have been established, provision has been made for the

arbitration of impasses in negotiations. While it has been most rare for the parties to such arrangements actually to invoke them—there has never, for example, been an arbitration of a negotiation impasse at the Tennessee Valley Authority—this has almost certainly been due in some measure to the similarity of such negotiations to those which take place in the private economy, and to the great familiarity of the parties involved with the process of private collective bargaining.

The important differences between the nature of negotiations between employees and management in the private economy, as against most parts of the Federal Government, and the relative lack of experience in any form of employee-management negotiations on the part of most Government officials and employees, leads the Task Force to feel that the arbitration of negotiation impasses is not an appropriate technique for general adoption by the Federal Government at this time. In the developing stages of employee-management relations it is quite likely that the availability of arbitration would have an escalation effect whereby the parties, instead of working out their differences by hard, serious negotiation, would continually take their problems to a third party for settlement. It should be clear that not much in the way of established understandings and relations will develop out of such procedures. The Task Force was interested to note that the Tennessee Valley Authority specifically recommended against the general adoption of arbitration as means of settling negotiation impasses.

There are, however, many devices other than arbitration for helping to bring about settlements in negotiations. The Task Force is of the opinion that as employee-management relations in the Federal service develop further, there will be increasing interest in and need for services of this kind. In the first instance, such techniques should themselves be the subject of negotiations, with each department and agency devising means most appropriate to its own needs and circumstances.

G. *Form of Agreements.*

Agreements between management officials and employee organizations granted exclusive recognition should be reduced to writing in an appropriate form. Decisions reached by management officials as a result of consultation with employee organizations granted formal recognition may also be communicated in writing to the organization concerned. Negotiations should be kept within reasonable time limits.

Agreements reached between management officials and employee organizations granted exclusive recognition should normally be reduced to writing in an appropriate form such as a memorandum

of agreement, a memorandum of understanding, or an exchange of letters. Where appropriate, such agreements will be followed by the promulgation of a regulation or other appropriate formal document by the agency.

Decisions reached by management officials following consultation with representatives of an employee organization granted formal recognition on a members-only basis may also be communicated in writing to the organization concerned.

All agreements between management officials and employee organizations must be made with the understanding that in emergency situations a Government activity must be free to take whatever actions are necessary to carry out its mission, regardless of prior commitments.

The object of negotiations should be to produce agreement by a diligent, serious and brief exchange of information and views. Both parties must enter negotiations in good faith. If either permits the exchange to degenerate into an affair of attrition and exhaustion, higher Government officials will have no alternative but to exercise the sovereign responsibility of the Government to proceed with the public business.

H. *Services That May be Provided for Employee Organizations.*

Bulletin boards should be made available to employee organizations. Officially approved or requested consultations with employee organizations should take place on official time. An agency may require that negotiations with an employee organization granted exclusive recognition take place on employees' time. No internal employee organization business should be conducted on official time. If authorized by Congress, voluntary dues withholding may be granted to an employee organization, provided the cost is paid for by the organization.

It is now a general practice in the Government to make bulletin boards available for appropriate informational purposes. This practice should continue.

At the present time, there is also virtual unanimous agreement that consultation between employee organizations and management should be conducted on official time. The Task Force is of the opinion that this practice should continue, inasmuch as management officials will always be in a position to control the amount of time involved.

Considerable time may be required for negotiations between management officials and representatives of an employee organization that has been granted exclusive recognition. If this becomes burdensome, it would be appropriate for management to require that employee representatives negotiate on their own time. The Task Force notes that this is strongly endorsed and adhered to by the Tennessee Valley Authority.

Although practice within the Federal Government is somewhat varied at the present time, it should be the general rule that no solicitation of dues or membership or other internal employee organization business may be conducted on official time.

One of the requests most frequently heard by the Task Force at its public hearings is that the Government provide for the withholding of employee organization dues from the paychecks of members. This is a common practice in private industry, it being provided in 71% of the major collective bargaining agreements, and is also widespread in state and municipal governments which deal with employee organizations. Ten states have authorized the practice for state employees by statute and in thirty-eight states it is permitted by law for state and/or local governments. It is widely regarded as an important means of ensuring the stability of employee organization membership, freeing the organization leaders for more important duties.

Withholding of dues has for some time been the practice in the Tennessee Valley Authority and the Bonneville Power Administration. However, because certain Federal statutory provisions have been interpreted to prohibit payroll deductions from the salaries of Federal employees except when specifically authorized by statute, or when the statutory authority under which the agency operates is sufficiently broad to take the agency outside these statutory proscriptions, as in the case of TVA and Bonneville, the practice has not been adopted elsewhere in the Government.

The Task Force considers that withholding dues is a proper service that may be provided to an employee organization that has been granted formal recognition for purposes of consultation, or has been granted exclusive recognition. This should not be a matter of right, but rather a privilege that may be granted in the case of formally recognized organizations, or an agreement to be negotiated for in the case of organizations with exclusive representation.

Withholding of dues must be entirely voluntary, based upon individual authorization, and provision must be made for employees to revoke the authorization at stated intervals. The cost of dues withholding should be paid by the employee organization, not by the Government.

Although the Task Force has endeavored to confine its recommendations to matters within the range of executive authority, the potential importance of the withholding of dues is such as to warrant an exception. This is a matter which must be authorized by law. The Task Force accordingly recommends that the President propose legislation to the Congress that would provide such authorization.

I. *Grievances.*

Employee organizations should have a recognized role in grievance systems. Advisory arbitration may be provided by agreement between an agency and an employee organization granted exclusive recognition.

Employee grievances are a central element of an employee-management relations program. At the present time, agencies of the Federal Government are required to establish grievance handling systems according to standards prescribed in the Federal Personnel Manual.

Grievance systems are inspected by the Civil Service Commission to determine whether these standards are met. The Task Force studies indicate that, by and large, Government agencies have taken this responsibility seriously and have made a sincere effort to provide procedures through which individual complaints, dissatisfactions and injustices can be evaluated and appropriate action taken.

There are, however, shortcomings and deficiencies in many of the existing systems. The most important deficiencies are best seen by contrasting them with those in the private sphere of the economy. In ordinary circumstances a private enterprise will look upon its grievance system as part of an overall industrial relations structure.

For many Government agencies, complaints and dissatisfactions are considered to be purely personal problems which have no bearing upon group or collective relationships. This outlook finds expression in limitations upon representation at early stages of the proceeding, in attacks upon steward systems, and in the disinclination to acknowledge the organizational identity of representatives provided for an aggrieved employee by his trade union. At least one agency has expressed to the Task Force its belief that the "injection of a third party" in the form of an employee organization representative only makes grievance procedures more difficult—and to no purpose inasmuch as the agency provides aggrieved employees with assistance in handling their cases. This is a form of paternalism which will prevent the development of a mature relationship between employee organizations and management. When the issues involved concern the implementation of an agreement by an agency and the exclusive representative of its employees, such an attitude could easily destroy the confidence and good will which are essential to such a relationship.

The Task Force feels that most large agencies of the Government in which employee organizations are active will find it both necessary and desirable to provide such organizations with a recognized role in the grievance system. The system, moreover, should be thought of in terms of its effect on collective relationships within the agency, as well as in terms of its effect on individuals.

It must also be noted that despite the sincere efforts of agencies to establish fair and expeditious grievance procedures, the Task Force en-

countered widespread feeling that the systems should make it possible to obtain an objective, third party judgment when either or both of the parties feel it is necessary. There are a small number of activities within the Federal Government which have already done this by means of advisory arbitration. The Task Force feels that this practice could be adopted much more extensively. In order not to undermine the final authority and responsibility of an agency head for his own operations, arbitral awards should not only be advisory, but should also take place at a level of the grievance procedure which precedes any consideration by the agency head.

The Task Force believes that, as a general rule, advisory arbitration of this type should only be provided by agreement between an agency and an employee organization granted exclusive recognition. The agreement should establish a defined set of issues that will be subject to arbitration, and should provide that the costs of arbitration be shared. Advisory arbitration should be confined to grievances, complaints and misunderstandings which are personal to an individual employee, and to the specific implementation of existing policies.

Advisory arbitration of grievances should not be permitted to introduce arbitration of policy questions by the back door. Grievances must be individual, they may relate only to the implementation of policy, not to its content, and resort to arbitration must depend upon the consent of the individual employee concerned, as well as to that of the employee organization that represents him.

If these limitations are observed, the employee organizations will have the strongest interest in assuming their responsibility of screening out the frivolous and the obvious, of mollifying or restraining the eccentric, chronic grievant, and of abiding by the arbitral result. The Government, for its part, will be able to procure an objective and impartial review of decisions which may appear to the grievant to be arbitrary, capricious, or incorrect, but which often in fact are entirely justifiable.

No agreement between an agency and an employee organization granted exclusive recognition on the subject of grievances and appeals may be allowed to impair the right of an individual employee to handle his own grievance or appeal, and to choose his own representative. However, a representative of an organization granted exclusive recognition has the right to be present at such proceedings.

The Task Force feels that there would be much to be gained if all the agencies of the Government were to undertake a general review and evaluation of their grievance procedures. Agencies should be free to experiment and to devise techniques most suited to their individual needs. One agency, for example, believes that there could be a real improvement in the quality of grievance hearings if it were to abolish

ad hoc boards in favor of a permanent, trained panel of hearing officers. Such innovations can and should be tried.

J. *Appeals.*

A more uniform system of appeals of adverse actions should be established by Government agencies. Veterans and nonveterans should have identical rights to appeal adverse actions to the Civil Service Commission.

In the private sector of the economy, the term "grievance" generally applies to the entire range of employee complaints and dissatisfactions. In the Federal service, however, the term "grievance" has generally had a more limited reference to employee complaints or dissatisfactions relating to working conditions and relationships. The term "appeal" generally refers to a request by an employee for reconsideration of an agency decision to take an adverse action, such as a separation or demotion, against him. Most Federal employees may appeal such actions either within their agency or to the Civil Service Commission. Not all agencies, however, permit an employee opportunity to seek reconsideration of an adverse action within the agency. The protection given an employee in an adverse action situation, accordingly, depends to a considerable extent on the particular system for review of such actions that his agency may have adopted. In addition, the right to appeal to the Civil Service Commission varies. A veteran may appeal to the Civil Service Commission on the merits of the action taken against him as well as on procedure matters, while a nonveteran in the competitive service generally may appeal only on the basis of alleged procedural violations.

The Task Force has found that these disparities in rights and procedures have produced much dissatisfaction with the handling of appeals in the Federal service. In a matter as fundamental as the right to be protected against a possible arbitrary or capricious management decision that may result in the loss of a job or reduction in pay, all employees in the career service should have basically the same rights, although particular procedures may vary.

The Task Force specifically proposes that the necessary steps be taken to extend to all employees in the competitive civil service rights in adverse action cases identical to those provided to prefrence eligibles under Section 14 of the Veterans' Preference Act of 1944, as amended.

The right that Federal employees presently have to appeal an adverse action to the Civil Service Commission should be continued. The Civil Service Commission provides much the same sort of objective, impartial review which advisory arbitration would provide in other grievance matters. However, an effort should be made to resolve as many appeals as possible within the agency.

In order to permit agencies to settle as many adverse action disputes as possible within the agency, and to provide a greater measure of equity to employees, each department and agency should develop procedures for the reconsideration of management decisions to take adverse actions against employees. In terms of fundamental rights of employees, there should be some basic similarity among these systems, with due allowance for flexibility to account for differences in agency organization and relationships with employee organizations.

For some time, the Civil Service Commission has been considering standards for appeals of adverse actions within the agencies, which would provide for more expeditious handling, fewer levels of review, and improved technical quality. The Commission's work makes it now feasible to establish governmentwide policies for intra-agency appeals procedures. The Task Force therefore recommends that the President issue the executive order on intra-agency appeals systems prepared by the Civil Service Commission.

The Task Force believes that, to the extent feasible, appeals procedures in the agencies should be integrated into the agencies' grievance systems, that such systems should be developed in consultation or negotiation with employee organizations, that there should be a minimum number of levels of review, and that duplicate channels of appeal should not be permitted.

K. *Union Membership.*

The union shop and the closed shop are inappropriate to the Federal service.

The Task Force wishes to state its emphatic opinion that the union shop and the closed shop are contrary to the civil service concept upon which Federal employment is based, and are completely inappropriate to the Federal service.

L. *Technical Services for the Federal Employee-Management Relations Program.*

Technical services required to implement the proposals contained in this report should be provided by the Civil Service Commission and the Department of Labor. Upon request, the Secretary of Labor shall choose a person or persons to make advisory determinations on appropriate units for exclusive recognition and to perform similar services. The Department of Labor and the Civil Service Commission jointly should prepare recommendations for standards of conduct for employee organizations and a code of fair labor practices for the Federal service.

The Task Force is persuaded that the Federal employee-management relations program will prove most successful if it continues to receive guidance and support from Government officials appointed di-

rectly by the President. It will also be necessary to provide a considerable range of technical services on matters about which most agencies in the Government have but little experience. The adoption of the policy of permitting exclusive recognition, for example, will immediately raise questions as to appropriate units for which exclusive recognition may be granted. There will unquestionably be efforts on the part of employee organizations to establish very small or gerrymandered units in which majorities can be artificially obtained. Similarly, it cannot be doubted that questions will arise as to whether a majority of a given unit wish exclusive recognition, and means will have to be devised for making this determination. If management officials are to carry out their responsibilities in this field, it cannot be doubted that additional personnel training services should be provided. It is the belief of the Task Force that the long run efficiencies of such services will more than compensate for the initial cost.

The Task Force feels that these technical services may best be provided by assigning them, as appropriate, to the Civil Service Commission and to the Department of Labor.

The Civil Service Commission, as the central personnel agency of the Government, should take the lead in developing employee-management relations training for Federal personnel. The Commission should establish and maintain facilities to assist in carrying out the objectives of this report. It should be the duty of the Commission to develop a program for the guidance of employee-management relations in the Federal service; to provide technical advice to agencies on employee-management programs; to assist in the development of programs for training agency personnel in the purposes and procedures of consultation, negotiation, and the settlement of disputes in the Federal service; and for the training of management officials in the discharge of their employee-management relations responsibilities in the public interest. The Civil Service Commission should provide for continuous study and review of the Federal employee-management relations program; and, from time to time, make recommendations to the President for its improvement.

As a normal matter, agencies will determine appropriate units and questions of the majority status of an employee organization by internal means of their own devising. As an additional means, the services of the Secretary of Labor may be invoked. Upon the request of an agency or a formally recognized employee organization, or both, the Secretary of Labor shall choose one or more persons from the National Panel of Arbitrators maintained by the Federal Mediation and Conciliation Service to hold hearings or elections, and to make a determination. Such a determination shall be advisory to the head of the agency concerned. The costs of such proceedings shall be borne by

the agency. In the event that the matter at issue concerns the Department of Labor, the Chairman of the Civil Service Commission shall choose from the National Panel of Arbitrators.

Earlier in this report, the Task Force referred to the question of extending to organizations of Government employees the standards of conduct which have been established for trade unions in the private sphere of the economy. A similar question concerns the extent to which standards of fair labor practices analogous to those which have been developed for the private economy, primarily by the National Labor Relations Board, should be adopted for employee-management relations in Government. These are complex questions involving many considerations. The Task Force recommends that the President direct the Department of Labor and the Civil Service Commission jointly to prepare proposed standards of conduct for employee organizations and a proposed code of fair labor practices in employee-management relations in the Federal service.

As a temporary measure, to assist in getting the employee-management relations program underway, the Task Force recommends that the President establish a small interagency committee to consist of the Secretary of Defense, the Postmaster General, the Secretary of Labor, and the Chairman of the Civil Service Commission. The Secretary of Labor should serve as Chairman. In addition to other matters which may be referred to it by the President, the committee should receive and review the proposals by the Department of Labor and the Civil Service Commission for standards of conduct for employee organizations and fair labor practices in the Federal service.

As a long range measure, the Task Force wishes to recommend that the Federal Government take steps to provide for instruction in employee-management relations in appropriate educational or training activities of the Government, and to encourage the study of the subject at colleges and universities preparing students for careers in the public service. In time to come it is likely that these will be skills of increasing significance to the art of public administration. It would be of great value for future Government managers to encounter the subject in the early stages of their education, just as it will be of importance to the Federal Government to see to it that this education continues throughout the careers of Federal executives.

Mr. FOGARTY. What about the postal employees?

Secretary GOLDBERG. They are included in this, Mr. Chairman. They have applauded this report as a constructive step forward. The Postmaster General joined in our report.

I think there has been very good acceptance on the part of management and labor and Members of the Congress who have dealt with this subject, and the public, of this report.

There have been other areas, I know, of great interest to you to which I would like to call your attention. That is, as I indicated last time, our Government has been derelict in dealing with the automation problem administratively.

MANPOWER PROBLEMS

Since the Department of Labor has been charged by law with the responsibility of dealing with manpower problems, the wages in the country, I established on April 20, 1961, in the Department an Office of Automation and Manpower.

This committee authorized the expenditure of funds on manpower problems. It was with that expenditure that I was dealing when I authorized this particular office.

This is of enormous importance in this country at the present time. There is scarcely a subject which is of more concern to the wage earner and to employers than the problem of automation. We are going through the same revolution in industry that we have gone through on the farms. It is having enormous impacts upon our work force, on employers, and upon the country. It is terribly important that the Government and the Department of Labor assume and discharge its responsibility in this area.

In keeping with our desire and our responsibility and your responsibility to have work in this area properly appropriated for, we are—as you will see in our detailed budget presentations for 1963—proposing a budget for this office with sufficient personnel to do the work that is required in this area.

This work involves many of our bureaus. We must have BLS work in this area; we must have the Bureau of Employment Security work in this area; we must have the Bureau of Apprenticeship Training work in this area; we must have the Bureau of Labor Standards work in this area—because no one bureau of the Department can do it alone.

I have always been in agreement with the view of this committee that it has always been contemplated that we would work in this area. The appropriations that you have made in the past contemplated that we would work in the manpower area.

We feel, as we have indicated by creating this office and asking for additional help, that this will help the existing bureaus which will perform a very important role in this; and the Department and the Government will step up its activities in this most important area.

Dr. Wolfbein who heads up this office will in detail explain our activities and justify the budgetary request that we are making for the personnel required to do this job.

I want to emphasize one thing. We are not excluding the existing bureaus from their important and proper role in this area. On the contrary, you will find that the budgetary request for Mr. Clague's

bureau—the Bureau of Labor Statistics—and Mr. Goodwin's bureau—the Bureau of Employment Security—Mrs. Peterson of the Women's Bureau—you will find additional requests for work in the automation area in research, in counseling, in all of the activities properly applicable to those bureaus.

What we are recommending in terms of requesting an appropriation is that we provide an office which in effect will coordinate the activities, provide leadership, and provide a sense of guidance to industry and to labor and to government on how you handle automation problems.

MISSILE SITE PROGRAM

Another important area of our work has been the work we have been charged with the responsibility of doing, in seeing to it that our missile program, vital to our national security, proceed without interruption of work.

One of the committees of the Congress, headed by Senator McClellan, conducted an inquiry into this area and reported some unsatisfactory developments in this area.

I want to point out to you—and Senator McClellan has agreed with this—that part of the problem was that there was no machinery established for handling the legitimate grievances of the unions involved and the people involved.

When you call upon people in the labor field or management people to make a contribution to the national interest and give up their legitimate rights—the right to strike; the right to lock out—Government has an obligation to provide an alternate machinery, because otherwise unilateral decision would prevail. This is unfair.

We were in a situation where we needed all-out missile production, but we had not provided the machinery to insure it and to give equity to people we were asking to give up their rights.

My recommendation was that the President create a Missile Sites Labor Commission, which has been in operation now for several months. I chair it, and it is made up by a tripartite group of management, labor, and the public. We have housed it in the Department of Labor at the request of the President. I want to report to you a very fine record of constructive achievement.

Through this voluntary device—it has been done by agreement—we have cut down the number of man-days lost in missile production to what is relatively insignificant in terms of man-days lost. We have saved the Government a great deal of money because, by agreement, this Commission has reviewed practices which were uneconomical, such as pyramiding of overtime and some other practices which developed.

On the other hand, we have also indicated where practices which were criticized on the part of labor and management were justifiable. In the public eye, the public often did not understand, for example, that certain practices are appropriate. Let me illustrate this by an example.

There was a great deal of public criticism for granting high time on missile projects. Anybody familiar with the construction industry knows what high time is. If a worker has to work 40 stories up, which is particularly hazardous, he gets a premium for working under hazardous conditions.

In many of our missile sites today we are building silos for hardened missiles sites—for the MINUTEMAN, for the ATLAS, for the TITAN. We go underground instead of above ground; but we go underground the same distance, several hundred feet.

Our Commission reviewed what contractors and labor unions have been providing for in this area—a kind of low time instead of high time. We came up with a recommendation, which has been accepted, that we grant a premium pay for this hazardous work; but the premium pay be eliminated if a guard railing were installed.

In other words, I don't know whether you have ever seen one of these missile silos. They go way down. You can fall several hundred feet and be terribly injured. You are entitled to hazard pay; but if a guard railing is installed so you are not in danger of falling where you do your work, then the hazard pay is eliminated. This Commission has been working on that basis.

All decisions of this Commission have been unanimous, which is very interesting. There has been no disagreement between management, labor, and the public on what ought to be done in this area.

This very morning it was my pleasure to present certificates of award on behalf of the Commission to two bases where the workers and the contractors completed the job way ahead of schedule. At one base there was no time lost because of shutdowns. In the other base there were only a few hundred hours lost out of many hundreds of thousands of man-days worked, which illustrates that we have many dedicated people working in this area.

Gentlemen, you of course, I am sure, approve this work. But I want to tell you how it is financed, since this of course is of great concern to you.

We have felt in this area—we had no appropriations for this—that this ought to be paid for by the two agencies of the Government which have appropriations for maintaining labor peace in the area—the Department of Defense and NASA. They have absorbed the expenses of this. Where we have detailed personnel, our personnel have been reimbursed by them.

We thought and they thought, the Budget Bureau thought, the President thought, that this was the right way to handle this part of our work.

UNEMPLOYMENT COMPENSATION

Last year this committee appropriated the money, and Congress enacted the Temporary Extended Unemployment Compensation Act of 1961. This was a very fine piece of legislation.

I want to report to you what has happened. In every State, all the States have participated in this program. As of November 30, 1961, 2,300,000 persons filed claims; and $523 million have been paid out in additional unemployment insurance payments under this act.

I want to report to you that our Bureau of Employment Security and the cooperating State agencies have done an outstanding job in dealing with this subject.

The Congress enacted last year the amendments to the Fair Labor Standards Act. For the first time since the law was passed 23 years ago, 3,600,000 additional workers were included within the scope of the statute. And, at the same time, the amount of the minimum wage was increased.

You asked me last time when I was here about what I anticipated the effect of the statute would be in terms of unemployment. I want to report to you the most favorable result.

While we haven't completed our studies, there is no evidence that the passage of this statute in any way contributed to unemployment. There is plenty of evidence that this statute contributed to the well-being of the country.

One hundred and seventy-five million dollars was added to the purchasing power of workers covered by the act during 1961. And as the rate has gone up, we anticipate that $500 million annually will be contributed in the future.

Here we met with Members of Congress and we saw to it that the amendments were put into effect in a constructive and in a sensible fashion. I know you will be glad to know that we have received a minimum of complaints about the operation of this statute. Throughout the country there has been a general feeling that the improvement has been done in a constructive way.

NEW ASSISTANT SECRETARY

Last year Congress approved the creation of a new Assistant Secretary of Labor. Mrs. Esther Peterson, Director of the Women's Bureau, was appointed by the President to this high office. We are very proud to have the highest ranking woman in the executive branch of the Federal Government in the Labor Department. I am particularly proud to have Esther Peterson as that person.

We are recommending, as you will see, and as you will hear from her, a broadening of the scope of the activities of the Bureau, a subject which has interested this committee very much.

Mr. FOGARTY. You are not getting into competition with HEW?

Secretary GOLDBERG. No, we are not; we are dealing with the employment of women.

Mr. FOGARTY. I mean, HEW used to have a lady Under Secretary. Is this a higher position than an Under Secretary?

Secretary GOLDBERG. It is not a question of the exact title; it is a question of the person involved.

Mr. FOGARTY. You mean no other Department has an Assistant Secretary at this time?

Secretary GOLDBERG. Not at the moment, no, sir. We have the highest ranking woman in the Federal service.

Mr. LAIRD. It looks like discrimination.

PRESIDENT'S COMMITTEE ON EQUAL EMPLOYMENT OPPORTUNITY

Secretary GOLDBERG. We have had an important role to play in the President's Committee on Equal Employment Opportunity. After all, part of our obligation for looking after the interest of wage earners in the country is to see to it that discrimination in employment, within the proper scope of Federal authority, is minimized.

I am very proud of the role that our Department has played. It has largely been a result of additional effort on the part of the personnel of the Department. Mr. Holloman, the Assistant Secretary of Labor, is the Executive Vice Chairman of that Commission. I am the Vice Chairman. Our distinguished Vice President is the Chairman.

We have worked very hard in the Department to help carry out the activities of this Commission.

Now, Mr. Chairman, your committee last year indicated a great interest—properly so because it enters in some ways into the consideration of the budget and in some areas it will mean we will have to come back to you if this legislation is enacted early enough so that you will still be in the consideration of your appropriations, as I hope some of it will be, because we would like the benefit of your judgment about what appropriations are required in our new legislative program——

LIKELIHOOD OF ADDITIONAL FUND REQUESTS FOR 1963

Mr. FOGARTY. What about the present? Do you anticipate coming back this year for any supplementals for 1963?

Secretary GOLDBERG. Yes. We want to talk about that, because we cannot at the moment do this without the legislation.

Mr. FOGARTY. I don't mean new legislation; I mean under the existing legislation.

Secretary GOLDBERG. I do not think it will be required in terms of existing legislation, but it will be required in terms of present programs which have been imposed upon us by the President, by Executive order. I am going to talk about them in a minute.

There are two or three commissions which he has appointed where we are preparing a budget, and we will want to appear before you, because we think that is the appropriate thing to do.

Mr. FOGARTY. That would go to the Subcommittee on Deficiencies.

Mr. HUDSON. We hope it will be an amendment of the 1963 budget.

Secretary GOLDBERG. By way of amendment, is what I had in mind, to complete the work. I can tell you what it is. The President has appointed a Commission on Youth. We are trying to prepare a budget for that Commission and clear it through the Budget Bureau.

We would like to present that to you on the 1963 appropriations as soon as we get it done. And a Commission on Women in the same category. It is in this area that we would like to appear before you.

LEGISLATIVE PROPOSALS

Then, if we complete the work on some legislation, we would also like to appear before you; and I would like to refer to the legislation in a moment so you will be apprised of that.

The Manpower and Training Development Act of 1961 is a statute of great importance in which all of us have a great interest. This has passed the Senate by a large bipartisan vote and is before the Rules Committee of the House. We hope for an early rule and early action by the Congress.

If that statute is passed, as we hope it will be, by the Congress, then of course we would have to appear before the Deficiencies Committee to obtain the necessary wherewithal to administer that program.

We have several other pieces of legislation which are pending in the Congress, with which this committee is well familiar, such as the Welfare and Pension Plans Disclosure Act, which is supposed to be

debated in the Senate this week. I understand it is on the Senate Calendar, and is before the Rules Committee——

Mr. FOGARTY. Do you think you will get a rule?

Secretary GOLDBERG. I would hope so, yes, with your help. It is very important that we do. It is before the Rules Committee.

Mr. FOGARTY. I thought you might have a pretty good idea by now whether you were going to get one or not.

Secretary GOLDBERG. I am hopeful that we will.

Then of course we have the amendments which the administration has proposed to the unemployment insurance statute. This is before the House Ways and Means Committee. I might say a word about that, because I think you are entitled to know.

We will definitely ask that committee to proceed to hearings this year, and we will definitely ask for House and Senate action, because our temporary unemployment bill which you have authorized us to administer will expire in April.

The figures I have given you for the long-term unemployed indicate the strong necessity for our doing something on a permanent basis in the unemployment compensation area. We are going to press for action in this regard.

We have may other legislative measures which we are proposing, most of which have been cleared by the administration. I want to refer to them very breifly: The Equal Pay Act, the Situs picketing bill. We are developing a bill including fringe benefits for employees on construction work which is subject to the Davis-Bacon Act, which we are recommending, which we have not yet cleared through the administration, but which is in the process of being cleared.

Mr. FOGARTY. Do you think there will be a picketing bill voted out of the committee?

Secretary GOLDBERG. We are urging that it be voted out. I think if the labor movement composes its internal differences, we will have such a bill, since it has bipartisan support in the Congress. The chief difficulty there has been the division in the labor movement, not division in the Congress.

Mr. FOGARTY. That has been going on for some time.

Secretary GOLDBERG. Yes, it has. But I think it is hopeful, since the meeting in Miami. I think the atmosphere has cleared and there is a better possibility of results.

We are proposing Federal grants for State industrial safety programs. We are proposing a long overdue law to apply the Davis-Bacon and Walsh-Healey principle to Government service contracts which we think is long overdue. We have a very anomalous situation there.

That situation is where prevailing wage principles apply to Government contracts and construction for goods, but do not apply for services. We have a very bad thing developing which I think ought to be corrected.

For example. the Government has contracted out maintenance work in Government buildings. What has been happening in that area, as the result of not having any standards, is that the same employees are kept on and a contractor will really bid for their services; and if his bid is only accepted on a low-bid basis, his bid may result in undermining the labor standards of these people who work and used to work for the Government—in other words, custodian help. This is very undesirable.

Mr. FOGARTY. I don't understand that.

Secretary GOLDBERG. That is one of the areas which I think there is substantial evidence to establish. Not only that; there is a more serious problem, and that is that people are moving into the area of bidding who have had no prior connection with the industry.

This is not what Congress intended. It didn't intend to invite people to come in to get a Government contract who were not people regularly in the industry. These people do not know the business, and part of the reason that the quality of the service has gone down is this.

I have had a very difficult time with this, because since it is a private employer, the unions are free to strike; and I have had a difficult time this year keeping the Government operating.

Mr. FOGARTY. Some departments still do it on their own.

Secretary GOLDBERG. Yes, they do.

Mr. FOGARTY. Doesn't the Post Office?

Secretary GOLDBERG. Yes; some do. Some defense establishments do it that way; some are done the other way.

Mr. LAIRD. Defense housing, I think, is done on that basis under this Capehart program.

Secretary GOLDBERG. Congressman Fogarty, here is the situation. You have a group of employees who used to work for the Government—janitors and sweepers and so on. They were paid a certain wage. Now the Government contracts that out to a private contractor.

Mr. FOGARTY. This is done under the General Services Administration?

Secretary GOLDBERG. Yes. I don't blame the General Services Administration. They, under the law, must accept the lowest bid; and a contractor is in a position to bid below the standard which has been paid and, if he wins the bid, to say to the employees involved: "You no longer are Government employees because the Government has let out that work. If you want to work under this bid, you have to take a reduction in wage."

This seems to defeat the congressional intent.

Mr. FOGARTY. It is my understanding that since this has been in effect, the quality of the maintenance has been going down.

Secretary GOLDBERG. That is right. So we are recommending legislation in this area which is being cleared now.

DISCRIMINATION IN APPRENTICESHIP TRAINING

We have drafted a statute to prohibit employee discrimination in the operation of apprenticeship training. We are formulating that, and it hasn't been cleared through the administration yet.

Mr. LAIRD. What was that last one, Mr. Secretary?

Secretary GOLDBERG. We are recommending legislation to prevent discrimination in apprenticeship training.

Mr. FOGARTY. Is there much of that?

Secretary GOLDBERG. There is some, yes. We have had good cooperation from the labor unions in attacking this problem. But Mr. Meany and others have indicated general support for this concept.

Mr. FOGARTY. I hadn't heard much of it before. I was wondering if it was very widespread.

Secretary GOLDBERG. Congressman Fogarty, what actually is happening here is that the national leadership of unions is opposed to this discrimination. Occasionally we get a local union, as you know. This is the area where we are trying to draft legislation to implement the unanimous desire of everybody to eliminate any vestige of discrimination.

Mr. LAIRD. Is this the bill before the Labor and Education Committee now?

Secretary GOLDBERG. We are working on a statute which will go to that committee. We haven't cleared it yet.

Mr. LAIRD. They have a bill up there now——

Secretary GOLDBERG. They have a general bill on unemployment.

Mr. LAIRD. Does the general bill take care of that?

Secretary GOLDBERG. It will relate to employing apprentices.

Mr. LAIRD. Are you supporting that general bill?

Secretary GOLDBERG. We are working on the apprenticeship. The administration is studying the general bill. We have not yet had any program in this area.

Mr. MICHEL. From your own personal knowledge, is that still more prevalent in construction?

Secretary GOLDBERG. Apprenticeship is largely a problem of construction, although some of it applies for the same type of people who work in industrial trades. It applies to both.

Then we have legislation dealing with servicemen's reemployment rights for probationary employees; protection of law enforcement employees in the Department of Labor; improvement of the 8-hour laws, and some enabling legislation for ILO conventions.

PRELIMINARY REPORT ON LEGISLATIVE PROGRAM

Mr. Chairman, I would like to offer for the record the preliminary report on the legislative program in the Department of Labor for 1962. We have copies available.

(The report is as follows:)

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.

DEPARTMENT OF LABOR PROPOSED LEGISLATIVE PROGRAM FOR THE 2D SESSION OF THE 87TH CONGRESS

PART I—PRESIDENT'S PROGRAM PROPOSALS

A. ADMINISTRATION PROPOSALS INTRODUCED IN THE FIRST SESSION

1. *Manpower Development and Training Act.*—To deal with the employment problems created for workers by automation, technological changes, and other economic factors, through the Federal financing of manpower development and training programs.

The administration bill was introduced by Senator Clark as S. 1991 on May 29, 1961, and reported July 31, 1961 (S. Rept. No. 651). The Senate (63–31) adopted S. 1991 on August 23, 1961, as amended by the committee plus six floor amendments. Although the Senate-passed bill is structurally revised, and contains a number of important amendments, its basic approach is the same as that of the administration bill. The most substantial differences are the shift of cost of the

training programs from 100 percent Federal to a 50–50 matching basis after 2 years, elimination of relocation allowances for workers, limitation of training allowances to unemployed workers who are heads of families and have had at least 3 years of gainful employment, and the provision for development of special training programs for youths from 16 through 21 including training allowances where necessary, but only to the extent of 5 percent of the total training allowances under the act.

The administration bill was introduced in the House by Congressman Holland as H.R. 7373 and on August 10, 1961, the House Labor Committee considered this bill and reported a clean bill, H.R. 8399, also introduced by Congressman Holland (H. Rept. 879). Although containing certain amendments, the bill is more nearly like the administration bill than the Senate-passed bill. However, the term of the proposed act is reduced from 4 to 2 years and appropriation limitations are placed in each title on the amount to be expended thereunder. The Senate bill merely provides an annual limitation for the bill as a whole. By a vote of 7 to 7, the House Rules Committee on September 6 failed to grant a rule.

S. 1991 authorizes appropriations not to exceed $90 million for fiscal year 1962, $165 million for fiscal year 1963, and $200 million for each of the 2 succeeding fiscal years. The total of all amounts authorized under the various titles of H.R. 8399 is $100,470,000 for fiscal year ending June 30, 1962, and $161,887,000 for fiscal year ending June 30, 1963.

2. *Youth Employment Opportunities Act.*—To provide useful employment and training for youths through three pilot programs financed in whole or in part by the Federal Government and administered by the Department of Labor. These programs would authorize on-the-job training; public service employment and training; and employment, training and educational opportunities through service in a Youth Conservation Corps camp program operated under supervision of Federal Government agencies.

The Senate Labor Committee, after considering the administration bill, S. 2036, transferred the on-the-job training feature to the manpower bill, S. 1991, and reported S. 404, in lieu of S. 2036, on September 12, 1961 (S. Rept. 976). S. 404 incorporated those aspects of the administration bill which would provide public service employment programs and a Youth Conservation Corps program, the latter however, on a fully operating instead of a pilot basis.

The House Labor Committee considered the administration bill, H.R. 7536, and reported a clean bill, H.R. 8354, on August 2, 1961 (H. Rept. 833). This bill retains all three programs of the administration bill but includes certain amendments.

S. 404 authorizes appropriations of necessary sums.

H.R. 8354 authorizes appropriations of $100 million for the fiscal year ending June 30, 1962, and $133 million each for the fiscal year ending June 30, 1963, and the fiscal year ending June 30, 1964.

3. *Employment security amendments.*—To improve the Federal-State unemployment insurance system by providing for permanent Federal extended unemployment compensation benefits, equalization grants to States with high unemployment cost and the extension of coverage, notably to employers with employees of one or more and to employees of nonprofit organizations.

The administration bill was introduced in the Senate as S. 2084 on June 15, 1961, and in the House as H.R. 7640 on June 14, 1961. An explanatory statement and topical summary of the bill appear in the Congressional Record on those dates on pages 9756–9765 and 9664–9669, respectively. No action has been taken on these bills.

4. *Welfare and Pension Plans Disclosure Act amendments.*—To improve the Welfare and Pension Plans Disclosure Act by giving the Secretary of Labor interpretative, investigative, and enforcement powers respecting filings and disclosure of fiscal and related information which the act requires.

The Senate Labor Committee on September 8, 1961, after considering the administration bill, S. 1944, reported a clean bill, S. 2520 (S. Rept. 908). It was passed over on calendar call on September 15. This bill substantially follows the administration bill.

The House Labor Committee, after considering the administration bill, H.R. 7234, also reported a clean bill, H.R. 8723, on August 18, 1961, with amendments (H. Rept. 998). This bill also substantially follows the administration bill but with some differences from the Senate committee bill. It was brought to the floor on September 6, 1961, under a suspension of rules but failed 244 to 161.

5. *Equal Pay Act.*—To prohibit discrimination on the basis of sex in the payment of wages related to employment in interstate commerce. The Secretary of Labor would be authorized to administer the act. His functions would include investi-

gations, the conduct of administrative proceedings to determine whether the act had been violated, and the issuance of cease-and-desist orders if it has. These orders would be enforcible by court proceedings.

The administration bill was introduced in the Senate as S. 2494 and in the House as H.R. 8898. No action was taken on this proposal at the first session of this Congress.

The bills authorize necessary appropriations.

B. NEW PROPOSALS

6. *Fringe benefits for employees on construction work subject to the Davis-Bacon Act and related prevailing wage statutes.*—To require the payment by contractors on construction subject to the Davis-Bacon Act and other related statutes of fringe benefits as determined by the Secretary of Labor to be prevailing in the project area.

The present concept of "wage" as the basic hourly rate of pay would be extended to include payments made by employers to certain specified types of employee welfare and retirement funds. An employer whose payment practices do not include these contributions may satisfy his obligation to conform to such a practice found by the Secretary of Labor to be prevailing by making payment of equivalent amounts directly to his employees.

Since the Davis-Bacon Act was passed in 1931 significant changes have occurred in the concept of earnings. There has been a tremendous increase, particularly since World War II, in private welfare and pension plans, including such welfare programs as group life insurance, group hospitalization, disability benefits, medical care, and pensions. These benefits now constitute in many cases a substantial part of an employee's total compensation.

The proposed amendment is thus necessary if the statutes designed to protect prevailing wages are to continue to give effect under present economic conditions to a public policy of assuring against the use of Federal funds to depress wage customs and practices in a locality.

The Department of Labor draft bill on this subject was sent to the Bureau of the Budget for clearance during the past session of Congress. All Government agencies except the Department of Commerce, to which the bill was circulated for clearance stated that if the administration considered such legislation desirable they would not object to it although it would raise contract costs.

Bills with a purpose similar to that of the proposal, S. 1360 and H.R. 5622, are pending in the present Congress.

Cost estimates are being prepared by the Department for additional staff required to administer the proposed act.

7. *Federal grants for State industrial safety programs.*—To provide Federal financial assistance to the States, administered by the Secretary of Labor, on a matching basis to improve their industrial safety programs. Grants would be available under the proposal to aid the States in financing the development, expansion, and promotion of State safety codes and the education of employers and workers in applying the codes. Expert technical assistance would also be made available by the Federal Government.

The prevention of industrial injuries is a matter of great importance to the general welfare of workers, in the reduction of industrial costs, and in the conservation of manpower essential to realize our maximum productive capacity. The effectiveness of safety laws in the States, both in terms of content of law and enforcement, varies widely. One serious impediment to State action to make their laws more effective is the element of cost. Few State labor Departments are properly equipped to advise employers on ways and means of preventing occupational injuries. Comparison of the safety requirements of the various States and their respective fiscal allocations makes it readily apparent that in many cases State resources are so inadequate as to preclude the attainment of even minimum acceptable programs.

Without the stimulation and help from Federal grants-in-aid, there seems little likelihood of any material improvement generally in State safety programs.

Cost estimates are being prepared by the Department respecting this proposal.

8. *Wage and hour standards for Government service contracts.*—To require that contractors undertaking to perform Government service contracts in excess of $10,000 shall comply with wage and hour standards for employees working on these contracts as predetermined by the Secretary of Labor to be prevailing for persons in corresponding classes of employment performing similar work in the

locality in which a contract is to be performed. This protection would be similar to that provided for employees engaged in construction work under the Davis-Bacon Act and related statutes but would comprise separate legislation.

The bill would also require that work in excess of 8 hours a day or 40 hours a week shall be compensated at not less than 1½ the regular rate at which the person is employed. This provision is patterned after the overtime requirements of the Walsh-Healey Act.

This proposal is in accord with the principle, now reflected in laws pertaining to Government construction and supply contracts, of assuring that Federal funds will not be used to finance contracts based on subminimum wages to the detriment of employees and of contractors with fair wage policies.

The employees who would be affected by the proposal are usually among the lowest paid in any industry and ordinarily are not subject to coverage by either Federal or State minimum wage laws. Their need for minimum wage standards protection, consequently is particularly compelling.

A bill embodying provisions similar to this proposal, H.R. 6731, is now pending in Congress. An administration bill is being drafted.

Cost estimates are being prepared by the Department for additional staff required to administer the proposed act.

9. *Revision of the Federal 8-hour laws.*—To provide a single statute to replace the complicated and overlapping statutes, known as the 8-hour laws, governing hours of work and overtime pay for laborers and mechanics employed by the Federal Government and by its contractors and subcontractors.

These laws generally provide for overtime after 8 hours in a day but have no weekly maximum. They were enacted at different times between 1892 and 1940 and contain ambiguous and contradictory provisions. The proposal, in addition to an 8-hour daily standard for overtime, would also provide a 40-hour workweek standard with not less than time and one-half pay for work in excess of 40 hours. In addition, the proposed law would be extended beyond the present scope of the 8-hour laws to contracts which are assisted by Federal funds.

Further, work in excess of 8 hours a day would be permitted by laborers and mechanics employed directly by the Government with not less than time and one-half the basic rate for the overtime hours. At the present time work in excess of 8 hours by such employees is prohibited unless the President suspends the prohibition as he has the authority to do in an emergency and which he has recently done with respect to National Aeronautics and Space Agency employees. When he does suspend the prohibition, there is no provision under present law for the payment of overtime after 8 hours, but only on a weekly basis of 40 hours.

The Department submitted to the Bureau of the Budget on October 11, 1961 a report approving enactment of a bill, S. 1394, which would carry out the objectives of our proposal.

No costs are expected to be incurred by the Department of Labor as a result of the enactment of this proposal.

10. *Apprenticeship Training Act amendment.*—To prohibit employment discrimination in the operation of apprenticeship training programs established under the act of August 16, 1937, 50 Stat. 664, 29 U.S.C. 50. Legislation is considered necessary to insure operation in a fair and impartial manner of apprenticeship program swhich the Department assists in developing and sponsoring under this law.

Details of the legislation are now being formulated.

Part II—All Other Proposals

11. *Unemployment Insurance—(a) Treatment of accrued annual leave for ex-servicemen for purposes of unemployment compensation.*—To delete section 1511(f) of the Social Security Act to permit the State unemployment compensation law to govern whether accrued annual leave will be taken into account in paying unemployment compensation to ex-servicemen. The proposed deletion would authorize the same treatment of annual leave for ex-servicemen as for Federal employees under the Social Security Act.

Title XV of the Social Security Act formerly provided that both Federal employees and ex-servicemen would be denied unemployment compensation for a period equivalent to the accrued annual leave of the claimant. Title XV was amended in 1960 by Public Law 86-442 to eliminate this provision as to Federal employees but to provide that the disqualification would continue for ex-servicemen. This proposal is considered necessary in order to equalize the rights of ex-servicemen and Federal employees regarding unemployment compensation.

Cost figures are not available but present budget estimates for this program are considered to be adequate to meet the nominal costs expected to result from its enactment.

(*b*) *Assignment of wages for Federal employees for unemployment compensation purposes under title XV of the Social Security Act.*—To amend section 1504 of title XV of the Social Security Act to provide that assignment of wages for Federal employees shall be to the State in which the claimant first files his claim for unemployment compensation after his most recent discharge or release from Federal service instead of the State in which he had his last official station in Federal service. The proposed procedure would be the same as that provided for the assignment of wages for ex-servicemen under section 1511 of title XV of the Social Security Act.

The 3 years of experience in the payment of unemployment compensation to ex-servicemen has demonstrated the advantage of this method of assignment. This proposal is considered necessary to equalize the rights of Federal employees regarding the filing of claims for unemployment compensation with those of ex-servicemen.

No cost is estimated with respect to this proposal. Higher benefits which may be drawn by some Federal employees who switch States will probably be offset by other Federal employees who file in lower benefit States than would be permitted under existing law.

12. *Protection of law enforcement employees of the Department of Labor.*—To give added protection to Department of Labor employees assigned to perform investigative, inspection, or law enforcement functions by amending section 1114 of the U.S. Criminal Code and by reference, section 111, to make it a Federal crime to assault or kill a Department of Labor employee performing these functions.

This proposal would give the same protections to law enforcement officers and employees of the Department of Labor as is now given to those of other departments performing similar work. Inspection and investigation operations of the Department have been increased by the Labor Management Reporting and Disclosure Act and by the 1958 amendment to the Longshoremen's and Harbor Workers' Compensation Act giving the Secretary of Labor authority to make and enforce safety standards in employment covered by that act. The number of Department employees, therefore, who have recourse only to State laws for redress of willful physical violence sustained because of Federal law enforcement activities is on the increase and the problem of their safety is magnified.

Reference is made to copies of this proposal by the Department (and explanatory statement) cleared by the Bureau of the Budget on January 10, 1961.

No costs are expected to be incurred by the Department of Labor as a result of the enactment of this proposal.

13. *Servicemen's reemployment rights for probationary employees.*—To amend section 9 of the Universal Military Training and Service Act to make it clear that employees who leave employment while in a probationary status to enter active duty in the Armed Forces will have the same reemployment rights as other employees.[1]

The proposal would give statutory support to the position of the Department interpreting the pertinent statute with respect to the rights of probationary employees.

The proposal was submitted to the Bureau of the Budget during the last session of Congress. It was cleared on August 12, 1961, after a provision was added at the request of Civil Service and the Bureau of the Budget, eliminating superseniority of ex-servicemen returning to Federal service. The bill was submitted to both Houses of Congress and introduced in the House as H.R. 8764.

The Director of the Bureau of Veterans' Reemployment Rights of the Department testified before the House Armed Services Committee on August 22 in support of the proposal and another unrelated Department of Labor proposal, H.R. 8765. The latter bill was reported by the committee and enacted as Public Law 87–391. It provided for an extension of the length of military service limitation with respect to reemployment rights for certain ex-servicemen.

The House committee failed to act on H.R. 8764 because, we were informally advised by the House committee staff, the committee was in disagreement as to the effect of the superseniority provision for Federal employees and there was not time to resolve the issue before the close of Congress.

[1] Administration proposal introduced in first session.

The proposal has not been introduced in the Senate.

The Department considers the adoption of the pending measure of importance to the reemployment rights program.

14. *Enabling legislation for ILO conventions Nos. 68, 69, and 73 dealing with seamen.*—To implement ILO convention No. 68, food and catering for seamen; convention No. 69, certification of ships' cooks; and convention No. 73, medical examination for seamen.

These three conventions were adopted by the ILO in 1946. In 1952 Congress gave its consent to ratification but ratification has never been carried out by the President pending the enactment of implementing legislation.

Legislation to implement these conventions was introduced in the 81st Congress (1949) and reported favorably by the Senate Committee on Interstate and Foreign Commerce but no further action was taken.

Reference is made to copies of proposals on this subject by the Department (and explanatory statement) cleared by the Bureau of the Budget, January 17, 1961.

No costs are expected to be incurred by the Department of Labor as a result of the enactment of these proposals.

PART III—PROPOSALS UNDER CONSIDERATION

1. *Unemployment compensation—repayment of advances to States under the Temporary Unemployment Compensation Act of 1958 and title XII of the Social Security Act.*—Proposals are being considered to mitigate the tax burden which may result from the obligation of certain States to repay currently outstanding advances to them under the 1958 Temporary Unemployment Compensation Act and title XII of the Social Security Act.

When a proposal is formulated, it will be submitted to the Budget.

PROGRESS REPORT OF THE DEPARTMENT OF LABOR, 1961

Secretary GOLDBERG. I have tried to review in my report our activities of last year. I have highlighted some of them. I don't want to take your time to review them all.

I have prepared for the President a year-end report on the Department of Labor activities which I would like to make available to the committee and offer for the record.

(The report is as follows:)

THE U.S. DEPARTMENT OF LABOR 1961: A PROGRESS REPORT

The primary task of the U.S. Department of Labor during 1961 has been to implement President Kennedy's concern over the immediate and short-term problems which faced U.S. working men and women at the time the administration took office, while at the same time assisting in the President's program of legislative action, in a concerted attack on the basic economic problems which face the Nation.

We are glad to join with others in reporting that our economy is once more showing its traditional capacity for growth. In both October and November there were more people at work than in any other autumn in our history—an average of more than 67½ million people. Personal income in November was at an annual rate of $429 billion, 6 percent more than a year earlier.

Despite this sharp recovery, prices have remained relatively stable. Wholesale prices in November were actually lower than a year earlier and consumer prices advanced over the year by only 0.7 percent, the smallest increase for a comparable period since 1955. Thus, the purchasing power of the average factory worker was 6 percent greater in November than a year earlier and a full 30 percent greater than the average for 1947–49. Per capita purchasing power reached a new high in the third quarter of 1961, and continued to expand in the last quarter.

On the debit side, the stubborn problem of unemployment is still with us. Nevertheless new programs have been initiated and others are awaiting action by Congress—programs which are designed to attack the basic causes of unemployment. The Department of Labor is primarily concerned with the labor force itself. Are our working men and women qualified for the skilled jobs of the future? How many of our younger workers are unemployed because of inadequate skills? How many older workers are unemployed because of outmoded skills? How many

workers are unemployed or impeded from advancing in employment because of discrimination based on race, religion, nationality, sex, or age? These are basic questions which must be answered if we are to achieve full utilization of our labor force. During 1961 the U.S. Department of Labor has attempted to answer these questions and suggest solutions to the problems they raise.

The Department has been concerned with the promotion of labor-management peace, the passage of needed labor legislation, and administrative improvement within the Department of Labor itself. Listed below are some of the more signficant achievements within the Department's area of responsibility during 1961.

I. MAJOR NEW POLICIES AND ACTIVITIES OF THE DEPARTMENT OF LABOR

A. *Employment*

1. *Automation.*—On April 20, 1961, there was established within the Department an Office of Automation and Manpower. This is the first time there has existed in the Government an operational unit dealing with the employment problems created by automation and other technological developments.

2. *Equal employment opportunity.*—President Kennedy, on March 6, 1961, established the President's Committee on Equal Employment Opportunity. This Committee is charged with responsibility for insuring that all Americans will have equal access to employment within the Government, and with those who do business with the Government. Vice President Lyndon B. Johnson was named Chairman of the Committee and the Secretary of Labor, Vice Chairman. The work of the Committee has been carried on by the Committee staff, with the assistance of the Department of Labor, under the direction of Assistant Secretary of Labor Jerry R. Holleman, Executive Vice Chairman of the Committee. Under the Vice President's leadership, the Committee has already achieved success in opening up employment opportunities for minority groups in Government and in work on Government contracts. A number of large defense contractors have signed pledges to provide equal employment and advancement opportunity for workers of all races and creeds, and an improved atmosphere for equality of opportunity has been created throughout the Nation.

3. *Youth employment.*—The President established a President's Committee on Youth Employment, headed by the Secretary of Labor, to being the Nation's attention and resources to bear on the vital national problem of out-of-school and out-of-work youth, which has been described by the Committee's distinguished Vice Chairman, Dr. James B. Conant, as "social dynamite." The Committee is actively at work seeking means to help our 1 million unemployed young people.

4. *Employment of women.*—The President has established a President's Commission on the Status of Women, headed by Mrs. Franklin D. Roosevelt. Using the facilities of the Labor Department under the direction of Assistant Secretary of Labor Esther Peterson, its Executive Vice Chairman, the Committee is studying and will report on policies and practices affecting the employment of women.

5. *Employment statistics.*—In order to insure that the public may have complete confidence in employment and unemployment statistics of the Government, the President, on the recommendation of the Secretary of Labor, has appointed a committee to review the statistical methods employed in figuring the number of the employed and unemployed. The committee will make recommendations for any improvements which its study may indicate will be helpful.

B. *Labor peace*

Under the direction of the President the agencies of Government concerned in the labor-management area have taken a number of steps to promote industrial peace. Partly as a result of this action, during 1961 the United States enjoyed its greatest period of industrial peace since the end of World War II. Only one-seventh of 1 percent of all estimated working time of all nonagricultural workers was lost because of strikes. The number of strikes and the number of man-days lost to them were both at postwar lows.

In its activities the basic philosophy of the administration has been to preserve collective bargaining, not to intervene by dictating the terms of settlement but to use the good offices of the Government to help avert or end strikes. The Department of Labor in this activity has worked in close harmony with the Federal Mediation and Conciliation Service and the National Mediation Board, whose basic jurisdictions in these areas has been preserved. These agencies have made an outstanding contribution in preserving labor peace and will report separately on their accomplishments. The activities of the Secretary of Labor have been limited to those relatively few situations where his good offices have been requested by the parties themselves and by the appropriate Government agency to

help effectuate a mutually acceptable settlement in specific labor disputes. Most of the Secretary of Labor's activities have been in the transportation area, which has always been recognized as vital to the Nation's health and safety.

A new era in labor-management relations at missile and space sites had been inaugurated. The President's Missile Sites Labor Commission has been created, chaired by the Secretary of Labor with the Director of the Federal Mediation and Conciliation Service, William E. Simkin, as vice chairman, and a no-strike, no-lockout pledge has been obtained for missile and space programs. The overall record of labor since the activation of the Commission reflects a gratifying measure of accomplishment. The cumulative lost time from June through November 1961 (approximately 4,260 man-days) as related to the man-days worked (approximately 7,126,000) is 0.06 percent. This represents 4.4 percent of the average time lost at missile sites during the 57-month period prior to March 31, 1961, and only 11 percent of the average time lost in the construction industry in the United States during this same period.

The President's Advisory Committee on Labor-Management Policy was created by Executive order of the President on February 16, 1961. It was assigned responsibility for studying and advising the President with respect to policies which will promote free and responsible collective bargaining, industrial peace, sound wage and price policies, higher standards of living, and increased productivity. The Committee has met regularly, and is preparing specific policy proposals in a number of areas. The Committee will deliver its first report—on the subject of automation—to the President at its next meeting on January 11–12, 1962.

The President established a Task Force on Employee-Management Relations in the Federal Service. This group carefully studies the subject assigned to it and on November 30, 1961, submitted to the President a report recommending a constructive, forward-looking program of employee-management relations within the Federal establishment keyed to current needs. The President will implement the task force recommendations by Executive order, thus providing an effective system for developing improved employee-management relations within the Federal establishment.

Secretary Goldberg on November 9, 1961, established an Office of Labor and Management Services. This Office, created for the first time in the Department of Labor, will coordinate and improve the services which the Department renders to employers and workers.

II. MAJOR NEW LEGISLATION

A. *The Temporary Extended Unemployment Compensation Act of 1961.*—Ih the the depths of the recession, millions of our workers exhausted their rights to unemployment insurance benefits, which are payable for only a certain number of weeks. When faced with the same problem in 1958, the Congress enacted a program which in effect turned the burden of decision to the States. This year, the President's proposals asked for an acknowledgment of the national character and national responsibility of the problem. Every State participated in the program that was passed. As of November 30, 1961, 2.3 million persons had filed claims and $523 million in additional unemployment insurance payments had been made under this act.

B. *The Fair Labor Standards Act.*—For the first time since the act was passed 23 years ago, millions of workers were given the protection of the Federal minimum wage law at the same time that the amount of the wage was increased, in steps, to $1.25 an hour. The Fair Labor Standards Act of 1961 reversed the long-standing policy of stabilizing or decreasing coverage under the act whenever the minimum wage itself was increased. The result has been an increase of $175 million in the pay of workers covered by the act during 1961, and $536 million annually in the future. These are high velocity dollars which got immediately into the economy.

C. *Additional position of Assistant Secretary of Labor.*—Public Law 87–137 permitted high-level recognition of the importance of women in the labor force. Mrs. Esther Peterson, director of the Department's Women's Bureau was appointed by President Kennedy to serve in the new Assistant Secretary of Labor position. The Department is proud to have the highest ranking woman in the executive branch of the Federal Government.

D. *Armed Forces reemployment rights.*—Public Law 87–391 clarifies and reenforces the reemployment rights of members of the Armed Forces under the Universal Military Training and Service Act by permitting an additional 4-year period of service for reemployment rights for active duty performed after August 1, 1961.

Other major legislation nearing enactment includes:

A. The Manpower Development and Training Act of 1961 is designed to deal with the problems presented by the large numbers of unemployed workers who cannot secure full-time employment without retraining, as well as the need to upgrade the skills of workers so they will be qualified for the types of jobs that are and will be available in our highly advanced industrial society. The bill will develop new and accelerated training and retraining programs of on-the-job training and vocational education. It authorizes Federal payment of a minimum level of income for a maximum period of 52 weeks to certain persons while they are undergoing training. The bill passed the Senate and was reported favorably by the House Labor Committee.

B. The Welfare and Pension Plans Disclosure Act amendments will strengthen the act and thus safeguard the interests of 80 million beneficiaries of these plans.

C. The Youth Employment Opportunities Act of 1961 is intended to develop through the use of different kinds of pilot programs methods for assuring that our young people will find useful employment that they are equipped to carry out. The bill provides on-the-job and related training, including classroom instruction; public-service and public-works employment and training; and a camp-oriented Youth Conservation Corps.

D. The Employment Security Amendments of 1961 will extend protection of the unemployment insurance program to more than 3 million additional workers, establish a permanent Federal program of additional unemployment compensation to workers who have exhausted all benefit rights, increase the taxable wage base, provide for equalization grants to States, establish Federal requirements with respect to weekly benefit amount, and provide that compensation not be denied to a person solely because he is taking training to which he was referred by a State agency.

E. The administration's proposals for improvement of the migratory labor situation were addressed to a long neglected social and economic problem. Unlike previous years, all Government agencies concerned supported administration bills to require registration of crew leaders moving in interstate commerce, to eliminate employment of young children in agriculture, to authorize the Secretary of Labor to undertake new and stronger means of recruiting and moving underemployed U.S. workers to employment on U.S. farms, to establish a National Citizens Council on Migratory Labor, and to improve the health, welfare, education, and housing of migrants. The Senate passed S. 1123, child labor in agriculture; S. 1124 and S. 1125, education of migrants and their children; S. 1126, registration of crew leaders; S.1130, grants for health services to migrants; and S. 1132, National Advisory Council on Migrant Labor.

F. The administration's equal pay bill prohibits discrimination on the basis of sex in the payment of wages by employers having employees engaged in commerce or the production of goods for commerce. Such employees must be paid equal pay for comparable work regardless of sex.

III. SPECIAL ACHIEVEMENTS IN DEPARTMENTAL PROGRAMS

A. *Discrimination.*—All discrimination in employment and promotion of Department of Labor personnel on the basis of race has been eliminated. Negroes have been appointed to high positions within the Department, including Assistant Secretary of Labor.

B. *Davis-Bacon Act.*—In the year 1961, there has been vigorous enforcement of the Davis-Bacon Act and related laws dealing with labor standards on Federal and federally assisted construction projects. The number of wage determinations issued has exceeded 46,000, a new record and 10 percent above the high of the previous year. The Department instituted more than 1,500 cases, also a new high and 25 percent above the previous year. Restitution was approximately $300,000 for more than 2,700 employees. The number of 8-hour-law penalties assessed was more than twice as high as the preceding year and the number of firms and individuals blacklisted under the act was up 50 percent.

C. *Minimum wage law enforcement.*—Enforcement operations under the Fair Labor Standards Act were also highly effective. Approximately 42,000 establishments and were investigated during 1961. The amount of underpayments found was $30½ million; the highest amount found due since statistics on this were recorded in 1946. Employers agreed to make payment of approximately $14½ million.

D. *Walsh-Healey Public Contracts Act.*—The Secretary of Labor took steps to speed up and improve minimum wage determination procedures under the Walsh-Healey Public Contracts Act. The changes dramatically reduced the timelag in

surveying an industry and determining its prevailing minimum wages. In the past, the timelag averaged between 2 and 3 years and sometimes ran as long as 4½ years. The new procedures are expected to shorten this period to less than 1 year.

E. *Public employment service.*—At the direction of the President the services to job applicants registered with the U.S. Employment Service and affiliated State employment security agencies have been expanded and improved. The administration's support and the additional funds allocated by the Congress have provided workers and employers of the Nation with a more fully staffed, better equipped, and highly efficient network of 1,800 public employment offices. Placement services for workers have been realined to meet the needs of all workers and employers. Toward this end special-purpose placement offices are being established in metropolitan areas to service such segments of the labor force as professional, managerial, and technical workers; sales, service, and trade occupations. The Bureau of Employment Security and the affiliated State agencies have embarked upon a program of vastly increased testing, counseling, and placement activities for young people who are out of school and out of work. To coordinate and intensify this expanded program for youth, the Bureau of Employment Security has created a new National Youth Employment Service, and regional youth service representatives are being designated to work with the States.

F. *Area Redevelopment Act.*—The Area Redevelopment Act passed by the Congress in 1961 has a provision under which training programs are instituted in depressed areas in order to provide opportunities for workers to acquire the skills necessary to fill jobs. The Department of Labor has been actively involved in developing these training programs. So far programs underway that have been approved by the Department are providing training opportunities for over 3,000 workers in both industrial and rural areas. The experience of the Department so far with this program reinforces the conviction that while training and retraining does not answer all the problems of the unemployed it is an important aspect of economic recovery that demands added attention on the part of the American people.

G. *Labor-Management Reporting and Disclosure Act.*—The Bureau of Labor-Management Reports has completed the most active period in its 2-year existence with vastly increased activity in the twin areas of compliance and enforcement of the LMRDA. Over 98 percent of all violations of the act uncovered by Bureau investigative activities during fiscal year 1961 were corrected voluntarily, without recourse to litigation. During the same period, 33 court actions were initiated against persons and organizations violating the terms of the law. The Bureau also has pursued a constantly increasing program of technical assistance and education directed at achieving the maximum in voluntary compliance.

IV. COLLECTIVE BARGAINING

It is obvious that the Department of Labor has primary concern in the state of collective bargaining in the country.

In a special editorial prepared for the January 13, 1962, issue of the Saturday Review, commenting on the challenges and opportunities facing collective bargaining, Secretary Goldberg said:

"There is increasing reason for American labor and management to acknowledge and provide for the public interest in their relationship—and increasing cause for confidence that they will do so.

"A fundamental characteristic of the labor-management relationship is that it responds, often more quickly than is realized, to changes in economic life. Further, public policy adjusts for its part to new circumstances that require new accommodations of the general welfare.

". . . it is becoming clear that we are entering an era in which both the labor-management relationship and public policy face the kind of rapid change that in turn changes them.

"The weight of change is felt on the bargaining table in increasing measure. Almost every bargaining session in recent years has reflected to some degree the increasing mechanization of industrial processes, the accelerating shift in occupational balance toward the highly skilled and white-collar jobs, the geographic movement of industry, and, most importantly, the job security of those most closely affected by these changes.

"We have seen the scope of bargaining widened since the war from proposals dealing almost exclusively with wages and hours and conditions to the establishment of hospitalization, retirement, supplemental unemployment insurance and other benefits, and beyond these to the concept of the job as property and a man's stake in his employment as similar to a property right.

"Collective bargaining has, on the whole, served its participants well, and will remain the basic mechanism by which parties to an enterprise freely determine the rewards of their effort.

"This democratic institution now faces challenges of a profound nature. These spring from the economic realities of the world around us, characterized by three vast forces: the new economic unity of Europe, which presents us with the need for a decision that may change the course of our history, however we make it; the developing power of the Communist economic world and the use of that power to serve political purposes; and the struggle of new nations to accumulate capital, develop their manpower, and lay the base for an active economic role in world affairs.

"In the light of these forces, the labor-management relationship in America finds itself inextricably involved with the national welfare, to a degree unprecedented. For example, there is no question in my mind that American industry must automate and increase its efficiency, and workers and managers alike must undertake every reasonable effort to step up productivity. The challenge of world markets, especially the Common Market, will shake out the inefficient and the laggard. The test of collective bargaining in this area is how to provide for the best conditions in which a partnership for efficiency can exist, and at the same time provide for the sometimes profound human problems of adjustment that will arise.

"Another example of the impact of national interest upon labor and management bargaining is in the wages and prices area. Our commitments for defense and aid in the world, along with resurgent economies elsewhere, have presented us with a balance-of-payments problem that requires close and calm attention. At the same time, the soundness of the dollar is a precondition for economic growth that is meaningful and not merely a reflection of inflation. In general, overall economic gains by labor and management must be paralleled by increases in productivity. Price stability, for its part, is plainly essential to the success of our policies. There is no question we can earn what we need and want in America.

"The goals before us are, I think, clear:

"To prevent inflation and maintain price stability:

"To increase productivity so that labor, management, and the public can all rightfully share in the fruits of progress;

"To remain competitive in world markets;

"To exert our economy to achieve a rate of growth that will provide the means for meeting our domestic and international needs.

"The attainment of these goals is clearly in the national interest. The implications for labor and management seem equally clear, especially in terms of the abandonment of restrictive policies that impair efficiency and in the exercise of statesmanship in meeting the social consequences of change and in the formulation of wage and price policies.

"All of these challenges are also opportunities; change brings not only problems but promises. I am confident as I have always been in the wisdom of freemen. And I believe we are beginning to move forward together in a great common effort in which private policy and public policy both serve the ultimate purpose of the survival and success of freedon."

CONCLUSION

The experience of the Labor Department during 1961 in meeting its statutory obligation to "foster, promote, and develop the welfare of the wage earners of the United States" gives every indication that we can look forward confidently to a further vigorous improvement in our economy. Employment and personal income both rose to new highs during 1961 and the unemployment situation which troubled us throughout the year has improved significantly.

Every indication is that we can confidently look forward to a continued economic rise in the economy throughout 1962. We will continue to set job records in the immediate months ahead. An important aspect of the improvement thus far is that we have had a remarkable stability in prices so that the workingman has not paid in inflation for the improvement in his economic condition.

In this regard it is tremendously important that both labor and management bear in mind that a recovery can be impeded by lack of restraint with respect to both prices and wages during crucial months.

We need sound collective bargaining; we need sound and responsible price and wage policies with respect to American industry and American labor. While we look forward to improvement in the employment situation, nevertheless, we must also be conscious of the fact that our unemployment situation, though significantly

improved, is still not satisfactory. We have too many of our people out of work. We owe the continuing obligation to them to restore to the maximum extent practicable, full employment so that all people who are willing and able to work can find a job. And it is the determination of this administration, in cooperation with labor and management, to afford job opportunities to all Americans. This must be our goal for the new year.

Area Redevelopment Program

Secretary Goldberg. One of the reports made which will be of great interest to you is what we have done under your authorization, on the Congress' authorization generally, in the training under the Area Redevelopment Act.

There have been confusing newspaper reports about this which have not been accurate.

Mr. Denton. What has been the trouble with that program? There seems to be so much difficulty getting it underway.

Secretary Goldberg. Really there has not been any trouble with it. That is why I want to talk about it.

Mr. Denton. I have about six counties in may district which are so-called depressed areas. I haven't seen any activity yet.

Mr. Fogarty. I might say the same thing about Rhode Island. There is not much happening any place in New England.

Mr. Denton. You have to get some person first to make an overall program. In some of those counties it is hard to find someone to do this.

Mr. Laird. The first county to come under that program is in my congressional district.

Mr. Denton. I thought it was in mine. It hasn't done them any good yet.

Secretary Goldberg. Let me say a word about that. First of all, it is true that by the time the program was enacted and the appropriation was available, considerable time elapsed. We couldn't get started on this until late last year. That is understandable because the money has to be made available and appropriations weren't available until September 30, 1961.

Secondly, we are not free—this is very important to know—to proceed with a training program unless there is an area redevelopment plan for the area. It must be a whole plan, of which training is a part.

TRAINING PROGRAM

So you are limited. We don't have a statutory authority where we could move right in and develop training programs which permit the payment of training allowances.

I want to say to you, however, that once there is an economic development program, the training part of it has been proceeding with great speed. In a relatively few months since it has gotten underway, we have approved 27 projects in Connecticut, Maryland, Massachusetts, Mississippi, New Jersey, Pennsylvania, Rhode Island, Tennessee, and West Virginia, involving 4,092 trainees.

We have 62 courses. We have 41,613 training weeks. We provided for additional training facilities, for which we paid $812,976. We provided for subsistence payments of $1,200,225; and employment security services, $248,510.

We have now under review a considerable number of projects received from 21 States: Alaska, Arkansas, California, Illinois, Indiana, Maine, Maryland, Michigan, Minnesota, Missouri, Montana, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

There are 38 projects in those areas involving 6,221 trainees. These have been received or are being processed.

If we act favorably upon these, we will be out of the administrative money which was available under the last appropriation; and we will have to come in on the deficiency appropriation.

What has actually happened is that, once you get these projects developed—and under the statute the first initiative must be by the local people—then we can move pretty rapidly.

I have a report—and it is the first time we have rendered a report under this statute; I thought we ought to make it to you—which indicates what has been done, the type of projects that people are being retrained for. It is very interesting to see the types of——

Mr. DENTON. I think two of those are in my district, but they haven't started yet.

Mr. FOGARTY. You have talked about a program as far as the money will go. What about the rest of the fiscal year? Do you have any projection for the rest of the fiscal year?

Secretary GOLDBERG. Of this fiscal year? You mean fiscal 1962?

Mr. FOGARTY. Yes.

Secretary GOLDBERG. We cannot tell you yet until we pass upon these pending projects. We may have to come back for further money to carry out the rest of this fiscal year. It looks very good now. It has been very hard to get this going. It is a new program—particularly as part of a general area redevelopment program. That is our difficulty.

Mr. DENTON. Of course this isn't your part, but I thought my county had a project and then found it was in community facilities. I think I had a $10 telephone bill, and finally the Government turned it down.

It came back to area redevelopment, and so I came back to Washington to find out where it was, and it was back in community facilities again.

On another one, I wondered where it went to, and it went to small business. It looks as if they just pass them from one place to another.

JOBS FOR RETRAINED WORKERS

Secretary GOLDBERG. I cannot, of course, answer for those agencies. I can say one thing for ours. Our experience here demonstrates that you can train people and get them jobs. That is the experience we have had under this statute.

Mr. FOGARTY. That was going to be one of my questions, because many people say, "Why spend a lot of money on retraining people if there are no jobs for them?"—especially in areas like Rhode Island where there are so many textile people out of work.

Secretary GOLDBERG. I have a report which Dr. Wolfbein will talk about in greater detail.

Mr. FOGARTY. I want to make sure that that is in the record because I have had that question asked of me several times. I want some proof that when you do retrain people, they can find jobs.

REPORT OF DEPARTMENT OF LABOR ON PROGRAM

Secretary GOLDBERG. The proof is here in the record. I would like to offer this report. That is my one report. We have copies available.

Mr. FOGARTY. I think we should put it in the record.

Secretary GOLDBERG. Dr. Wolfbein will testify in detail on that.

(The report follows:)

REPORT ON DEPARTMENT OF LABOR ACTIVITIES IN THE AREA REDEVELOPMENT PROGRAM, MAY 1–DECEMBER 31, 1961

I. INTRODUCTION

The enactment of the area redevelopment bill in May of last year has confronted the Department of Labor with new opportunities and new tasks. Some of the responsibilities are related to work that the Department has been doing; others are relatively novel.

Among the functions assigned to the Department are: (*a*) factfinding with respect to the eligibility of areas for assistance under the act, (*b*) determining training needs and selecting candidates for training, (*c*) paying training subsistence benefits, (*d*) developing manpower aspects of overall economic development programs for designated areas, (*e*) providing technical assistance on labor market and manpower problems.

In connection with all of these activities, a great deal of preparatory work was involved. New policies, regulations, and procedures had to be developed; staff and organizational adjustments were necessary; field personnel had to be trained—to mention only a few. Despite these "tooling up" requirements, the accomplishments of the Department were considerable in the short time between the passsage of the act and the end of the year.

II. DESIGNATION OF AREAS

Between May and December 1961, the Secretary of Labor recommended that 446 areas experiencing substantial and persistent unemployment be designated as eligible for assistance under the criteria of the Area Redevelopment Act. One hundred and twenty-one of these areas have a work force of 15,000 or more; the others are very small areas whose work force numbers less than 15,000. Together these 446 areas in 41 States and territories account for a work force of 9,747,500 and unemployment exceeding 854,700. The combined unemployment rate in these areas in late 1961 was 8.8 percent compared with 6.7 percent for the country as a whole. One-third of the designated areas are concentrated in four important mining States—Kentucky, West Virginia, Michigan, and Pennsylvania.

In addition to the areas of substantial and persistent unemployment recommended by the Department of Labor, the Area Redevelopment Administration also designated 513 low income rural areas and Indian reservations on the basis of recommendations by the Departments of Agriculture and Interior.

A great deal of work and resources in the States and local areas underlay the Department of Labor's recommendations for area designations. One of the first tasks involved the identification of labor market areas. To properly define the boundaries of these labor market areas, it was necessary to conduct studies of workers' commuting patterns in almost 2,000 counties. Once area boundaries were fixed, the history of unemployment in the area over a 4-year period was reviewed to determine its eligibility as a "redevelopment" area. Seven hundred and forty-two of such reports had been prepared. These local reports on commuting patterns and eligibility were then validated by Department personnel.

The Bureau of Employment Security has initiated a system for classifying the 446 areas of substantial and persistent unemployment on a monthly basis. Three hundred and twenty-five of these areas had not previously been covered by the classification program.

III. OVERALL ECONOMIC DEVELOPMENT PROGRAMS

Before areas which have been designated as eligible can receive specific assistance, they must first prepare an OEDP and have it approved by the Area Redevelopment Administration. State and local employment security offices have provided technical assistance to 379 local groups and received 82 OEDP's prior to their submittal for approval. Field staff of the Bureau of Apprenticeship and Training have served as consultants or members of 83 local OEDP committees.

In Washington, the Department of Labor has also reviewed 49 plans in terms of their manpower and training implications and has developed an OEDP manpower guide list for use in assisting localities to prepare development programs.

IV. TRAINING

One of the major approaches to the economic rehabilitation of a redevelopment area is the training of unemployed and underemployed persons. Such training is essential, not only to replace occupational skills rendered obsolete by advances in technology, but also to supply new or expanding industries with the kinds of skills they need. This is a responsibility that the Department of Labor discharges in cooperation principally with the Department of Health, Education, and Welfare.

There are several prerequisites for the approval of a training program. First, the area must be designated as a "redevelopment" area; second, the area must have an approved OEDP. In addition, agreements have to be worked out between the Department of Labor and the appropriate State agencies to administer parts of the program. As of the end of the year, this has been done with 16 States.

Even after these "hurdles" are negotiated, there is a great deal of leadtime required before a specific training program gets underway. Although time consuming, these preparatory steps are essential. They help insure: that the most effective use of public funds is made; that the training given will lead to jobs; that the selection of trainees is carefully made; and that there is grassroots support and participation in the program at the local level. In the latter connection, the end of 1961 saw 96 local training committees and 12 State committees functioning. Personnel from both the employment security system and the Bureau of Apprenticeship and Training were active on these committees. Two-thirds of the local committees are in Pennsylvania, Michigan, and Illinois.

The success of the training program will be measured mainly by the proportion of trainees who are employed in occupations for which they have been trained. Unless there is a reasonable expectation that jobs will be found for graduate trainees, the program will merely create a more highly skilled group of unemployed and, in the process, compound their frustrations. Surveys of training needs provide a method for identifying and measuring the occupational shortages in labor market areas. About 200 such training needs surveys have been conducted so far; some very comprehensive, others quite abbreviated. Half of the surveys were concentrated in Pennsylvania, West Virginia, and Illinois. However, one or more surveys were made in all but 14 States.

After the training occupations had been identified, procedures for the interviewing, testing, counseling, and referral of trainees were developed as well as regulations for the payment of allowances to trainees. On the education side, vocational education facilities must be tooled up. In 12 States, joint sessions between Department of Labor personnel and vocational education staffs have been held. Finally, the training proposal must be reviewed by the Departments of Labor and Health, Education, and Welfare.

Despite the considerable time required to "make ready," 44 redevelopment areas submitted some 56 training proposals to the Department of Labor which proposed training for 7,806 workers in 43 different occupations. Although 19 States submitted training programs, 6 States—West Virginia, Pennsylvania, Maryland, Mississippi, Rhode Island, and Connecticut—accounted for three-quarters of all the trainees involved.

Twelve of the fifty-six programs submitted were approved; the others are still pending. The approved programs will accommodate 1,722 trainees in four States—West Virginia, Pennsylvania, Connecticut, and Rhode Island.

By the end of the year, about 470 trainees in five States had been tentatively selected for training. Seventy percent of them had already started classes.

A review of the 470 trainees tentatively selected for 12 occupations indicates that a majority of them were preparing for jobs in production industries. Machine tool and knitting machine operators were the most significant occupations. However, about 40 percent of the trainees were enrolled in courses associated with the service industries; stenographers, typists, auto mechanics, and small appliance repairmen are examples of these.

The prospective trainees were divided almost equally between men and women; with a slight edge in favor of the women.

About two-thirds of the selectees were between ages 20 and 44. Of the remaining one-third, 21 percent were under 20 years old and 12 percent were over 45 years of age.

Most of those going into training—85 percent—had the benefit of some high school education. Twelve percent had only 8 years of schooling or less. Very few, 3 percent, had gone beyond high school.

Reflecting the Department of Labor's policy to give preference to training the hard-core unemployed, a very substantial proportion of the trainees—42 percent—were selected from those that had been out of work for a half year or more. Almost half of this group had been jobless for over a year. Eighteen percent had been unemployed for fewer than 5 weeks.

Since the 470 trainees selected are only the vanguard of a much larger group to be trained, their characteristics may not be representative of all those who will be chosen for ARA training.

The experience gained in 1961, although limited to 12 approved projects, suggests the value of the training programs. Even in areas with substantial labor surpluses, jobs go "a begging" for lack of persons with the right kinds of skills. Occupational training, carefully identified, can be the instrument to correct the manpower imbalance.

It is also clear that the training programs will span a wide range of occupations—on farms as well as in industry—in service jobs as well as production work. Of course, the 16-week maximum for training courses limits the kind of training that can be offered. Thus many of the machine tool and mechanics' courses are designed to provide introductory skills rather than to turn out fully trained journeymen. However, they do provide an opportunity for the Bureau of Apprenticeship and Training to follow up this "entry training" with more comprehensive programs.

The wide variety of occupations results in a great difference in the number of weeks of training provided, ranging from 3 to 16 weeks. Similarly, the number of persons to be trained in each occupation varies considerably.

V. INFORMATIONAL ACTIVITIES

At least 664 interested groups were contacted by the State and local employment security offices to provide information or services in connection with the ARA program. Staff of the Bureau of Apprenticeship and Training participated in 153 informational meetings. Although concentrated in the eastern part of the country where most of the redevelopment areas are located, virtually all States have been involved in providing labor market data, assisting on ARA training and many other aspects of the area redevelopment program. In 640 instances, written materials were prepared in reply to inquiries.

Much of the informational activities involved the preparation of materials for radio, TV, newspapers, and magazines. In other instances, it involved contacts with planning commissions, community leaders, business, and labor representatives.

VI. PERSONNEL

State and local personnel, mainly employment security and Bureau of Apprenticeship and Training, in all except 12 of the States and territories spent time on ARA activities. Altogether about 2,000 persons spent the equivalent of 120 man-years. About half of these man-years were spent by State office personnel. The other half of the time was accounted for in local offices. States spending the greatest amount of time include Pennsylvania, Ohio, Illinois, West Virginia, Tennessee, California, and Minnesota.

VII. PROBLEMS AND SUGGESTIONS

Many of the problems reported from the field reflect the unique character of the area involved. Some, however, seem to be quite common.

Perhaps the most frequently mentioned difficulty is the lack of coordination and information among the National, State, and local levels of the numerous agencies involved in the area redevelopment program. In this connection, it has been suggested that a uniform guide or handbook be issued covering all operations under ARA and spelling out the function of all agencies and their State counterparts.

Some criticism was leveled at the 16 weeks limitation on training. It was pointed out many employers prefer to train their own employees when the skills involve short training periods. On the other hand, when higher skills are required, 16 weeks are inadequate to meet the needs in many skilled, technical, and semiprofessional fields of occupational shortages.

Several areas noted the lack of employment opportunities and questioned the need for training under such circumstances. To meet these problems, it was suggested that projects which will create employment be identified and initiated. The need for detailed job information in other areas of likely employment was also stressed.

And, of course, the lack of qualified personnel even in these labor surplus areas, was frequently mentioned.

Many of the difficulties cited are inherent in setting up any new and complex program involving several Government agencies. It is expected that they will be resolved as the program gets off the ground and more experience is amassed.

Some of the problems are inherent in the nature of the Area Redevelopment Act and their solutions must be sought in other legislative programs.

1. Summary of redevelopment area occupational training projects approved through Jan. 19, 1962, for training to be initiated in fiscal year 1962

State and area	Number of trainees	Number of courses	Number of training weeks	Estimated costs of local training projects		
				Additional educational facilities (HEW)	Subsistence (Labor)	Employment security activities (Labor)
Total, 27 projects	4,092	62	41,613	$812,976	$1,200,225	$248,510
Connecticut:						
Ansonia	200	2	1,100	15,700	41,000	9,985
Danielson	151	3	964	31,140	35,668	7,675
Bristol	95	2	560	15,300	20,720	6,635
Maryland:						
Cumberland	25	1	400	6,950	12,400	4,665
Washington County	240	2	3,840	35,128	119,040	14,670
Massachusetts:						
Fall River	32	1	512	17,203	18,944	4,990
Lowell	16	1	256	11,003	9,472	4,245
New Bedford	100	1	1,600	42,105	59,200	8,160
North Adams	14	1	224	4,190	8,288	4,150
Mississippi: Yazoo-Delta (16 counties)	1,200	1	9,600	205,256	230,400	46,400
New Jersey: Atlantic County	25	1	400	8,060	13,200	4,665
Pennsylvania:						
Johnstown	50	1	800	15,326	25,600	5,830
Pittsburgh (Donora)	10	1	60	1,860	1,920	3,830
Pittsburgh (Washington)	100	1	400	5,400	12,800	6,540
Pottsville	60	2	960	27,650	30,720	6,290
Pottsville (Ashland)	16	1	256	11,401	8,192	745
Sayre-Athens-Towanda	80	1	1,280	15,678	40,960	7,230
Scranton	216	3	3,456	48,600	110,592	13,565
Wilkes-Barre-Hazelton	90	2	1,290	17,189	41,280	7,490
Wilkes-Barre-Hazelton (Kingston-Nanticoke)	80	1	1,280	16,640	40,960	7,230
Wilkes-Barre-Hazelton (Pittston)	24	1	190	6,838	6,144	4,360
Rhode Island: Providence-Pawtucket	178	3	3,240	75,230	105,000	12,320
Tennessee: LaFollette-Tazewell-Jellico	110	5	1,760	32,610	42,240	8,630
West Virginia:						
Grant County	130	4	935	11,795	21,505	8,010
Harrison County	365	6	1,670	51,305	38,410	14,885
Huntington	325	7	3,000	50,000	69,230	15,675
Mingo County	160	7	1,580	33,419	36,340	9,640

2. Occupations and number of trainees in 27 approved ARA training programs, Jan. 19, 1962

Occupations: [1]	Number of trainees
Total, all occupations	4,092
1. Aluminum sash and door maker	10
2. Automobile mechanic	83
3. Automatic transmission specialist	94
4. Chemical operator	16
5. Draftsman	50
6. Electrician, ship	90
7. Electronic assembler	50
8. Electronic mechanic	168
9. Farm mechanic	20
10. Machine tool operator	881
11. Maintenance mechanic	20
12. Millman, woodworking	77
13. Nurse aid	120
14. Radio and TV service and repairman	25
15. Riveter, aircraft	250
16. Route salesman	30
17. Sewing machine operator	160
18. Sheet metal machine operator	40
19. Small appliance repairman	55
20. Stenographer	189
21. Tractor operator	1,225
22. Typist	215
23. Waiter and waitress	45
24. Ward attendant	100
25. Welder, combination	79

[1] In most of the skilled and technical occupations, the training provided is at the entry level for the job.

3. Characteristics of persons selected for ARA training, Jan. 17, 1962

Characteristics	Total		Male		Female	
	Number	Percent	Number	Percent	Number	Percent
Total number of trainees	1,175	100	704	60	471	40
Age:						
Under 20	196	16.7	110	15.6	86	18.2
20 to 34	590	50.2	388	55.1	202	42.9
35 to 44	235	20.0	122	17.3	113	24.0
45 and over	154	13.1	84	11.9	70	14.9
Education:						
8 or less	210	17.9	157	22.3	53	11.2
9 to 16	916	78.0	518	73.6	398	84.5
Over 12	49	4.2	29	4.1	20	4.2
Duration of unemployed (weeks):						
Under 5	161	13.7	95	13.5	66	14.0
5 to 14	214	18.2	167	23.7	47	10.0
15 to 26	210	17.9	127	18.0	83	17.6
27 to 39	124	10.6	73	10.4	51	10.8
40 to 52	69	5.9	44	6.3	25	5.3
Over 52	389	33.1	198	28.1	191	40.6
Never employed	8	.7	0	0	8	1.7

3a. Characteristics of Persons Selected for Training (a thumbnail sketch)

Substantially more men than women have been selected for ARA training. For the 1,175 prospective trainees, the ratio is 3 to 2.

About 70 percent of the selectees were between ages 20 and 44. Of the remaining group, 17 percent were under 20 years old and 13 percent were over 45 years of age.

Most of those scheduled to take training—82 percent—had the benefit of some high school education. Eighteen percent had only 8 years of schooling or less. Very few, 4 percent, had gone beyond high school.

Reflecting the Department's policy to give preference to training the "hard core" unemployed, fully one-half of the trainees were selected from those who had been out of work for a half year or more. More than a third of all trainees had been jobless for over a year.

In general, the women trainees tended to be older than the men, better educated, and out of work for a longer period of time.

4. Enrollment, Completion, and Placement of ARA Trainees, Jan. 17, 1962

State and area	Name of course	Number enrolled	Number graduated	Number placed		
				Total	By ES	By others
Total, all programs		36	32	17	14	3
Connecticut: Ansonia	Metal machine operator (entry).	16	16	12	9	3
West Virginia: Huntington	Nurses aid	20	16	* 5	5	0

* This class has just been completed. Additional placements are in process.

5. Number of trainees currently enrolled in ARA training courses, Jan. 17, 1962

State and area	Name of course	Number enrolled
Total, all programs		306
New Jersey: Atlantic City	Farm tractor operator	25
West Virginia:		31
Huntington	Nurses aid (2d course)	22
	Stenographer	18
	Appliance repairman	20
	Auto mechanic (automatic transmission)	
	Route salesman	12
Clarksburg	Riveter (aircraft)	20
Connecticut: Danielson	Outside electrician (entry)	10
	Machine tool operator (entry)	12
Rhode Island: Providence	Typist	78
	Auto mechanic helper	23
	Machine tool operator (entry)	35

6. ARA training courses scheduled to begin before the end of January 1962

State and area	Name of course	Number to be enrolled	Date
Total, all programs		30	
West Virginia:			
Petersburg	Sewing machine operator	20	Jan. 26, 1962
Huntington	Waiter and waitress	10	Jan. 26, 1962

Mr. FOGARTY. Go right ahead.

Secretary GOLDBERG. Mr. Chairman, if I may, Dr. Clague is here to give us his usual picture of the economic background. I will continue and complete my testimony and then call on him, if that is agreeable with you.

Mr. FOGARTY. Go right ahead.

INCREASES AND DECREASES IN 1963 BUDGET

Secretary GOLDBERG. I have sketched in a broad way the existing programs of the Department, the proposed legislation of the Department. I would like now to turn to the fiscal 1963 budget and make a few comments about this.

In terms of the total dollars requested to be appropriated for general funds for 1963, the estimate calls for $371 million less than was appropriated for 1962. This is largely because of nonrecurring items.

Mr. FOGARTY. Most of it in the Bureau of Employment Security.

Secretary GOLDBERG. The Temporary Unemployment Compensation Act— which will be tapering off. In our program itself, the net program increases are about $30 million, of which $7 million would require general fund appropriations and the balance would be derived from trust funds, mostly in the insurance accounts we have.

Mr. FOGARTY. What about the $7 million increase? What is that? Just give a short presentation on that.

Secretary GOLDBERG. We are proposing an increase in staff of about 670 positions, divided among 12 of our programs. This deals mostly, as is shown in the chart you have before you, with stepping up the activities of the Office of Automation and Manpower; with a small increase in the Bureau of Labor Management Reports, the Bureau of International Labor Affairs, the Office of the Solicitor because of our wage-hour, the Davis-Bacon Act requirements, the Bureau of Labor Standards, the Bureau of Veterans' Reemployment Rights, the Bureau of Apprenticeship and Training.

You gave us a good increase last time, which we put to very good use. I am very pleased with the progress that that Bureau has been making under Mr. Goshen.

Next is the farm labor program, where we are stepping up our compliance activities to protect the interests of the domestic laborers. The Bureau of Labor Statistics, which is being called upon increasingly, as Dr. Clague will tell you, for important statistics. The Women's Bureau, which we are anxious to improve; and a small increase for the Wage and Hour Division.

Mr. FOGARTY. What is that small increase for the Wage and Hour Division?

Secretary GOLDBERG. All we have here this year is a total increase of $458,000.

Mr. FOGARTY. How does that compare percentagewise to the increase in the appropriation at the time of the last increase in the minimum wage?

Secretary GOLDBERG. The last increase was very substantial, but we got from you an increase last year for the Wage and Hour Division, which has helped immeasurably to deal with our problems in this area.

Mr. FOGARTY. That wasn't much of an increase, compared to the additional work they have to do. It seems to have a harder time getting money than any other Bureau in your Department.

Secretary GOLDBERG. Maybe Mr. Hudson could supply something on that.

Mr. HUDSON. In 1959 we had 1,358 employees; this year we have 1,818.

RESERVE OF 1962 FUNDS

Mr. LAIRD. I notice that you don't intend to use all of the money we gave you.

Mr. HUDSON. This year we have in reserve $100,000 for Wage-Hour.

Mr. LAIRD. Did you ask the Bureau of the Budget for that reserve?

Secretary GOLDBERG. May I talk on this subject, because it is a subject close to my heart?

Mr. FOGARTY. This is something which has been bothering me for some few months, as you know. To get the record straight, I would like to ask some questions on reserves.

Secretary GOLDBERG. Yes. I was coming to that. I will be glad to talk generally.

Mr. FOGARTY. How many dollars of the 1962 appropriation have you put in reserve?

Secretary GOLDBERG. We have put into reserve in the 1962 budget, $4,849,068, of which the bulk was funds—$3,049,068—that we did not need for unemployment compensation for Federal employees and ex-servicemen.

Mr. FOGARTY. That $3 million isn't a forced saving, is it?

Secretary GOLDBERG. No; that just happened.

Mr. FOGARTY. That is an estimate, isn't it, a reestimate?

Secretary GOLDBERG. A reestimate. Also the same is true of the employees' compensation expenses. So you take those two figures, and it is $3,800,000 and an additional amount out of salary and expense items of $1 million.

Mr. FOGARTY. You took $50,000 out of the Office of the Solicitor.

Secretary GOLDBERG. Yes.

Mr. FOGARTY. Are they asking for more in 1963 than was appropriated in 1962?

Secretary GOLDBERG. Yes; but we were asked, if I may say so, Mr. Chairman—we were requested by the Budget Bureau—to make some economies. I want to say quite categorically, I didn't feel there were any economies that we really could make. The programs that you have authorized us to make in my opinion are absolutely indispensable. I so indicated to the Bureau of the Budget and to the President.

The reserves that we have made in our final settlement—I understand what the President was asking for. He want d to keep the deficit down as low as possible. I, of course, as a loyal member of the administration, felt that I should cooperate as much as possible.

Mr. FOGARTY. I didn't notice any press conference when you put these amounts in reserve. Did you hold a press conference?

Secretary GOLDBERG. No, I did not.

Mr. FOGARTY. Did you consult any committees of Congress?

Secretary GOLDBERG. I consulted with Mr. Hudson and my colleagues to see whether or not we could comply with the President's request without doing violence to what Congress had intended, and I think we did——

Mr. FOGARTY. You didn't consult any congressional committees?

Secretary GOLDBERG. No; at that point I did not.

HISTORY OF RESERVES

Mr. FOGARTY. Who suggested these reserves in the first place?

Secretary GOLDBERG. The recommendation in the first place was made by the Budget Bureau.

Mr. FOGARTY. When was that?

Secretary GOLDBERG. First, by the President, who asked for economies; and, secondly, by the Budget Bureau.

Mr. FOGARTY. When was that?

Mr. HUDSON. I first heard some rumors on this about the middle of September.

Mr. FOGARTY. Did the Bureau of the Budget give you any urging to establish specific amounts in reserve for specific appropriations, or was this all worked out from the beginning by you and your people?

Secretary GOLDBERG. The Bureau of the Budget made some recommendations to us.

Mr. FOGARTY. Did you follow the recommendations?

Secretary GOLDBERG. We did not.

Mr. FOGARTY. What were these first suggestions that they gave you?

Secretary GOLDBERG. The Bureau of the Budget recommended that, in the Office of the Solicitor, we make a cut of $500,000—a reserve of $500,000.

Mr. FOGARTY. And you came up with $50,000?

Mr. HUDSON. $50,000.

Mr. FOGARTY. The reserves you actually established are smaller than those suggested, aren't they?

Secretary GOLDBERG. Substantially smaller.

Mr. FOGARTY. Were there changes made by you independently, or were they the result of negotiations?

Secretary GOLDBERG. We negotiated, but they reflected my strong conviction that the programs were sound programs and we had to proceed with them.

Mr. FOGARTY. Were these negotiations short and friendly, or were they long and tedious?

Secretary GOLDBERG. I think they were friendly, but they were long and extensive.

Mr. FOGARTY. When did you finally give in?

Secretary GOLDBERG. I didn't give in. I don't think we yielded in any program.

Mr. FOGARTY. How many discussions were there between your people and the Bureau of the Budget before this matter was settled?

Secretary GOLDBERG. A considerable number.

Mr. FOGARTY. About how many?

Mr. HUDSON. At least three; three different times.

Secretary GOLDBERG. Then we had some additional ones.

Mr. FOGARTY. What was the elapsed time from the date actual figures were first suggested, and the date when an agreement on the reserves was reached?

Mr. HUDSON. From about early October to about December 15.

Mr. FOGARTY. Nearly 3 months?

Mr. HUDSON. Yes, sir.

Mr. FOGARTY. Why are these reserves reflected in the budget document but not in your justifications?

Mr. HUDSON. I can answer that, Mr. Fogarty.

Mr. FOGARTY. This is getting us all mixed up.

Mr. HUDSON. I got a call on December 26 and was told by the Bureau of the Budget they wanted to reflect the reserves in their budget document. Up to that time they had told me the reserves need not be reflected. Our budget for the committee had been processed to such a point we couldn't stop. We had a deadline in getting our budget to the committee.

Mr. FOGARTY. Were these all informal discussions, or did you have a formal document or documents from the Bureau of the Budget or the President?

Mr. HUDSON. Informal.

Mr. FOGARTY. You say these discussions started about the middle of September?

Mr. HUDSON. I heard rumors of this about the middle of September but actual discussions started early in October.

Mr. FOGARTY. When did the President sign this bill?

Mr. HUDSON. September 22, 1961

Mr. FOGARTY. So this must have been under consideration before he signed the bill?

Mr. HUDSON. Yes, sir.

Mr. FOGARTY. And he signed the bill without any reservations, as I remember.

Mr. HUDSON. None that I know of.

Mr. FOGARTY. We shall place in the record the table we asked you to prepare showing these reserves.

(The matter referred to follows:)

Appropriations affected by reserves

Appropriation	Total	Recommended by Budget Bureau	First suggestion by Department of Labor	Second suggestion by Department of Labor	Third suggestion and final action by Bureau of Budget
SALARIES AND EXPENSES					
Office of the Solicitor	4,116,000	500,000	----------	100,000	50,000
Bureau of Apprenticeship and Training	4,976,000	300,000	----------	150,000	50,000
Wage and Hour Division	17,307,000	1,000,000	----------	700,000	100,000
Bureau of Labor Management Reports	5,775,000	225,000	----------	175,000	175,000
Bureau of Labor Statistics	12,667,000	[1] 700,000	----------	900,000	250,000
Area redevelopment	14,000,000	----------	----------	200,000	200,000
Bureau of Labor Standards	3,258,000	----------	----------	200,000	175,000
Employees compensation claims and expenses	64,000,000	----------	----------	300,000	800,000
Unemployment compensation for Federal employees and ex servicemen	147,000,000	----------	3,000,000	----------	3,049,068
Total	273,099,000	2,725,000	3,000,000	2,725,000	4,849,068

[1] Transfer to grants.

CIVIL DEFENSE FUNDS

Mr. FOGARTY. If it weren't for the civil defense and defense mobilization activities, which were added to the budget, you wouldn't have much of an increase in 1963, would you?

Secretary GOLDBERG. Not from general fund appropriations.

Mr. FOGARTY. Whose idea was it to handle civil defense this way?

Secretary GOLDBERG. There has been a lot of conversation between the Bureau of the Budget, the Civil Defense people, and ourselves. Heretofore it has been carried the other way. Now it is proposed to be carried this way on the theory that actually we are operating in this field, and that we ought therefore to report to you and the committee which has jurisdiction over what we are doing and justify our activities to the committee which supervises our Department.

Mr. FOGARTY. Was this not initially a recommendation of the Bureau of the Budget that you do it this way?

Secretary GOLDBERG. Yes.

Mr. FOGARTY. The past history has been that way. We have disagreed with the Bureau of the Budget, of course, and we probably will again this year, for your information. Do you have any reason

to think that the Bureau of the Budget didn't know that this committee has repeatedly indicated it doesn't want it done this way?

Mr. HUDSON. No, sir; they knew it.

Mr. FOGARTY. I notice you followed the committee's instructions and set them out separately in the justifications.

Mr. HUDSON. Yes, sir.

Mr. FOGARTY. Why doesn't the Budget identify these activities in your activity schedules?

Mr. HUDSON. I don't know, sir.

Mr. FOGARTY. You don't know?

Mr. HUDSON. No, sir.

Mr. FOGARTY. Well, it has been tried this way before.

Mr. HUDSON. Yes, sir.

Mr. FOGARTY. So we have to straighten it out again.

Secretary GOLDBERG. May I say a word in this area, Mr. Chairman?

Mr. FOGARTY. I don't know whether it is going to do you any good or not, but you can go ahead.

Secretary GOLDBERG. I have had my differences with the Budget Bureau, as you will see from these reserves.

Mr. FOGARTY. I think you did a pretty good job. When you are at the end of the gun like you are, I think you have done better than some other members of the Cabinet have done in this regard.

Secretary GOLDBERG. I want to say this for the Budget Bureau. They were, of course, operating under the direction of the President to achieve certain economies.

Mr. FOGARTY. In regard to civil defense, this is what we said in 1959, and this was a unanimous report of this committee:

> The committee has disapproved all requests in both Departments—
>
> Labor and HEW—
>
> for civil defense and defense mobilization activities. It is the committee's firm belief that the scattering of the basic program authorities through the executive branch and the piecemeal consideration of appropriations for these activities by the legislative branch can result only in confusion and waste of public funds. It would appear that the only businesslike way to handle this matter would be for a central agency charged with the primary responsibility to prepare and present to the Congress a total integrated program. The committee has not changed its opinion. All such requests have been denied and the committee will look with extreme disfavor on the diversion for these purposes of any funds in the bill.

That is what we put in our report in 1959, and I think every other subcommittee at that time made the same recommendation.

But this happened before your time, and it is being tried again by the Bureau of the Budget. I personally don't agree with them.

REASON FOR NOT REFLECTING CHANGE IN BUDGET

Haven't these activities been financed before with so-called delegate agency funds?

Mr. HUDSON. Yes, sir.

Mr. FOGARTY. Then why doesn't the Budget show these additions to your budget as comparative transfers?

Mr. HUDSON. In our submissions, sir, or in the Bureau's submissions?

Mr. FOGARTY. In your submissions.

Mr. HUDSON. There is no particular reason why we didn't, except the money was not appropriated for 1962. We had a choice of showing

it as a comparative transfer, or not. Usually we don't unless it is transfers within the Department.

Mr. FOGARTY. What I meant was in the President's budget. I am informed that you show the rent items as comparative transfers, for instance.

Mr. HUDSON. We usually drop that out. GSA usually picks it up.

Mr. FOGARTY. Did you drop it out this year?

Mr. HUDSON. We didn't have much dropout this year.

Mr. FOGARTY. Do you have any reason to suspect that the Bureau of the Budget was purposely trying to hide these activities?

Mr. HUDSON. No, sir.

Mr. FOGARTY. You don't? Well, I do. If they had been trying to hide them, can you think of any way they could have done it better?

Mr. HUDSON. I think if I were trying to hide them, I would have done it that way.

TRAINING PROGRAMS

Mr. Secretary, are you satisfied with the training programs—with the progress that has been made?

Secretary GOLDBERG. I have been impatient, too, very frankly, with the whole progress in area redevelopment. It has been slow in getting off. I am a member of the Advisory Committee, and I have indicated that I have felt that we ought to go all out in this area because of the extreme need.

Mr. FOGARTY. I hope you will remain impatient.

Secretary GOLDBERG. I will. I am satisfied with this, that since we have taken our share, our boys are working day and night to get these training programs underway. There isn't a day that passes that I don't sign a training program.

I will say this for Mr. Batt. He has had a hard job. This is a new program.

Mr. FOGARTY. I agree with Mr. Denton. It is sometimes difficult to get the right person to do this kind of a job in some of these areas. I think that is one of his big problems. He is also dealing with civil service regulations, isn't he, in these top jobs?

Secretary GOLDBERG. Yes, sir; he is. He has a lot of problems. I think I can say for myself very categorically—and I am sure for him, and I am sure for Mr. Hodges—that we have to proceed faster than has been evidenced so far.

PROBLEM OF AUTOMATION

Mr. FOGARTY. I am sure you are not satisfied with the progress that you have made in any activity relating to automation from what you have told us today.

Secretary GOLDBERG. No; we have to step up our activities.

Mr. FOGARTY. It is not a very good progress report.

Secretary GOLDBERG. We have to do better.

Mr. FOGARTY. I think the most difficult problem in Government today is automation.

Secretary GOLDBERG. Very difficult.

Mr. FOGARTY. We continually hear about this machine and that machine which are replacing 10, 15, or 50 workers with 2 or 3. It is going to continue that way, isn't it?

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Secretary GOLDBERG. Yes, it is.

Mr. FOGARTY. Both labor and management agree in this area, as you have stated.

Secretary GOLDBERG. That is correct.

Mr. FOGARTY. That we have to find a way of helping these people who are displaced by this sort of machinery.

Secretary GOLDBERG. That is correct. We have a big obligation to do this.

Mr. FOGARTY. So this might change our entire economy in the next 10, 15, or 20 years.

Secretary GOLDBERG. The biggest challenge we have right now in the economic situation.

Mr. FOGARTY. You don't have any overall blueprint of any kind, do you?

Secretary GOLDBERG. No, because actually we have been lacking the essential data to make this. One of the things we hope to achieve in the program which we are working on is to really give a blueprint of what this means to American life. It has been lacking up to now.

Mr. FOGARTY. When do you think you might have one?

Secretary GOLDBERG. I think the next time we appear before you we will have a much more comprehensive picture on what we face than we have today.

PRESIDENT'S ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY

Mr. FOGARTY. Now, regarding the Labor-Management Committee, I haven't read that report as yet, but you did say that you have reached unanimous agreement in three important areas. How many meetings have been held? I was under the impression that this was kind of slow getting started, too.

Secretary GOLDBERG. No it was not. On the contrary we have had several meetings. I will file for the record the exact sequence of the meetings.

Mr. FOGARTY. Put it in the record.

(The requested information follows:)

PRESIDENT'S ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY

Dates of meetings of full committee:
March 21, 1961.
May 1, 1961.
June 5, 1961.
July 10, 1961.
October 16 and 17, 1961.
November 28, 1961.
January 11 and 12, 1961.

Secretary GOLDBERG. Let me say this. There is a danger in this area of proceeding too rapidly.

Mr. FOGARTY. I think it is a good idea but I understood that some people had complained that there wasn't much activity.

Secretary GOLDBERG. They are mistaken.

Mr. FOGARTY. They are?

Secretary GOLDBERG. They are very much mistaken. One of the mistakes that has been made in this area in the past is getting management and labor and public people together and expecting them in the course of one or two meetings on very controversial difficult subjects to arrive at resolutions.

Life is too complex in an industrial scene to do this. What we need and what we have been doing is having extensive discussions on about 10 areas of great importance. We have come out with our first report on this one. This took a long time to do and it is a very significant report.

We hope to come out with the next meeting in February with a report on collective bargaining and its role in American life. We have a subcommittee report on wages and prices and some suggestions in this area which will be of great importance. We are dealing with the question of our competitive situation in the world. That is a very difficult topic, including balance of payments.

We are dealing with the question of the economic growth of our country. All of those are very important topics.

I have read the same criticisms, Mr. Chairman, which you have read. It is not well founded because we are making progress that other countries can't even start to make.

In Great Britain right now the Chancellor of the Exchequer—they are confronted with some economic problems—has proposed an economic council, which is the equivalent of our Labor-Management Committee. They cannot get agreement to have such a council. The labor movement there is opposing it. They have not even been able to get any meetings underway.

The fact that we have had these meetings, the fact that we are making the progress that we are, the fact that I think the climate of labor-management relations is improving, is an indication of the success of this effort.

We would make a mistake by pushing people too fast.

Mr. FOGARTY. Do you think this is a pretty good report for the first one?

Secretary GOLDBERG. I think it is excellent. It is outstanding.

Mr. FOGARTY. We ought to be sure to read it, then, shouldn't we?

Secretary GOLDBERG. I surely hope so.

YOUTH EMPLOYMENT

Mr. FOGARTY. What about youth employment? You are also chairman of that committee?

Secretary GOLDBERG. Yes, I am.

Mr. FOGARTY. How do you handle all these jobs?

Secretary GOLDBERG. Well, I have a very fine group of associates who help me a great deal.

Mr. FOGARTY. What do you think we are going to be able to do about this problem?

Secretary GOLDBERG. First of all, I think we have got to arouse national attention to the problem. That is the first thing we must do. Our young people are being neglected in the public attention.

Before we can do anything, we have got to get people interested—State governments, city governments, private groups, the Federal Government.

I hope several things can be done. First, I hope that we can carry the message to people that school dropouts ought to be avoided as much as possible. That will require, of course, that people do not

have to drop out of school because of economic reasons, because a great many dropouts are due to economic reasons.

Secondly, a subject which you gentlemen have been concerned about and are concerned about: We have got to demonstrate that there are many types of schooling available for people.

Now, many children drop out of school not knowing or being aware that, if their aptitude doesn't lean in the direction of formal academic training, vocational education is available. I think we can do more than we have done in improving this situation.

YOUTH EMPLOYMENT BILL

Then I hope Congress will pass our youth employment bill where we can give direct Federal help to creating employment opportunities for young people. These are the areas which I think will be helpful.

Mr. FOGARTY. Give me an example of youth opportunities, where you could create opportunities

Secretary GOLDBERG. We think if we made money available to urban communities, cities, States, which are lacking in funds and they match it, they can make employment opportunities available to young people who cannot find private employment in many areas of public need—recreational directors, hospital orderlies for hospitals, and activities of that type.

Then, of course, part of the youth employment bill is the Civilian Conservation Corps; and young people will be given—as they were during Roosevelt's administration—opportunity to help in our Nation's forests, reforestation projects, and so on.

Mr. FOGARTY. Do you like that idea?

Secretary GOLDBERG. Yes, I do. I believe it is a sound idea. It proved its worth then, and it will prove its worth again.

Mr. FOGARTY. I think it did, too.

Secretary GOLDBERG. It helped a great deal.

Mr. FOGARTY. I think it has to be a combination of all of these things that you have talked about. I have an example in Rhode Island where a very energetic man, Mr. John P. Cronin, is a recreational director for the city of Providence. He also works with the older age groups and with the juvenile delinquency problems and runs a summer camp for these boys in the summer.

A few years ago he was concerned about finding jobs for those over 45 or 50. In the last couple of years he has begun to change his mind because he sees more 17- and 18-year-olds out of jobs and hanging around street corners. He thinks that that is the age group that we ought to be doing more about.

He, too, thinks the opening of a couple of CCC camps in a State like Rhode Island will do a lot of good because he claims these young people will work if they have an opportunity.

Sometimes it is discrimination, and a Civilian Conservation Corps camp would eliminate that. If these young people have something to do we would have less trouble with juvenile delinquency.

Secretary GOLDBERG. I agree with you entirely.

Dr. Conant is Vice Chairman of our Committee on Youth Employment and has analyzed this situation, particularly in the urban centers. He has said that it is social dynamite to have these youngsters just staying around with nothing to do. My experience has been that young people want to work.

Mr. FOGARTY. That was this man's experience, too, with the people he is working with.

EMPLOYMENT OF WOMEN

How about the employment of women? Is it going up, remaining the same, or what? Is it around 22 or 23 million now?

Secretary GOLDBERG. I think there are 24.5 million women who are part of our working force out of a total of 67.5 million.

Mr. FOGARTY. Is that good or bad?

Secretary GOLDBERG. I think it is good.

Mr. FOGARTY. Every once in a while you hear people say, "Well, they ought to be staying home with their kids instead of going out and getting a job." I suppose it depends upon the circumstances at home which sometimes force a person to go out and get a job.

Secretary GOLDBERG. Exactly right. I feel this way about it. My wife stayed home. She was a professional woman, but when she raised her family she wanted to stay home with the children while the children were young. I think that is highly natural. I think most women want to raise their families.

But our statistics show that there are a great many women who today are the sole support of their families. They are the ones who are the breadwinners in the family, for many reasons.

Mr. FOGARTY. It must be difficult to do that without a husband.

Secretary GOLDBERG. A lot of them do it who have husbands, and widows. Unemployment of men put a heavy burden on women. Sometimes women's jobs are available when jobs are not available for men. That has happened a great deal during this period of unemployment.

Mr. FOGARTY. You have heard that expression, "They would be better off if they stayed at home"?—especially if they have four or five kids.

Secretary GOLDBERG. Sure. I would agree with that, if they had the opportunity to do it.

PRESIDENT'S COMMISSION ON THE STATUS OF WOMEN

Mr. FOGARTY. You also spoke about this new commission, the President's Commission on the Status of Women. In your news release dated January 9 you said:

> The President's Commission on the Status of Women was established by Executive order on December 14 to focus attention on women's achievements and problems, to collect data and enunciate those, and to stimulate action by private and Government agencies.

I thought that the Women's Bureau had been charged with these responsibilities.

Secretary GOLDBERG. That is true; they are.

Mr. FOGARTY. For a long, long time.

Secretary GOLDBERG. That is correct. I would say this. This is not intended to displace the activities of the Women's Bureau.

Mr. FOGARTY. Does it mean the Women's Bureau hasn't been doing their job?

Secretary GOLDBERG. No.

Mr. FOGARTY. What does it mean?

Secretary GOLDBERG. It is intended to give support to their activities.

Mr. FOGARTY. Duplicate, or support?

Secretary GOLDBERG. Support; no duplication.

Mr. FOGARTY. No duplication?

Secretary GOLDBERG. No duplication. The biggest proponent of this Commission was the Director and members of the Women's Bureau. They felt that this would be highly desirable to support its activities, as you will hear from Mrs. Peterson.

Mr. FOGARTY. I have been listening for 16 years to these appropriations requests now. I thought that they justified their appropriations on just about the same sort of program that is set forth in the release that you put out January 9—the aims of the Women's Bureau are the aims of this Commission.

Secretary GOLDBERG. The Commission is intended to support, dramatize, give real support, to the Women's Bureau.

Mr. LAIRD. Sort of a public relations gimmick.

Secretary GOLDBERG. Well, I wouldn't call it a gimmick. It is an institution to help the Women's Bureau in its work.

Mr. FOGARTY. They have been treated pretty well by Congress over the years. Congress very seldom cuts the appropriations of the Women's Bureau.

Secretary GOLDBERG. I think that is right.

Mr. FOGARTY. You don't think this would end up hurting the Women's Bureau?

Secretary GOLDBERG. No; it will help the Women's Bureau. It will give it additional prestige with the public. We can't get, for example, Mrs. Roosevelt to join the Women's Bureau; but we can get her to head the Commission, which we are very glad to have.

Mr. FOGARTY. Would this justify a cut in the Women's Bureau appropriations for 1963?

Secretary GOLDBERG. No, it wouldn't. As a matter of fact, we need some more money for the Women's Bureau, which we are asking for.

MIGRANT FARM LABOR PROBLEM

Mr. FOGARTY. What can be said about the Mexican farm labor and the domestic migrant farm labor problem?

Secretary GOLDBERG. We are very much concerned with this problem. We proposed to the Congress last year legislation to improve our ability to handle this problem in terms of seeing to it that the original intent of Congress was filled and not frustrated.

The original intent of Congress when it passed Public Law 78 was to permit the importation of foreign labor, not to substitute it for domestic labor, but to supplement domestic labor when domestic labor was not available.

So we proposed amendments to the legislation to permit this and to support this. Congress passed some amendments to the statue, mostly in the area of seeing to it that this labor, braceros, were not used for year-round employment and that they were also not used on power equipment.

We in the Department of Labor, of course, are obligated by law to see to it that congressional intent is carried out. We intend to do it. We have had a meeting since then of the President's Committee on Migratory Labor, which is of course provided for by the budget which you provide for the Department.

PROPOSED LEGISLATION

In that Committee, which is composed of the Secretary of Agriculture and myself, the head of the Federal Housing Agency, and the Secretary of the Interior, we have recommended to the administration, No. 1: Support for the legislation which has been proposed and passed by the Senate to safeguard the interests of migratory labor—there are five pieces of legislation in this area; and, No. 2: We have recommended and have approved in principle a wider series of additional recommendations to improve the standards of domestic farm labor so that we don't continue to have to rely upon importing foreign labor to meet our domestic needs.

RECOMMENDATIONS OF THE PRESIDENT'S COMMITTEE ON MIGRATORY LABOR

I would like, Mr. Chairman, to offer for the record the recommendations that our Committee made last week dealing with this area.

(The report follows:)

THE PRESIDENT'S COMMITTEE ON MIGRATORY LABOR, REPORT OF A MEETING HELD ON, JANUARY 17, 1962

(Washington, D.C., January 19, 1962)

AGENDA FOR MEETING OF THE PRESIDENT'S COMMITTEE ON MIGRATORY LABOR

Date: January 17, 1962.
Time: 9:30 a.m.
Place: Secretary Goldberg's conference room, room 3428, U.S. Department of Labor.

I. Introductory remarks, Arthur J. Goldberg, Secretary of Labor, Chairman.
II. Migratory farm labor—review of public policy, including PCML activities, John Walsh, executive director.
III. Report on pending Federal legislation, the Honorable Harrison A. Williams, U.S. Senate; the Honorable Herbert Zelenko, U.S. House of Representatives.
IV. Consideration of Committee statement of policy, recommendations, and directives.

DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, January 17, 1962.

THE PRESIDENT,
The White House, Washington, D.C.

DEAR MR. PRESIDENT: We are pleased to submit the first formal statement of policy, recommendation, and directives of your Committee on Migratory Labor. This report was approved at a meeting of the full Committee today.

Approximately 1 million men, women, and children are involved in the Nation's migratory farm labor system. Excluded from most of the great social and economic legislation which protects the vast majority of the Nation's wage earners, forced to compete with hundreds of thousands of foreign workers, bereft of training and education in anything other than agriculture, migratory farmworkers are truly the Nation's excluded Americans. Each spring brings fresh reports of highway accidents resulting in the death and injury of migrants in transit, stranded migrants without adequate food or shelter, and the retardation of migrant children because of inadequate educational opportunities.

Together, domestic migrant farmworkers comprise a "depressed class" of agricultural wage earners—a group which for many years has remained outside the broad scope of public concern or policy. Most are members of minority groups—Negro, Mexican-American, Puerto Rican, and American Indian. Many are former sharecroppers, tenant and marginal farmers, and regularly hired laborers who have been replaced either by machines or foreign labor. They migrate because there are not enough jobs in their home communities to sustain them, or because local wages are too low to provide for the necessities of life.

The chief purpose of today's meeting of the President's Committee on Migratory Labor has been to establish a united Committee policy directed toward improvement of the economic and social condition of migrant farmworkers and their families. Our immediate goal is to secure passage by the House of the five bills, introduced by Senator Harrison A. Williams of New Jersey and passed by the Senate during the last session of Congress. These bills deal primarily with the national registration of farm labor contractors and crew leaders, the extension of the child labor provision of the Fair Labor Standards Act to the children of migrants, the extension of health services to migrants, grants-in-aid on a matching basis to States for the education of migrant children and adults, and the establishment of a National Advisory Council on Migratory Labor. The Committee has also urged passage of the National Farm Labor Stabilization Act—a bill which would make it possible for many more underemployed rural workers to accept jobs in agriculture.

We have also advocated strict enforcement of Federal and State laws and regulations which now apply to migrants and their families, and the tightening of regulations governing the importation of foreign labor for work on U.S. farms.

In addition, the Committee has advocated "support in principle" for the extension of appropriate minimum wage and labor-management legislation to agriculture. The Committee has asked the PCML secretariat to review legislative proposals in these fields.

The Committee has also directed its secretariat to study provisions of the Area Redevelopment Act and rural development and special food programs to determine how the benefits of these programs can be extended to migrants and their families.

In conclusion, Mr. President, we believe that public support for reform in the field is at the highest point ever reached. It is your Committee's opinion that effective followthrough by both legislative and administrative forces will produce tangible solutions to the long-standing problems of migrants and their families.

Respectfully,

ARTHUR J. GOLDBERG,
Secretary of Labor,
Chairman, President's Committee on Migratory Labor.

THE WHITE HOUSE,
Washington, January 17, 1962.

Hon. ARTHUR J. GOLDBERG,
Secretary of Labor,
Washington, D.C.

DEAR MR. SECRETARY: I have read the statement of policy, recommendations, and directives of the President's Committee on Migratory Labor which you sent to me today. I wholeheartedly endorse the Committee's view that a united policy is necessary if improvements are to be made in this important field.

Having been long acquainted with the problems faced by migratory farmworkers and their families, I believe the Committee has outlined in its recommendations and directives the major areas of concern. A followthrough on the Committee's recommendations will, in my opinion, result in better conditions for the Nation's migrants—one of the most underprivileged groups in the American labor force. The five migrant bills introduced by Senator Harrison A. Williams of New Jersey and passed by the Senate during the last session of Congress offer the opportunity to make real progress in this important area consonant with the Committee's recommendations. I hope these bills will receive favorable action by the House this year.

JOHN F. KENNEDY.

MEETING OF COMMITTEE

The President's Committee on Migratory Labor met on January 17, 1962. Present at the meeting were Secretary of Labor, Arthur J. Goldberg, Chairman; Secretary of Agriculture, Orville L. Freeman; Secretary of the Interior, Stewart L. Udall; Secretary of Health, Education, and Welfare, Abraham A. Ribicoff; and the Administrator of the Housing and Home Finance Agency, Robert C. Weaver. Special guests were the Honorable Harrison A. Williams, Jr., Senator for New Jersey, chairman of the Senate Subcommittee on Migratory Labor; and the Honorable Herbert Zelenko, Congressman from New York, chairman of the House Select Subcommittee on Labor.

Also present were the alternate Committee members, the Committee Executive Director, John Walsh, and departmental aides.

In opening the meeting Chairman Goldberg expressed the hope that the Committee would establish a united policy directed toward improving the social and economic conditions of migrants and their families. He hoped also that all major issues would be considered at the meeting, and that the Committee would formulate a program to eliminate the persistent problem of migrancy from the American scene.

In welcoming the distinguished guests, the Chairman touched briefly upon past legislative efforts to improve migrant conditions, but said none has succeeded in achieving what Senator Williams had accomplished during the last session of the Congress—the passage by the Senate of five bills pertaining specifically to migratory labor.

Chairman Goldberg also paid tribute to the efforts of Representative Zelenko in working for action in the House on migratory labor bills introduced by himself and other Representatives. "I am sure that I am speaking on behalf of all members of the Committee," the Chairman said, "when I congratulate the Senator and the Congressman for taking on a tough job for no reason other than that it was the right thing to do."

Senator Williams and Congressman Zelenko made appropriate responses and both expressed their warm appreciation of the Chairman's remarks concerning the stated purpose of the meeting. Both guests gave an interesting résumé of campaign actions on behalf of migrant legislation, and each confirmed the increase in public awareness of migrants and concern for their welfare. The Senator indicated that he expected to hold hearings this year on some if not all of his remaining five bills, while the Congressman said he would concentrate on passage of the five measures passed by the Senate in the first session of the Congress.

The Committee's Executive Director, John Walsh, gave a résumé of migratory labor conditions, of governmental attempts to resolve the many problems involved, and of public policy motivating those actions.

On the request of the Chairman a proposed statement of Committee policy, recommendations, and directives, developed by the secretariat with the aid of constituent Departments, was then read once, and opened for discussion and consideration. All members of the Committee separately expressed their endorsement of the document, and with a few minor changes it was formally and unanimously adopted.

The Committee's statement of policy, recommendations, and directives was submitted to the President. Appended hereto is a copy of the Chairman's letter of transmittal, and a copy of the President's letter of response.

Statement of Policy, Recommendations, and Directives of the President's Committee on Migratory Labor

STATEMENT OF POLICY

Migratory agricultural workers have been given many names—"excluded Americans," "forgotten Americans," and the "Nation's derelicts," among many others. Regardless what they are called, migrants perform an extremely important service to farming communities throughout the Nation during certain seasons of peak agricultural activity. Their appearance in an area may mean the difference between economic success and economic disaster. Between seasons, they retire to shack and shanty towns well off the main roads in their home base areas—out of sight and out of mind.

Domestic migrants are displaced people, usually lacking in education and bereft of training in anything other than agriculture. Most are members of minority groups—Negro, Mexican-American, Puerto Rican, and American Indian. Many are former sharecroppers, tenant and marginal farmers, and regularly hired laborers who have been replaced either by machines or foreign labor. They migrate because there are not enough jobs in their local communities to sustain them, or because local wages are too low to provide for the necessities of life.

Together, they comprise a depressed class of agricultural wage earners; a group which for many years has remained outside the broad scope of public concern and policy. They are among the lowest paid of any group in the American labor force, able to find employment on only half the days of each year. They are excluded from most of the great social and economic legislation which protects the vast majority of American wage earners. Because they are constantly on the move, their children are denied the opportunity to receive an adequate education, and

restrictive residence requirements deny them public health and welfare services. In many cases this restriction extends even to that most basic of American rights—the right to vote.

In their everlasting search for work, domestic migrants are forced to compete with hundreds of thousands of foreign workers for the few jobs that are available to them. Yet to many growers across the country, these workers are indispensable to harvesting, their importance far exceeding their numbers during crucial periods of the agricultural cycle.

The President's Committee on Migratory Labor recognizes the many earnest efforts made on behalf of the Nation's migrant workers by church, civic, farm, and labor groups in a great number of communities throughout the country. The Committee believes that as long as migrancy continues, the need for community services will also continue, and urges that there be no relaxation of these commendable programs.

The Committee also recognizes the valuable services of its working group, the members of which often contribute their own time in planning and programing interdepartmental services for migrants. The many national and State committees and organizations concerned with the problem of migratory labor have accomplished a great deal in publicizing the need for sound remedial action, and working for its realization. For over 2 years Senator Harrison A. Williams of New Jersey, aided in the House by Congressman Herbert Zelenko of New York, has worked strenuously on a migrant legislative program. Senator Williams with the help of Congressman Zelenko has done much to focus public and official attention on the migratory labor problem and has helped bring the extension of protective legislation to migrants closer to actuality than ever before in history.

The chief purpose of the first meeting of the President's Committee on Migratory Labor under the Kennedy administration is to establish a united Committee policy directed toward improving the economic and social condition of migrant farmworkers and their families. It is the Committee's hope that all public policy will be directed toward the creation of a stable and structured labor force in American agriculture, rather than toward the perpetuation of the present anachronistic labor system based on unemployment, underemployment, and poverty, both at home and abroad. The Committee supports a sound farm program which will assure prosperity for all American farmers, but insists that such prosperity be shared by all segments of the agricultural community, including both migratory and permanent hired labor.

It is, therefore, the policy of the President's Committee on Migratory Labor to accomplish in agriculture what we, as a Nation, have already accomplished in most other sectors of our economy—the restoration of respect and dignity, based on good wages, good working conditions, steady employment, educational opportunities, and the extension of public health and welfare services to the men, women, and children who labor for hire in American agriculture.

RECOMMENDATIONS AND DIRECTIVES

I. Federal legislation

A. *Legislation passed by the Senate.*—The President's Committee on Migratory Labor recommends prompt and favorable action by the House of Representatives on five migrant labor measures passed by the Senate during the first session of the Congress. The Committee believes that passage of these bills would mark a historic turning point in public policy toward farm migrants and their families. Briefly, the five measures are as follows:

1. Registration of farm labor contractors: Require registration of crew leaders and labor contractors in an effort to protect migrants against exploitation.

2. Child labor: To extend the protection of the child labor provisions of the Fair Labor Standards Act to the children of migratory farmworkers.

3. Health services: Grants to States to extend public health services to migrants and their families.

4. Education: Grants-in-aid on a matching basis to States and local communities to help provide educational opportunities to both migrant children and adults.

5. National Advisory Council on Migratory Labor: Composed of representatives of migrants, farm employers, and experts in the field of migrant health, welfare, education, and employment, to advise the President and the Congress on matters pertaining to migratory labor.

B. *Other migrant legislation.*—The President's Committee on Migratory Labor, in seeking to remedy other areas of longstanding distress from which migratory

and other farmworkers suffer, recommend that the Congress give serious consideration to the following proposals, each within its own context:

1. Domestic worker stabilization: The President's Committee on Migratory Labor recommends prompt consideration and passage by the Congress of the measures introduced as the National Farm Labor Stabilization Act. The Committee believes the provisions of this bill would make it economically possible for many additional underemployed rural workers to accept employment in agriculture. This would work to the advantage of farm employers as well as employees.

2. Minimum wage: The President's Committee on Migratory Labor supports in principle the appropriate extension of minimum wage legislation to agriculture. The Committee believes that there is rising public support for an agricultural minimum wage. This support comes not only from groups and individuals usually associated with reform in the farm labor field, but from many growers and their organizations as well. It is becoming increasingly apparent that growers who reside in States where farm-labor wage rates are relatively high are at a competitive disadvantage with growers in low-wage States. The Committee directs the secretariat to review legislative proposals in this field, and in so doing to take into account the problems faced by farm operators whose difficulties are fully appreciated by the Committee.

3. Day care: The President's Committee on Migratory Labor supports legislation which would provide grants-in-aid to the States on a matching basis to provide day-care centers for the children of migratory agricultural workers. Under present conditions, the children of migrants who are too young to work are left at the home camp during the workday without sufficient care, or are taken to the fields where dangerous conditions prevail.

4. Housing: The President's Committee on Migratory Labor supports in principle legislation which would aid farmers and farm-wage earners in improving on farm and home-base housing. The Housing Act of 1961 will be of help in this regard, but it is possible that additional legislation may be necessary. The Committee recommends, therefore, that Congress give serious consideration to bills, introduced by Senator Harrison Williams and others, which would provide direct loans to associations of farmers and other nonprofit organizations for improvement of off-farm housing. The President's Committee on Migratory Labor recommends also that the secretariat give further study to adjustments in the Housing Act of 1961 which would make it easier to provide adequate housing for farmworkers.

5. Labor-management relations: The President's Committee on Migratory Labor supports in principle the appropriate extension of collective bargaining rights to agricultural workers. The Committee recognizes, however, that the unstructured and diversified character of both agriculture and agricultural labor must be properly considered before the type and scope of enabling legislation can be determined. The Committee's secretariat is accordingly directed to initiate a study of this problem and forward recommendations to the Chairman of the Committee as soon as possible.

6. Unemployment insurance: The President's Committee on Migratory Labor supports in principle the extension of unemployment insurance legislation to agriculture. Specific recommendations in this field will be made following completion of studies now underway by the U.S. Department of Labor in cooperation with several State employment security agencies.

7. Residence requirements: The great majority of States have residence requirements which exclude financially needy migrant workers and their families from public assistance. The President's Committee on Migratory Labor recommends that serious study be given to this problem by Federal and State authorities, with a view to eliminating or reducing the hardships these requirements impose on domestic migratory workers.

II. Administration of legislation passed during the 1st session of the 87th Congress and other programs which relate to agricultural labor

A. *Public Law 78 (Mexican farm labor program) and other foreign worker legislation.*—The President's Committee on Migratory Labor believes that the amendments to Public Law 78 passed during the 1st session of the 87th Congress will be of help to the Secretary of Labor in preventing adverse effect to domestic farmworkers. The Committee would like to point out that in a statement accompanying H.R. 2010 (extension of Public Law 78 as amended), President Kennedy said the following: "The adverse effect of the Mexican farm labor program as

it has operated in recent years on the wage and employment conditions of domestic workers is clear and cumulative in its impact. We cannot afford to disregard it. We do not condone it. Therefore I sign this bill with the assurance that the Secretary of Labor will, by every means at his disposal, use the authority vested in him under the law to prescribe the standards and to make the determinations essential for the protection of the wages and working conditions of domestic agricultural workers." The President's Committee on Migratory Labor welcomes this forthright statement of policy by the President and the initiative taken by the Secretary of Labor to fulfill this Presidential mandate, and the intent of the Congress. The Committee urges that affiliated State agencies, growers who use foreign labor, and other interested individuals and organizations offer their full cooperation to the Secretary of Labor. In line with this, the Committee recommends that growers who use foreign labor begin now to seek ways and means of recruiting and training available domestic labor, thereby reducing their dependence on foreign labor. The Committee recommends also that present farm placement activities be expanded to help achieve full utilization of unemployed and underemployed rural workers. Finally the Committee asserts that the temporary admission of aliens for work in agriculture under the Immigration and Nationality Act, Public Law 414, can be no substitute for the kind of bilateral agreement that exists between the United States and Mexico for the temporary admission of Mexican nationals for work in agriculture under Public Law 78.

B. *Area redevelopment and rural area development programs.*—The President's Committee on Migratory Labor directs the secretariat to study provisions of the Area Redevelopment Act and rural area development programs to determine how the benefits of these programs can be extended to migrants and their families—especially to migrants who make their home base in designated redevelopment areas. Recommendations from the secretariat to the Committee members should be made within 90 days of the date of this meeting.

C. *Housing Act of 1961.*—The President's Committee on Migratory Labor directs the secretariat, in cooperation with HHFA and FHA, to initiate an informational campaign to inform farmers and farm wage earners of the provisions of the Housing Act of 1961 which apply to the improvement and construction of home-base and on-farm housing.

D. *Special food programs.*—The President's Committee on Migratory Labor recommends additional special efforts to enable more migratory workers and their families to receive the benefits of the national school lunch and special milk programs, and the program under which federally owned foods are made available to the States for distribution to schools, nonprofit institutions, and needy families. The Committee, therefore, directs the secretariat to explore immediate areas of additional action, including the need to work with State migratory labor committees in order to achieve greater use of these programs in assisting migratory farmworkers and their families.

E. *State programs.*—The President's Committee on Migratory Labor directs the secretariat to work closely with State migratory labor committees in the formation of programs to aid migrants. State committees and agencies are urged to call upon the secretariat for any help they may need in developing and carrying out programs, and are also urged to offer advice and recommendations concerning future actions of the President's Committee on Migratory Labor.

III. Enforcement of existing legislation and regulations

A. *Federal legislation and regulations.*—The President's Committee on Migratory Labor urges all Federal and cooperating State agencies which administer laws and regulations pertaining to agricultural labor to improve related enforcement and compliance programs. If additional appropriations are necessary, the Committee recommends that the agencies request additional funds from the Congress, and that the Congress give serious consideration to these requests.

B. *State legislation and regulations.*—The President's Committee on Migratory Labor urges those States which have laws and regulations applying to agricultural labor to step up their enforcement and compliance programs. State action of this kind is especially needed in the fields of health, housing, or labor camp regulations, and safety regulations governing the transportation of farmworkers. The Committee also urges those States which do not have legislation and regulations pertaining to agricultural labor to act in this area as soon as possible. State action in the field of workmen's compensation is especially needed.

MEXICAN FARM LABOR PROGRAM

Mr. FOGARTY. As I remember, the President signed the extension of the Mexican farm labor program legislation with reluctance and with some assurance that some changes would be made.

Secretary GOLDBERG. That is correct. The Congress indicated they felt they could not accept some of our recommendations, mostly those dealing with seeing to it that the wage that was paid did not have an adverse effect upon domestic labor on the basis that we already have the authority to see to that.

The President directed me and I advised the Congress that I intended, therefore, to carry out congressional intent at the President's direction and see to it that the employment of foreign labor does not prejudice the position or have an adverse effect upon the employment of domestic labor.

I intend to carry out that responsibility.

Mr. DENTON. How can you do that under this law?

Secretary GOLDBERG. I think that the law permits me to make the type of determination based upon the facts and see to it that the effect of the employment of the braceros does not have the effect of cutting the standard of domestic laborers. It is a very difficult decision to make, but we are going to proceed to do this, based upon hearings and based upon determinations made in the committee.

Mr. FOGARTY. That has been the law a long time.

Secretary GOLDBERG. Yes, it has.

Mr. FOGARTY. I guess since the law was passed 10 or 12 years ago, whenever it was.

Secretary GOLDBERG. That is correct.

Mr. FOGARTY. We never could seem to get sufficient personnel out in these areas to follow up these leads because they were changing back and forth, and it was most difficult to build up a case.

Secretary GOLDBERG. We are determined now to perform what Congress mandated me to perform, and that is to do this job.

Mr. LAIRD. Could I ask a question in connection with that?

Mr. FOGARTY. Yes.

EFFECT ON AMERICAN LABOR OF IMPORTED PRODUCTS

Mr. LAIRD. In making these determinations as to the effect upon American workers, are you in a position to make that same kind of determination as far as imports are concerned?

Secretary GOLDBERG. In terms of importing products?

Mr. LAIRD. Yes.

Secretary GOLDBERG. No. There is no statutory authorization for me to do it.

Mr. LAIRD. Would you like to have statutory authority to do that?

Secretary GOLDBERG. First, I think we have to complete the task that has been assigned to us, and that is to do the studies that we have been directed to do as to the economic effects.

Mr. LAIRD. I would think there would be many more people adversely affected by imported products, as far as their job opportunities are concerned, than by the importing of agricultural labor.

Secretary GOLDBERG. Well, Congressman, as a matter of fact, the statistics so far available to us indicate that there are more people who benefit from export trade than are affectd by import trade.

Therefore we have to be very careful in the whole trade area and make sure that we don't adopt policies that will throw a lot more people out of work.

Mr. LAIRD. You can't tell that very well to the miners up in northern Minnesota or northern Wisconsin or the plywood workers in my particular area, or other groups who have been adversely affected.

Secretary GOLDBERG. That is a very difficult problem. I want to say this to you. We haven't completed yet our proposals in the trade area, but I want to tell this committee, which has a great interest in the situation of the adverse effects upon workers, that we are proposing—this isn't much of a secret because it has been published, some of it in the press—we are proposing very generous allowances in terms of adjustment for workers adversely affected by any imports into the country.

I am glad to report to you that our proposals have been very favorably entertained by the President. But when our legislation comes to the Congress, there will be provisions for adjustment, allowances, to workers adversely affected that will be very good provisions, unprecedented in the history of our trade legislation.

Mr. LAIRD. I think the problem that you have here is that you are talking about dollars and cents imported, rather than man-hours affected. I think man-hours gives you another figure, doesn't it—man-hours of import compared to man-hours of export?

Mr. FOGARTY. I think you have broad enough authority to go into what Mr. Laird is suggesting. I think it is very pertinent to the welfare of the workers.

Secretary GOLDBERG. Yes. We certainly are very conscious of that. We will report them both. We will report the total picture, because we are very anxious to see to it that we safeguard the interests of our domestic labor. I feel a special responsibility.

USE OF MEXICAN FARM LABOR

Mr. FOGARTY. Are you still using some of these braceros to pick cotton that is in surplus in Arkansas?

Secretary GOLDBERG. The braceros are being used in various areas and we are trying to see to it that they are not used contrary to the intent of the Congress. I had a hearing just the other day——

Mr. FOGARTY. That isn't contrary to the intent, but I think it should be, when we import farmworkers to pick produce that is in surplus. We are paying storage and then selling cotton in the world market cheaper than our textile manufacturers can buy it. That is a vicious ring.

Secretary GOLDBERG. Here we are limited in what we can do by what Congress has provided.

Mr. FOGARTY. I know. That is not under your control. But the facts are that it is going on.

Secretary GOLDBERG. I would say this. We are going to make a substantial improvement in that situation. It is a very difficult situation.

Mr. FOGARTY. In Arkansas?

Secretary GOLDBERG. I don't know about Arkansas. Maybe Mr. Goodwin can report on that in greater detail.

Mr. FOGARTY. Mr. Denton?

Mr. DENTON. I think it is a very worthy undertaking of yours to try and see these braseros don't bring down the standards of domestic labor. But I think you are going to have an awful hard time doing it for this reason. There is not much incentive to bring braceros in unless they are getting cheaper labor than they are getting locally, is there?

Secretary GOLDBERG. It is a very difficult task. I will say this in justification of the operators. There are laborers in the stoop-labor area where they have had difficulty in getting domestic labor.

Mr. DENTON. The chairman and I, Mr. Goodwin, and Mr. Moyer, two years ago spent considerable time checking this problem. The domestic labor was exactly the same kind of people as those they brought in. They call them both stoop labor and domestic labor could do the work just as well. I am afraid that your difficulty is inherent in the law more than the administration.

Secretary GOLDBERG. Congressman Denton, we do have difficulties with the law, but I must administer the law that is given to me by Congress.

BUDGET RESERVES

Mr. DENTON. I realize that. We were talking about that reserve. That applies to the 1962 appropriation?

Secretary GOLDBERG. That is correct.

Mr. DENTON. By the reserve, do you mean you just reduce the appropriation below what Congress provided?

Secretary GOLDBERG. No. As a matter of fact, I want to say that I didn't reduce the appropriations at all.

Mr. DENTON. Just what do you mean by putting it in the reserves?

Secretary GOLDBERG. In the areas where the reserves were applied we did not get the appropriation in time to utilize them for the full year. I did not expend money that was not available to me. That is essentially what I did.

Mr. DENTON. When you said you put it in reserve, you didn't put it in any other fund?

Secretary GOLDBERG. No; I did not. We just do not spend it.

Mr. DENTON. You just didn't spend that much money?

Secretary GOLDBERG. That is correct; mostly we did not spend it because of the lag between our request and when the appropriations were received.

Mr. FOGARTY. That is not a very good answer. You got the money for all the other activities at the same time. These where you have reserves didn't come any later than others, and some of the others had increases for 1962, also.

Secretary GOLDBERG. That's true. But by and large——

Mr. FOGARTY. I think you are getting yourself in hot water.

Secretary GOLDBERG. Maybe I shouldn't go beyond that.

Mr. FOGARTY. I like the idea of you fighting for what you think is right, even though the Bureau of the Budget disagrees with you, and even if the President disagrees with you. I think you ought to disagree with people like that when you think they are wrong; I do.

Secretary GOLDBERG. I want to say to the committee what I said to the President: In this area we have been dealing with, the programs that you authorized were absolutely indispensable for the work of the Department. I felt that then, and I feel that way now.

Mr. HUDSON. I would like to say one thing. As far as the reserves are concerned, we haven't given up on the reserves yet. We have been faced with a lot of unusual expenses this year in connection with moves. When we get the total cost of these moves in, we may have to go to the Budget Bureau and fight for relief on some of these moves.

RETRAINING WORKERS

Mr. DENTON. In this area redevelopment program, I am glad that you think the program isn't moving fast enough. Do you think there ought to be some changes in the law?

Secretary GOLDBERG. No; we have to just push ahead on the program.

Mr. DENTON. On this training program, I saw a television show on that. One of the packing plants out in the West, around Kansas City or someplace in Kansas, is building a new plant. I think it was Cudahy, but I am not sure. They are building a new plant which displaced a great many workers.

So they went to great lengths to train the workers, but it didn't do any good because they didn't have jobs to train them for.

The lesson I got out of that was that you couldn't train them in a vacuum. There had to be jobs that you trained them for.

What steps have you taken in that respect?

Secretary GOLDBERG. I agree with you entirely. It would confound frustration to train people, and after they are trained to still have them out of work. One of the things we have done in the area redevelopment training is to make sure that, where we certify someone for training, that skill is required, that the person is capable of taking the training, and the person who will have that training will find a job.

In the report that I have filed with the chairman, when you look at the occupations, you will see that we very carefully make a survey of the job potentials before we certify someone for training.

Mr. DENTON. I heard one of the programs was training gasoline station operators. Didn't the gasoline companies do that themselves before this?

Secretary GOLDBERG. Some of them do it, but some of them don't. The smaller operator, particularly, isn't willing to go to the expense of that. He wants to look for a trained person because he doesn't want to carry the load of training.

Mr. DENTON. The reason I asked about that is that in Evansville, where I live, about two blocks from home, the Standard Oil Co. did have a station where they trained their station operators.

About two blocks from where I live in Virginia the Texaco Co. was training station operators.

Secretary GOLDBERG. Congressman, we have to depend in a great measure upon private training because, even if we get the manpower and training bill, we are talking about retraining 100,000 or 200,000 people. We need to retrain hundreds of thousands, and we would expect industry to have big programs.

Mr. FOGARTY. Mr. Secretary, before we get off of that subject, a few years ago this committee criticized the Office of Education quite severely in the area of vocational education and distributive education for training people for tombstone selling, drugstore attendants, and gasoline station operators.

Mr. DENTON. I talked to these men in the gas station, and some of them stayed on working long after their training because they said the trouble was they had to buy a station, and they didn't have the money to buy a station yet.

That was the difficulty they were up against.

Secretary GOLDBERG. Not having the funds to do it.

Mr. DENTON. That is all.

Mr. FOGARTY. Mr. Marshall?

EFFECT OF AUTOMATION ON FARMWORKERS

Mr. MARSHALL. Mr. Secretary, I listened with a great deal of interest to your statement. I think you presented some very fine facts to this committee. I noted that you made comments about the automation that had taken place in agriculture. This caused a large displacement of farm people, did it not?

Secretary GOLDBERG. Yes, sir; it did.

Mr. MARSHALL. Where did those people go?

Secretary GOLDBERG. Most of them went to the cities, and part of the problem of unemployment in the cities is to make provision for people who are displaced in agriculture and have gone to the cities looking for jobs that they have not been able to find.

Mr. MARSHALL. These people were largely unskilled people as far as the labor market was concerned?

Secretary GOLBERG. That is correct, sir. We have a great necessity to upgrade the skills of those people who come from the farms.

Mr. MARSHALL. In reality, it meant that in the employment of people the labor force had to absorb the people that were displaced by automation on the farms.

Secretary GOLDBERG. That is correct, sir.

JOB OPPORTUNITIES ON FARMS

Mr. MARSHALL. This fall I was home. I live in a rural community. In my community—and I notice throughout the area which I cover—agriculture is in a pretty sick financial position. What I am saying about this is that there are innumerable job opportunities today on farms if farm income was such that farm operators could employ people.

Has anybody made a survey as to how many job opportunities might exist on farms?

Secretary GOLDBERG. In our figures we look at the farms as well as the cities. We have found that there are job opportunities on the farms. What you say is correct. If farm income of the farm operator is upgraded, he can utilize people that he can't afford to employ.

We have had a little success this past year. Farm income has gone up about a billion dollars. The evidence of that is already apparent. For example, one of the training programs that we have underway and under consideration is to train people to operate tractors on farms. You have to be trained. A tractor is a complicated instrument today. You just can't sit in a tractor and operate it. There are openings now where there weren't last year in tractor operators because of some slight improvement in farm income.

But I think farm income is not what it ought to be. The farm operator is in a bad way just as the farm laborer is.

Mr. MARSHALL. You realize that, in my asking these questions, I am not talking about seasonal labor. I am talking about year-round employment on farms.

Secretary GOLDBERG. That is correct; I do.

Mr. MARSHALL. In connection with this item, has anyone you know of made a study as to what percentage of increase would be used for more employment? For example, if farm income was to go up 1 percent, how much of that would be reflected in employment? Have you made any study along that line?

Secretary GOLDBERG. I am not aware of such a study, but perhaps Dr. Wolfbein and Mr. Clague could respond to that.

Mr. MARSHALL. I think it would be helpful in an understanding of this matter if there could be some sort of study made along that line.

Secretary GOLDBERG. We certainly will be glad to entertain this.

USE OF YOUNG PEOPLE IN CONSERVATION WORK

Mr. MARSHALL. We were talking a moment ago about the youth conservation program. Does that include girls as well as boys?

Secretary GOLDBERG. We were talking about young men for the Youth Conservation Corps, not young women, as far as the Conservation Corps is concerned. With respect to projects for training, part of that bill contemplates additional training for young people, and also opportunity to work in urban centers where they live at home.

There it contemplates both girls and boys. But in the camps themselves, we only contemplate young men.

Mr. MARSHALL. Do you contemplate that any part of this might be used for assisting young Indian boys and girls?

Secretary GOLDBERG. We have no exclusion as to the type Americans covered by such a program.

EFFECT OF RESERVES ON 1963 BUDGET

Mr. MARSHALL. You mentioned the reserves. These reserves were all on the 1962 appropriation?

Secretary GOLDBERG. 1962; yes, sir.

Mr. MARSHALL. Were any of these reserves that were set aside for 1962 passed over in asking for funds for 1963? In other words, did the failure to use them in 1962 increase the 1963 budget?

Mr. HUDSON. They are not reflected in the 1963 budget in reserves; no, sir.

Mr. MARSHALL. But the failure to expend that money in 1962 meant that you had to make a re-request in 1963 in some instances.

Mr. HUDSON. The increases requested are comparing obligations with obligations. The reserves were set up in 1962 primarily to reduce cash expenditures. Our budget for 1962 and 1963 is on an obligation basis.

Mr. MARSHALL. My question wasn't put very well. We will say that you put in a reserve an item of $15,000 in the 1962 budget. That work, in your estimation, had to be done. My question is this: Would part of that $15,000 that was not used in 1962 mean that in 1963 you had to ask for that much more?

Mr. HUDSON. No, sir; it doesn't work that way. There is no reserve reflected in the 1962 budget for this. If we asked for $15,000

for an item in 1962, we asked for the same amount in 1963, unless there was some increase.

Mr. MARSHALL. Then the only conclusion that I could draw on this side of the table was that the Congress was too generous in 1962.

Secretary GOLDBERG. No, sir. Again I want to say a word about this. I think every cent you appropriated, we needed. We operated under a directive. The President, I think, had good reasons; he stepped up the Defense appropriations because of the demands upon the country and felt that the deficit would come about as a result of something that had to be handled.

Every cent that you appropriated last year, we needed. Every cent that we have asked for this year we need for vital programs. We feel that very strongly. I said that to the Budget Bureau. I said that to the President. I have no hesitancy in saying it to you.

Mr. MARSHALL. I think we are getting at the same thing, Mr. Secretary.

Secretary GOLDBERG. Yes, I think we are in agreement, by the way.

Mr. MARSHALL. You have so much work to do.

Secretary GOLDBERG. That is right.

Mr. MARSHALL. And you ask Congress to provide so much funds for you to do that work. If you set aside some money in reserve and that money was based upon the need of funds to do your work, when you were not able to use those funds your work must have suffered.

Secretary GOLDBERG. We needed every cent we asked for, and you gave us last time. I just say that quite clearly. I feel very strongly about that. I don't think there is any fat in what you allowed us, and there is no fat in this budget either.

I understand the President's problems because he had to ask for additional money for the defense of the country. That comes first for all of us. But there was no extravagance in what this committee allowed us last time.

Mr. LAIRD. Will you yield, Mr. Marshall?

Mr. MARSHALL. Yes, I yield.

Mr. LAIRD. The only problem, Mr. Secretary, is that only 20 percent of the increased expenditures was in the area of defense.

Secretary GOLDBERG. Twenty percent, of course, is a substantial amount when you consider the defense budget.

Mr. LAIRD. Yes, but 80 percent of the increase was in other areas.

It seems to me the executive branch of the Government had some responsibility to keep us informed with regard to the plan to establish these reserves especially since it came so close to the time we completed action on the bill.

Secretary GOLDBERG. Congressman, do you include in your estimate the space expenditures? Or do you exclude those?

Mr. LAIRD. As far as expenditures are concerned, the appropriations are in a different area. But I am talking about expenditures.

Secretary GOLDBERG. Included in that 20-percent figure are the space figures too?

Mr. LAIRD. As far as expenditures, yes.

Secretary GOLDBERG. I don't purport to be a great authority upon the total budget. I have heard the figures. As I recall the figures, there are several billions of dollars of additional expenditures for our defense and space programs in the last year.

Mr. LAIRD. But that will show up this next year.

Secretary GOLDBERG. In the 1963 expenditures. As I say, I am not an expert on that, but I can only talk to my own expenditure. I repeat what I said earlier: Every cent that was appropriated, we need in our programs. You took care of our needs the last time, and you did not over take care of them.

I say that quite candidly. I said that to the President. I have no hesitancy in repeating it here. I said it to the Bureau of the Budget. There isn't anywhere in our expenditures where I felt that our appropriation wasn't required.

WELFARE AND PENSION FUND

Mr. MARSHALL. Do you feel as strongly as you did a year ago about the necessity of doing something legislatively on the welfare and pension fund?

Secretary GOLDBERG. I do, sir. I think we owe that protection to the people who are protected by this program.

Mr. MARSHALL. It seems to me that the legislation as written now on the statute books gives people a false impression.

Secretary GOLDBERG. I agree with you entirely in this area. I hope that Congress will act very early to give us this much necessary protection.

IMPACT OF FOREIGN TRADE ON DOMESTIC EMPLOYMENT

Mr. MARSHALL. During this time there is a great deal of feeling out in my area, and perhaps in a fair share of the Midwest area, concerning this Common Market situation. I find there are two trends of thought.

Agriculture has benefited greatly by the increased market for soybeans, for example. In areas where you grow soybeans I think it is well understood how nuch foreign trade means to the farmers in that regard.

As you stated, we have had a difficult time as far as the economic situation is concerned in northern Minnesota. In northern Minnesota there are some forces that believe that such things as the Common Market and the lowering of tariffs, and following through with an extension of the reciprocal trade agreement program, will mean less job opportunities for them in that area.

What is your feeling on that?

Secretary GOLDBERG. I don't agree with that. I understand the concern, because I know that situation in Minnesota very intimately. The men who are up there are men I represented for many years when I was with the Steelworkers' Union.

I think there are two or three aspects of that situation which bear illumination. One is we are proposing as a matter of administration policy tax incentives so that there can be modernization of plant and equipment.

I would hope that those tax incentives, if they are passed by the Congress—the tax incentive bill with an 8-percent tax credit, and the liberalization and depreciation allowances which the administration is considering to do by administrative action—would open up the way in northern Minnesota for the greater development of the taconite industry.

If the taconite industry is developed on a much broader scale than it has been up to now, it will bring back many jobs to northern Minnesota. I would hope also that with your help the area of public expenditures for reforestation and other projects, water pollution—some of that has been done by the Congress—will help in this area.

The fact of the matter is that liberalization of trade will also mean that we will export much more steel than we are exporting now. That will give our iron ore mines more work so that I think they will benefit by a liberal trade policy.

I know that this is hard to develop when at the moment you are faced with unemployment and you see foreign ores coming into the country. But part of the difficulty with the foreign ore situation has been the unwillingness of American employers to develop their own potential.

Taconite is a good example. Some of the steel companies—Republic Steel for example—have moved into the taconite area and are providing employment. Some have not.

I would hope that these tax incentives—and that is why I support tax incentives even though some of the labor people do not; I think their opposition is not well-founded on the facts. It would encourage the industries up in northern Minnesota. The textile industry, I think, will improve now by reason of the liberalization of depreciation allowance.

Mr. FOGARTY. Do you really think so?

Secretary GOLDBERG. Yes, I think so. I have talked to some of the textile manufacturers and they are talking about further expansion here.

Mr. FOGARTY. Not many that I have talked to agree with you. What about rubber and jewelry?

Secretary GOLDBERG. That is a tough problem. You can't apply it always to the individual industry. Generally, if we can give our industry opportunities to modernize their plants and become more competitive, that is the way to create jobs.

I will say in fairness to American industry that they have been at a disadvantage because in Europe employers get more liberal tax incentives than we have allowed in recent years to modernize and adjust their plant and equipment.

Mr. FOGARTY. They don't pay the wages either in Japan.

Secretary GOLDBERG. That is correct.

EFFECT OF LONG-TERM LABOR CONTRACTS

Mr. MARSHALL. It seems that this Common Market in Europe has got very good prospects of becoming a strong force in world trade.

My attention was called a short time ago to the fact that one problem that some of our livestock packing industries have is meeting requirements of short-term contracts with their labor. In Minnesota we have the Hormel Packing Co.—and there may have been others—which has gone into a yearly contract basis.

I am wondering, to meet the competition in markets, what effect a long-term labor contract might have over this short-term commitment that sometimes is a waste of manpower?

Have you made any studies in your Department concerning the stability and possibility of meeting the competition with longer term contracts?

Secretary GOLDBERG. Yes, we have. Our statistics demonstrate that there is a trend in the country toward a longer term labor agreement. This is a desirable trend, Congressman, because it does what you have indicated. It stabilizes employee-employer relationships.

One of the reasons why our statistics on strike activity are as good as they are is that they reflect the increasing tendency to have longer term agreements in the United States. This is a welcome development.

The Hormel agreement—which even goes beyond this; it stabilizes employment guarantees employment—is I think a very progressive plant. I have studied it in years past. I think that company and that union are to be commended for doing what they have done up there.

LABOR-MANAGEMENT REPORTING AND DISCLOSURE ACT

Mr. MARSHALL. During last year's hearings on page 82 I asked for a couple of tables to be presented concerning the Labor-Management Reporting and Disclosure Act. I would like for those tables to be brought up to date.

Secretary GOLDBERG. We will be glad to make them available Mr. Chairman.

(The tables referred to follow:)

Allocations of appropriations for Labor-Management Reporting and Disclosure Act

	1960	1961	1962	1963 estimate
Bureau of Labor-Management Reports	$2,698,000	$5,011,200	$5,775,000	$5,850,000
Office of the Solicitor	285,000	447,004	[1] (447,400)	
Office of the Secretary	42,000	91,400	[2] (91,400)	
Total	3,025,000	5,550,000	5,775,000	5,850,000

[1] Include in Office of the Solicitor by transfer in the estimates.
[2] Included in Office of the Secretary by transfer in the estimates.

Cases referred to Department of Justice

	Fiscal year 1961 actual	As of Dec. 31, 1961	Fiscal year 1962 estimate	Fiscal year 1963 estimate
Criminal	66	32	80	80
Civil	31	12	42	42
Administrative	5	0	5	5
Total	102	44	127	127

Mr. MARSHALL. That is all, Mr. Chairman.

Mr. FOGERTY. Mr. Laird?

LEVEL OF EMPLOYMENT WITHIN THE DEPARTMENT

Mr. LAIRD. Mr. Secretary, it is very nice to have you before the committee again this year. Last year I felt you were a new man in the job, and I didn't go into too much detail on some of the operations of your Department, but I would like to ask you a few questions about them now that you have had an opportunity to serve as Secretary of Labor these past 12 months.

Last year on page 14 of the hearings you stated that your basic approach is not to present a request to create additional personnel if it can be avoided. How many additional staff have you added to the Department of Labor as a whole since you assumed office? And how many do you present to us in this budget document which we have under consideration?

Secretary GOLDBERG. I think this is set forth in the chart which you have before you.

Mr. HUDSON. In the 1961 budget, that provided for about 6,574 jobs.

Mr. LAIRD. That is before the reserve?

Mr. HUDSON. That is 1961, last year. This year, the 1962 budget provides for 7,776.

Mr. LAIRD. How many do you have now? because the reserve will affect this employment level. The figure is not anywhere near 7,776, is it?

Mr. HUDSON. Actually as of December 31 a total of 6,904 full-time people.

Mr. LAIRD. How many are you asking for in 1963?

Mr. HUDSON. 8,449. We are asking for 673 more for next year.

Mr. LAIRD. Comparison with the 1962 authorization doesn't mean anything, now that you have this reserve in the picture. You will get along this year with how many employees?

Mr. HUDSON. It is going to be awful close to 7,700 this year.

Mr. LAIRD. What will your employment level be at the end of this fiscal year?

Mr. HUDSON. It will be close to 7,500—7,400 to 7,500.

Mr. LAIRD. You are hiring between now and the end of the fiscal year over 500 employees?

Mr. HUDSON. Actually about 500. For example, in wage-hour we have about 1,500 people now. We have plans to get up to an average employment this year of 1,760 people.

Mr. LAIRD. So you will be up at a level at the close of fiscal year 1962 of approximately 7,500 then?

Mr. HUDSON. I would say so, sir.

Mr. LAIRD. So that your budget request will provide for slightly over 1,000 more people employed during fiscal year 1963 as compared with the closing figure on fiscal year 1962?

Mr. HUDSON. I would say so.

JUSTIFICATION OF INCREASED EMPLOYMENT

Mr. LAIRD. Mr. Secretary, do you think this is in keeping with the statement which you made before the committee last year regarding the creation of additional jobs? It seems to me that that is quite a substantial increase.

Secretary GOLDBERG. Yes; I think it is consistent because of this. I do not believe in adding additional people except insofar as is required to carry out programs and appropriations that Congress has given us to execute the necessary programs.

The breakdown that we have here indicates that the jobs that have been added have been added to carry out legislation given by the Congress. What I meant there and what I say is still true is I don't want to add people just for the sake of adding people. I want to add

the people necessary to carry on the programs that we have been mandated to execute.

I watch that very carefully and so do my distinguished colleagues here. We don't hire people unless they are necessary.

LABOR-MANAGEMENT RELATIONS

Mr. LAIRD. Let's take for example some of the new programs that were not created through congressional action but which are reflected in the justifications this year. Take for instance the program to provide for the initiation of a new program to improve the climate of labor-management relations through the utilization of staff assistants and expert consultants in this specialized field.

There is an estimate before the committee of an increase of $200,000. I look over here at the justifications for the Federal Mediation and Conciliation Service. They have in their justifications the implementation of an amendment to section 205(k) of the Labor-Management Relations Act passed during the Truman administration in which a panel was to be created of labor-management personnel to advise in this area of labor-management relations.

Now, in their justifications they have quite a significant increase in that area, too. In addition to that, we are going to come to the White House budget with the President's labor-management committee. These are not things that have been required by Congress. They are new programs. Isn't that correct?

Secretary GOLDBERG. Let me explain what this is and what the difference is, and I think you will then agree with me that this amount is a modest amount required for something very important.

First of all, it is a basic principle with me not to interfere with the Mediation Service activity. They deal with disputes. That is their primary function—settling disputes as they arise.

Mr. LAIRD. In their justifications this year, they say they want to get in before the disputes arise.

Secretary GOLDBERG. That is right, they want to anticipate disputes. I have tried scrupulously to stay out of their disputes, as I said in my prepared testimony.

Mr. LAIRD. I am not trying to criticize in any way. I just want to get the difference between these two functions in my mind.

Secretary GOLDBERG. What we mean, however, is a broader program to improve the climate of labor relations generally, not in terms of disputes or not in terms of anticipating disputes. We have to try and do work that will be prophylactic in character. We have to deal with improving the climate of labor relations generally.

RESPONSIBILITY OF THE SECRETARY

For example, I am charged by law with the responsibility of making recommendations to the Congress in the field of improving our labor legislation generally. One of the many subjects we have to deal with is emergency national labor disputes. These controversies lead to the development of labor-management relations in the development of disputes. It has been something that has plagued the Congress; it has plagued every administration; and it is plaguing us. What is the best way to go about it?

I have asked for this because we want to use a group of consultants to make recommendations to us so I can make recommendations to the Congress and to the President as to how better to deal with this particular subject than we have dealt with it in the past.

If we can come up with better solutions that are more acceptable and all around in this area, what we pay out in consultants' fees and expert advice will pay for itself many, many times over. This is not the subject of any other agency the Government is dealing with. This is something we are charged with the responsibility to do, and we offer legislation.

We hope, for example, before this session of the Congress is over to offer some proposals in this area that will be much more acceptable to labor and management than has been done.

Let us take another area. After the Mediation Service has exhausted its efforts, after the Mediation Board has exhausted all its efforts, we get confronted with problems such as we had last year in the airline dispute situation. Everybody gives up. I was in New York, and I suddenly am called by the President and he said:

> All negotiations with the airlines have broken down, and this is an emergency situation. Mr. O'Neill and his colleagues of the National Mediation Board tell me that they had tried everything they could under the situation which had to do with the subject. But we have a nationwide situation.

We had to do something. I proceeded to recommend to the President that he appoint a Commission to deal with that subject. I don't want to be in a position to have to do that without having an appropriation to do it. I think we ought to have appropriations to deal with these problems that arise where all of the agencies of the Government concerned have exhausted their efforts under their appropriation, and we ought to make advance provision to have available the type of people who are available now.

We kept the airlines operating for 1 year, this last year. We still have the problem, by the way.

Mr. LAIRD. You want to settle strikes before the strikes occur?

Secretary GOLDBERG. We want to be in a position, with your approval, to keep the transportation lines open, to do what is necessary to be done after the established agencies of the Government have exhausted their efforts.

I think, for example, what we have done here in terms of the airlines is a contribution to the Nation. So I am saying to you frankly——

Mr. LAIRD. You helped in a situation with the Metropolitan Opera, didn't you?

Secretary GOLDBERG. Yes. That didn't cost anything except some extra work on my part.

Mr. LAIRD. I hope they arranged good tickets for you this year.

Secretary GOLDBERG. I got in once free. That was the total compensation. That is what we are dealing with here, Congressman Laird.

WORK OF THE LABOR-MANAGEMENT COMMITTEE

Mr. LAIRD. Mr. Secretary, you have presented to us a copy of the first report of the President's Committee on Labor-Management Policy. Five of the seven labor representatives dissented on a major point and advocated a shorter workweek through collective bargain-

ing and by law. This is at variance with the stated position of the President.

Does this mean that the Committee is really not going to accomplish very much?

Secretary GOLDBERG. First of all, I want to point out that their reservation—they didn't dissent. If you will look at that report on page 14, you will see that they did not dissent from the basic assumption that right now we ought not to reduce the workweek.

As a matter of fact, I was quite favorably impressed by the fact that everybody felt that the achievement of full employment is more significant than a consideration of the general reduction in the hours of work. Everybody agreed on that, including the labor people.

The labor people said this, if you will look at their paragraph: If we don't get full employment reasonably soon, then they have to reserve their opinion because if the objective of getting full employment is not achieved, then they believe we have to give consideration quicker to the question of shortening the workweek.

But it is quite a significant achievement that the labor leadership of this country, at a time when 4,100,000 people are unemployed, say that in principle we agree that right now is not the time to reduce the workweek. I thought that was quite significant.

NEW YORK ELECTRICAL WORKERS CONTRACT

Mr. LAIRD. How do you explain the actions up in New York last week as far as the electrical workers are concerned?

Secretary GOLDBERG. Because we have a free labor movement; and part of the right of the free labor movement in New York is the right to negotiate their own labor agreements.

Mr. LAIRD. Do you believe this sets a national pattern?

Secretary GOLDBERG. No, I do not.

Mr. FOGARTY. Right at that point, is there any overtime deal in this contract?

Secretary GOLDBERG. I haven't seen the exact contract, Congressman Fogarty. But I believe that there is a 6-hour overtime involved.

Mr. FOGARTY. Do you mean that the labor leaders are changing their views? When I was active in the labor movement and working as a bricklayer, we wanted the 40-hour week; but not for the purpose of getting overtime if we had to work more than 40 hours. It was to spread employment. The reason we put a penalty on overtime was to discourage overtime.

Secretary GOLDBERG. That is still the philosophy in the labor movement as I know it. Premium pay is not for the purpose of getting more money. The theory of it is to discourage work over that period.

Mr. LAIRD. Certainly in this contract there is a different philosophy.

Secretary GOLDBERG. I haven't seen the full text of the contract, so I can't comment on it because it hasn't been published. But one of the things I understand that has come out of this contract is the opening up of apprentices so that more people will be available to do the work.

LEGISLATION FOR RETRAINING WORKERS

Mr. LAIRD. Mr. Secretary, I would like to ask a few questions in regard to the retraining of workers. As I go over the justifications of the Department of Health, Education, and Welfare, as I go over

the justifications for our new depressed areas programs, as I go over the justifications of the Department of Labor, I find in all of these justifications provisions for the enactment of new legislation.

Last year when you testified—it is on page 57 of our hearings—I stated that certainly there is no need to wait for new legislation when there is plenty of authority for it in the statute books at the present time. Have you had an opportunity to research the various statutes which are listed on page 57 of last year's hearings?

Secretary GOLDBERG. Yes. After you pointed that out to me, I certainly did. I looked at the legislation that was on the statute books. There is legislation which you correctly pointed to which authorizes training to a limited extent—the Smith-Hughes Act, the Education Act.

Mr. LAIRD. The very act creating your Department gives you very broad authorization.

Secretary GOLDBERG. What we need, however, and the importance of congressional legislation in this area in this respect, is: In analyzing the training requirements in the country, we need specific authority to pay specific training allowances to people while they go through training.

We will need attention by the Congress, which it hasn't done before, to the question of seeing to it that a person who takes training doesn't become later disqualified for unemployment compensation.

We need provisions from the Congress to authorize us to give matching help to employers and public groups to encourage training.

These are the areas in which we need more authorization than is contained in this legislation. In other words, Congress has made a very good start in recognizing the need for training in the statutes you have mentioned and in our broad statutory authority. But it needs to complete the job.

What we are proposing in the manpower and training bill are these authorizations to round out the scope of the training. We have surveyed it and strongly feel that this additional legislation is required.

Mr. LAIRD. We have reached the limit authorized to be appropriated for vocational education. We have no request in here before the Congress from the administration to increase this authorization for vocational education. This is a tried and tested program.

I have been informed by my people in vocational education that this program could be expanded. But the emphasis seems to be on setting up some new sort of program rather than expanding the present vocational education program that we have. Why hasn't this been given some consideration?

Secretary GOLDBERG. Congressman Laird, actually our manpower and training bill will tie in and expand vocational training, because we will place great reliance on the statute in expanding vocational educational opportunities. That has been carefully worked out with the Department of Health, Education, and Welfare, and with vocational guidance experts.

Right now, for example, in the area redevelopment bill, those funds are being closely applied toward enhancing vocational educational opportunities.

Mr. LAIRD. But you are creating another program. You are not continuing and expanding the present type of program that we have.

This is a wholly different philosophy as far as the matching is concerned, as far as the program levels are concerned. It is an entirely separate type of program than the one that is presently being carried on as far as aids are concerned and as far as State responsibility is concerned.

Secretary GOLDBERG. No; basically you are still relying upon the essential structure of the program that Congress has outlined. We are adapting it to the needs of the particular areas we have now because we found ourselves in area redevelopment with particular needs for particular areas. But we are operating within the framework and with the cooperation of established vocational educational agencies.

As you will see in the report that we have filed with you when you get a chance to read it, this is very much so.

PUBLIC AND PRIVATE RESPONSIBILITY FOR RETRAINING WORKERS

Mr. LAIRD. You take the Bureau of Apprenticeship and Training: This last year there were about 223,000 individuals, I believe, who took part in this particular program. The record also shows that in the State of New Jersey alone there were some 484,000 people taking part in training programs which were carried on primarily by management groups and other private groups, usually receiving their sponsorship through industry.

We find that the number of people retrained last year through these management-type programs amounted to over 2 million. Do you feel that Government can do a better job than these management-type programs?

Secretary GOLDBERG. No, I don't. My feeling is best stated this way. I feel we have got to have a partnership of participation in these programs. We have got to have management doing what it is doing and stepping up what it is doing if we are going to have trained people. We have got to have Government also help.

Actually, the way it will operate if we get our bill is that management is going to continue. The big companies that have the facilities and the resources to train are going to train. We will give help to a lot of smaller employers who don't have those facilities and don't have those requirements, and we will also broaden the scope of vocational opportunities open to the country at large.

I do not exclude the important role that management has to make in private training. That is going on every day in America; and as you correctly point out, they are training a lot of people.

We have got to emphasize the importance of that. I don't minimize the importance of it.

Mr. LAIRD. My concern is that we will find ourselves going in too many directions with too many separate programs. I think what we need to do is get going on this retraining program because in every projection you look at, this is an area that needs to be expanded as we look forward to 1970.

Secretary GOLDBERG. I agree with you entirely. I hope that early in this Congress our training bill will be enacted because that will be the basis upon which we can project all other programs.

RESERVE IN APPRENTICESHIP APPROPRIATION

Mr. LAIRD. I was a little concerned that the Bureau of Apprenticeship and Training was an area in which a reserve was made by the administration at a time when they were talking about the need to expand apprenticeship and training programs. This is an area where funds were put in reserve in fiscal year 1962. They won't even be allowed to use the funds that were made available to them by the Congress.

Secretary GOLDBERG. I will repeat what I said earlier. I think every cent that you appropriated was vitally necessary. The reserve that was established here was a minor reserve of $50,000. I want to state categorically to this committee: We need all of the training money, both in the apprenticeship area and in this other area, that we are talking about.

Mr. LAIRD. No one can use the excuse that the bill is tied up in the Rules Committee. These funds are available if the administration wants to use them—and I am going to go into this with HEW, too, because funds were placed in reserve in the training area in the HEW appropriations, too.

We hear a lot of talk about the importance of training and the Congress makes funds available; but when the time comes to move forward on these programs and accomplish something, we find that these are the areas where reserves are made.

Secretary GOLDBERG. But of course I must say that, while the administration through fiscal necessity made some economies last year, nevertheless the administration in its budget this year has budgeted $100 million for training over and above our 1962 appropriation.

Mr. LAIRD. I don't know how firm that estimate is of the administration, because we might be in the position where the Congress goes ahead and makes the funds available and we may find it all in reserve.

Secretary GOLDBERG. I think it is a pretty firm estimate. I hope it is.

EMPLOYMENT OF YOUTH ON FARMS

Mr. LAIRD. Mr. Secretary, I wondered, in this area of the employment of youth, if the Department of Labor has given any consideration to the employment of young people on vegetable and fruit farms and thus eliminate the need for bringing Mexicans and other foreign labor into this country in the area of agricultural labor?

Secretary GOLDBERG. Right now there is no limitation in Federal wage and hour law to the employment of young people over 16 in agriculture. Therefore they are available for employment in this category.

Mr. LAIRD. Last year there were 450,000 people imported into the United States—foreign labor on vegetable and fruit farms and other agricultural type employment. I know up in my area I have some large vegetable farms. We are fairly close to the Chicago market, and this is getting to be big business up in my area. We just can't get young people to take these jobs.

Picking and packaging are done right in the field. These people who are coming in and doing that work are making over $3 an hour. The work is done on a piece-rate basis.

But it was almost impossible to get young people to take that particular kind of employment. We talk about putting them out in our national forests and putting them in our national parks, transporting them all the way across the country. We have programs being developed in that area.

It doesn't seem to me that that kind of employment would be bad for a young person 16 to 18 years of age.

What I would like to get is some idea of what can be done in order to use these employment opportunities that are presently available.

Secretary GOLDBERG. First of all, I am glad, Congressman Laird, that you recognize, as I do—whether it is agriculture or nonagriculture—that we ought not to encourage the employment of young children. I think you mentioned 16, which I do not regard to be a young child in agriculture.

There is no inhibition in Federal wage-and-hour law in the employment of 16-year-olds and above. We can go up to 21 here, because a large degree of our unemployment among young people is in this category—18, 19, 20, and 21; perhaps in your area, too.

We in the Department believe that young people in that category ought to be encouraged to work wherever useful work is available, providing conditions of employment are decent conditions. Through the Employment Service and the money that you made available last year for stepping up the Employment Service, we are trying to do a better job than has been done in the past on helping in the employment of domestic labor, which includes the younger worker in the category you have indicated on the farms.

We are dealing here with a social phenomenon, where young people have gravitated toward the big cities—the thing I discussed with Congressman Marshall a few minutes ago. This has been taking place. We have been trying to step up our activities in the farm employment area so that farmers can have access to domestic labor.

Mr. LAIRD. What has been the result?

Secretary GOLDBERG. We are having some success. Mr. Goodwin will report to you when he comes about some of the results in this area. A good deal depends upon the farmer, too. If the farmer will cooperate more with our employment services and work out arrangements where it is clear to the young people that the job is a job that pays a decent wage, the working conditions are reasonably good. I think we can do better in that area than we have done in the past.

WAGE-HOUR REGULATIONS

Mr. LAIRD. Mr. Secretary, according to the Wall Street Journal article of October 30, 1961, the Department of Labor was flooded with complaints and was under heavy fire from both right and left as defying the will of Congress in preparing a hasty retreat from the advance position in the delicate area of employer-employee relations.

This has to do with the regulations which were put out on the minimum wage. I would like to hand you a copy of the article. I would like to have your comments on it.

Secretary GOLDBERG. Yes, I read this article, and I want to say that I have great respect for the Wall Street Journal—although I don't always agree with it. But it is a very good newspaper. It has excellent coverage and excellent reports.

This story is completely without foundation, however. As a matter of fact, as I said earlier, we have had very good experience with the regulations that we have proposed and have put into effect covering the wage-and-hour law.

I happen to be personally familiar with this whole area, because I participated in the discussions, for example, with the retail industry on the regulations.

This article came out when we were in the midst of discussions with the industry and with the workers' groups about our proposed regulations. This article refers to the meeting that I had with Mr. Lundquist and some of my associates with the industry.

I want to quote what I said in that article, and I stand behind what I said. They have quoted me, which is quite inconsistent with the general theme of the article. I said: "I have no intention to stretch the law to the breaking point."

I want to indicate that that does express my philosophy. My philosophy is that when Congress enacted the amendments to the Fair Labor Standards Act, Congress intended that they be interpreted in a reasonable and practical way. It was not the intention of the Congress that I try to stretch the law so as to go beyond what Congress intended if I found a technical way of doing this. On the other hand, Congress intended me to provide coverage for the industry to be covered.

On the other hand, for example, when Congress wrote in the provision that students were to be given consideration so they could get jobs, I interpreted it to mean that it was my obligation to see to it that student employment was permitted in that area, even though some of the labor unions didn't like this because they thought they would not like to see students at work when adults are out of work.

I have said to the labor unions: "If you don't like that, you ought to go back to Congress. Congress said that I had to give consideration to student employment as one of the problems."

The fact of the matter is that what we have done here, as a matter of deliberate policy in administering the statute, is something which we have not done in past years. We have drafted a set of proposed regulations. Before we adopted those regulations we allowed industry and labor and the public to comment on the regulations.

The article here is based upon the fact that we had a draft of regulations which we invited comments on. As they said, that was the purpose of putting out the proposed regulations—so that we could, before we put the regulations into effect, find out what was right and what was wrong with them.

The meetings we had with the labor groups, with industry, the public hearings we had were designed before we adopted a final regulation to find out what their impact was upon the affected groups.

We got a lot of comment and a lot of helpful suggestions. In the light of those comments and suggestions, we revised our proposed regulations.

WIDE ACCEPTANCE OF REGULATIONS

At the present moment I can report to you what I said earlier, that at no time in the history of the minimum wage law has there been such wide acceptance on the part of all concerned of the regulations that were adopted.

I can also report to you something else, that the fears of some Members of the Congress that people would be thrown out of work by the adoption of the minimum wage law has not materialized, which I am sure we are all very happy about.

FIRMNESS OF THE 1963 BUDGET ESTIMATES

Mr. LAIRD. Mr. Secretary, I notice that the Bureau of the Budget recommended that $1 million in the Wage and Hour Division be placed in reserve. In this particular budget item the Congress did not appropriate the total amount of the funds that the Department of Labor asked for.

You carried on some negotiations in this particular area and you came up with a cut in the Wage and Hour Division of $100,000.

My question is: How firm is this budget estimate that we have before us now from the Wage and Hour Division?

Secretary GOLDBERG. It is very firm.

Mr. LAIRD. Do you think that the Bureau of the Budget may make a similar recommendation for fiscal year 1963?

Secretary GOLDBERG. I would hope they would not.

Mr. LAIRD. The budget which we have before us is very close to being balanced according to the revenue estimates that the President anticipates. He anticipates some $10.9 billion more revenue under the present tax laws which we have than we received in this fiscal year. I notice that the chairman of the Senate Finance Committee took serious exception to these revenue estimates.

If the situation develops in the next year, after we get the bill passed, and negotiations are being carried on to impound funds we have appropriated because these revenue estimates that are in this budget document are out of line, I hope that you will inform the committee. I was led to believe that we had made a very serious cut in not allowing you your full request for 1962. Now it turns out that we were too liberal. That is very difficult for us to reconcile.

Secretary GOLDBERG. I don't think you were liberal. I think we had a situation where, as I tried to explain, the President felt, because of overall fiscal necessity, he had to ask for cuts in even essential services. I think everything we have asked for is very essential.

This committee has been considerate of the needs of the Department in past years. As I have studied the past and from the experience I had last year, this committee has been very careful about the expenditure items.

ADMINISTRATION OF THE WALSH-HEALEY ACT

Mr. LAIRD. Mr. Secretary, last year you indicated that you would set up a Walsh-Healey Advisory Committee because of complaints about the Labor Department's administration of this particular program.

Is it true that there is a lack of fair play in these determinations?

Secretary GOLDBERG. No; I don't think there is a lack of fair play, Mr. Congressman. But I think our procedures definitely can be improved.

Mr. LAIRD. At the present time you are the prosecutor, judge, and jury. How can these procedures be improved?

Secretary GOLDBERG. We have adopted some internal machinery to see to it that there is more of a judicial aspect in all of the determinations we are making in this area. Also, I have personally, in adopting procedures, seen to it that the recommendations that are made are given a fairly detached review when it comes up to me.

Before I sign the determination now, it is reviewed for me quite independently of the division or department which presents the Walsh-Healey recommendation. I go over it again. I am obligated by law to sign the determination, and I take that very seriously.

I have an independent review made at that stage. We have also, since last year, as is apparent from my report here, cut down the period involved. One of the big complaints just filed in the past is that everything took too long in this area. There were two defects to the procedure as I saw.

One is we didn't have enough independent reviews at the different layers, which operate to perhaps the disadvantage of both; and, secondly, by the time we made a Walsh-Healey determination it was out of date because it took so long to make.

I think you will find, Congressman, that the people who criticized the Bureau in this area on all sides have felt we have improved the procedures substantially since last year.

WALSH-HEALEY DETERMINATIONS IN SELECTED INDUSTRIES

Mr. LAIRD. Mr. Secretary, the Department has many industries from which they can select to make such determinations. I have been somewhat surprised that many of the industries that have been selected for this determination in the period of the last couple of years have been those industries which are having the most difficult time with foreign imports.

You take, for instance, machine tools, typewriters, and the generator industry. Is there any reason why these particular industries that are having the toughest time in bidding on a competitive basis have been selected for these Walsh-Healey determinations?

Secretary GOLDBERG. No; I don't believe so. As a matter of fact, this is a problem I am very conscious about.

May I go off the record?

(Discussion off the record.)

Mr. FOGARTY. Back on the record.

Secretary GOLDBERG. Congressman, the thing you have pointed out has much substance. In reference, for example, to the Walsh-Healey determination of the industry which includes typewriters and other aspects—computers and others—I am making a study of the foreign competition aspects in relation to typewriters. I hope to have an announcement with respect to this very shortly.

Mr. LAIRD. Mr. Secretary, this was called to my attention by a battery concern in my district, which happens to be a locally owned company. But they have found that their competitors have gone to

Japan and put up the most automated plants that could possibly be constructed and are coming back in here with batteries at the same time that this local company has a Walsh-Healey determination facing them which makes their position almost impossible.

Talking about going forward on this trade program, I think it has to be considered all as one package—labor, management, wages. The whole works has to be considered when you talk about a trade program. When I looked over the lists of the determinations—for instance, batteries, typewriters, and so forth—it gave me cause to wonder whether that was being considered by the Department of Labor.

Secretary GOLDBERG. I am very conscious of the problem you have raised. I shall give it further study in the light of your comments.

DIFFERENT CONCEPTS OF ACTS EFFECTING WAGES ADMINISTERED BY THE DEPARTMENT

Mr. LAIRD. Why should the Walsh-Healey Act, with minimums ranging from $1.15 to $2.85, and the Fair Labor Standards Act, $1.25, and the Davis-Bacon Act, ranging from $1.15 to $5 an hour—why should we have all of these different wage determinations under the control of the Department of Labor? Couldn't this be all put under one program?

Secretary GOLDBERG. Because these are different congressional enactments. I think they are trying to accomplish different results.

The Fair Labor Standards Act is an act which is designed to provide a minimum standard. The other statutes are designed to see to it that in Government contracts the prevailing wage is paid.

These are two different concepts, and I think correctly different concepts. You would not want the Government in its contracting policies to follow a course of only observing minimum wage protection. This would be a very unenlightened policy for the Government of the United States to follow.

It seems to me that the history for many, many years, with the strong support of the Congress, is that when the Government becomes a contractor it ought to see to it that the prevailing wage is paid as a sound concept.

STATUS OF PROPOSED ORGANIZATIONAL CHANGES

Mr. LAIRD. Mr. Secretary, there is one area that I would like to discuss with you which has to do with the Bureau of Labor Management Reports and the proposed merger of the welfare and pension plans reporting activity, which was discussed by Secretary Mitchell some 14 or 15 months ago.

At that particular time I was advised that such a merger was contemplated and I had an opportunity to talk with the Secretary about it. That merger did not take place.

In talking with the clerk of our committee, Mr. Moyer, I find out that such a merger is presently under consideration in the Department of Labor. We are back where we were about 15 or 16 months ago.

We have made the appropriations on a separate basis. We made the appropriations for the Pension and Welfare Division to the Bureau of Labor Standards. We made the appropriation for the Bureau of Labor Management Reports on an entirely separate basis.

The 1962 budget for the Welfare and Pension Division was $560,000. The 1962 budget for the Landrum-Griffin operations is about $6.5 million. I have a chart here which I have worked out which shows the different types of responsibilities which these two divisions of the Bureau have.

It seems to me that the Bureau of Labor Management Reports might be built into some gigantic type of an organization. This budget that was approved by you is really—well, you didn't give them very much compared to what they wanted. You hardly even whetted their appetite compared to the request that they made of you; isn't that correct?

Secretary GOLDBERG. May I answer your whole question. I want to make it clear what I have in mind and what I don't have in mind.

I am not proposing in connection with this budget testimony or in connection with the plans to change the Division of Welfare and Pension Reports and transfer it to the BLMR. That does not mean that I did not consider it. I considered a number of proposed changes and welcomed suggestions from the Department about it. I considered it before I presented the budget testimony here, because it is my strong conviction that when I want to make a change that I ought to present it to you as a matter of budgeting for these things, and you ought to know what I have in mind.

I welcome suggestions from the Department, and I receive their comments.

Based upon the suggestions that are received, pro and con, I made the determination not to proceed with any change in this setup, first, because there is legislation pending in the Congress on the Welfare and Pension Plans Disclosure Act; and, secondly, because I was not prepared to come before you and recommend a change.

I regarded it to be necessary so as to advise you so we could make a budget for the operation in the place where I was asking for it to be budgeted.

Mr. LAIRD. Then I won't pursue this.

Secretary GOLDBERG. What you have heard just represents the normal amount of discussion which takes place. I invited a year-end proposal for possible reorganizations. The only ones I am going to make are those which are indicated in the budget which is before you—except whatever personnel changes I have to make in the course of the year.

POSITION OF THE SECRETARY ON MISSILE SITE LABOR ACTIONS

Mr. LAIRD. Earlier today you made some comments about the Missile Sites Commission.

Secretary GOLDBERG. The President's Missile Sites Labor Commission.

Mr. LAIRD. I am on the Military Construction Subcommittee as well as the Defense Appropriations Subcommittee and have had some experience with the problems that we have faced during the past few years.

I was concerned recently about the strike at the Lowry Air Force Base in Colorado. It seemed to me that that was rather an extended wildcat strike which had an effect upon our defense program.

Also there has been a month's delay on the MINUTEMAN missile project at the Ellsworth Air Force Base in South Dakota, and a work shutdown on the construction of silos for the Atlas program in Kansas.

Would you support Senator McClellan's proposed legislation to outlaw strikes on our missile bases?

Secretary GOLDBERG. I have discussed this with Senator McClellan. I didn't discuss it with the other sponsor of the legislation. I have said this to the Senator, that I felt we could, by the voluntary commission action we have taken, achieve better results than by enacting restrictive legislation in this area.

I have reported to this committee every month—I have reported to the President and sent copies to his Committee—what the facts were accurately. I reported these strikes that you mentioned.

Why do I say that legislation of this type is not desirable? If I felt we would achieve the result of getting better production in the missile field I would support it because I think we must go all-out in this area.

But if you are going this way, if you are going to outlaw strikes in this area, you have got to have compulsory arbitration, because you can't just outlaw the strike. You have got to provide a mechanism to do equity to the people involved if they have a grievance.

I have felt that, once we embark upon this course, if you extend it to the site, then logically you have got to extend it to the missile manufacturing plant and go the whole hog. Then we would have entered upon a controlled situation in that segment of the defense effort.

If you do it on missiles, why don't we do it on other armament, also vitally required in our defense program? Therefore, if we extend it to there, you take the whole defense effort, which today involves an expenditure of $49 billion. We would have a considerable segment of our economy operating under a controlled setup. I don't think either our labor group wants, or the Congress really wants, to do that.

VOLUNTARY ANTISTRIKE MACHINERY

The other course was to do what we did, which was to set up voluntary machinery. We cannot get perfection in our voluntary machinery, so we have had instances such as you have indicated where there have been wildcat strikes.

But I want to point out what has happened in those situations. Take Lowry, for example. The international union concerned has supported our efforts to get those wildcats terminated to the point where one of the unions concerned has advised the membership that, if they persisted in these wildcat efforts, they would do what is pretty unprecedented in the building trades unions: They would take their card away.

They would discipline them by denying them membership in the union.

That is a fairly extreme action. It was a splendid offer of cooperation to our Government and to the defense effort for this international union to do this.

My study of this type of legislation which has been used in other countries than ours—Australia uses this device—demonstrates that

they have more strikes than we have without it. So I felt that what we ought to do is beef up our effort in this area of getting better cooperation in support of the voluntary efforts we have taken.

I am not satisfied completely with the results that we have achieved and which I have reported to you, but they are so much better than what took place that I am reasonably satisfied with them.

INVOLVEMENT OF DAVIS-BACON ACT IN MISSILE BASE STRIKES

Mr. LAIRD. Last year at the McClellan hearings the Davis-Bacon Act was described as figuring in some of the delays and strikes at missile bases. Did you find that to be the case?

Secretary GOLDBERG. We saw that testimony. Mr. Donahue, the Solicitor, can tell you in detail about it, since he supervises this program. We immediately flagged that problem and we have made determinations much quicker than they had been made before we improved the speed of the determination.

I am not conscious that this year we have had any complaints on that score.

Mr. LAIRD. Last year the Holland committee in its report of August 1961 stated that there was a lack of due process in the handling of Davis-Bacon determinations, and also decided that in most of the instances the Davis-Bacon Act did not apply to missile sites.

Have you done anything about those recommendations?

Secretary GOLDBERG. We received the recommendations. What we have done at the request of everybody concerned is to notify everybody, as part of due process, that we welcomed their comments. We are now in the process of receiving briefs and arguments in support of, or against, the recommendations.

After we have given all parties and unions and management a full opportunity to be heard—because it is a very important problem—I will have to decide what to do about it.

But right at the moment we are in the process of receiving comm ents from all parties concerned.

FUNDS FOR THE 50TH ANNIVERSARY OF THE DEPARTMENT

Mr. LAIRD. Mr. Secretary, I notice in this budget that there is $109,000 to celebrate the 50th anniversary of the Department of Labor. I wondered whether you could put on an effective celebration o r $109,000.

Secretary GOLDBERG. First of all, let me say that next year will be the 50th anniversary. I think those of us, like yourselves, who are interested in the Department are anxious to commemorate this event suitably. It is not a question of having a great——

Mr. LAIRD. I thought in our hearings we should have some comment from you about this anniversary.

Secretary GOLDBERG. Yes. We do not intend to use this in the sense of promoting a ceremonial for the sake of promoting the ceremonial. This is really $109,000 to be spent for educational purposes. This is what we visualize to further the work of the Department and to gain better understanding of what the Department has done and what it has meant in American life.

We wanted to advise with you on that subject because I think we are all interested in seeing to it that the work of the Department is properly understood.

Mr. FOGARTY. I think it is an excellent idea and it should be approached in quite a bipartisan manner. The Labor Department was established under a Republican administration, and now it is being run by a Democrat.

INCREASE PROPOSED FOR INTERNATIONAL LABOR

Mr. LAIRD. Mr. Secretary, I noticed in the budget of the Department of Labor that there is an increase of $450,000 in this area of international labor. In a recent newsletter put out by the Kiplinger organization there was a comment made which indicated that some of these funds were for the purpose of advising with Sweden about the handling of labor-management problems of Sweden, and how their methods might be applied here in the United States.

It didn't seem to me that Sweden would be a good place to go for this purpose because in Sweden, top management and top labor sit down together and they set wages. The individual union man doesn't have very much to say about a labor contract, as he does in the United States. Here we have a vote of the individual workers.

We try to carry on this collective bargaining in a much different way than they do in Sweden. In addition to that, in Sweden the Government sets all fringe benefits. This is all done by governmental action rather than through collective bargaining.

I would like to get your comment upon whether Sweden is going to be used as an example of improving labor-management relations, because it seems to me that we will be destroying the whole principle of collective bargaining if we turn to Sweden.

Secretary GOLDBERG. I don't know where Kiplinger got this report. It is highly inaccurate. It is not an accurate report. I will say a word about Sweden, where I myself visited because they asked me to visit with the Prime Minister of Sweden; and I did in the fall for a few days.

First, about the Department of Labor's international work. The bulk of this work almost entirely is to help our Government in what is becoming a very critical aspect of foreign policy. All over the world the Communists are making their main thrust in every newly developing country and in some of the old countries among the working people of those countries. That is the standard aspect of Communist strategy.

INCREASED DEMAND FOR SERVICE OF THE DEPARTMENT IN INTERNATIONAL AFFAIRS

The Department of Labor is being increasingly called upon by the Department of State and by the President to render assistance, help, expert advice, programs, so as to help in this important area of foreign policy. We are doing studies and surveys and making suggestions as to how you combat these programs and efforts on the part of the Communists to win the allegiance of the workingpeople of other countries.

You may wonder why doesn't the State Department intensify its own activities in this area. They are trying; but we have found that

our people and our work are more acceptable in many of these countries because it emanates from the Department of Labor.

We also have found that we get the benefit of cooperation from labor and management groups in this area in terms of working out programs. We are engaged right now in working out a very comprehensive program of help in the labor-management area in Latin America, where it is very important as an aspect of the alliance-of-progress program that we demonstrate to the people of Latin America that we are conscious of the problems that working people have.

That program will fail if it is not a program that benefits the average person in Latin America. We are helping.

Secretary Weaver sits with the Joint Committee which has been created between the State Department and the Department of Labor in this area. We have developed the basic program which that committee is considering.

So this Department is becoming a very important part of our Government—this bureau of our Department—in the work that we are doing in this area.

INCREASED NUMBER OF FOREIGN VISITORS

We also have important work to do in connection with the foreign visitors who come to the United States, the working visitors. We are not doing nearly enough in this area. Right now in Moscow there must be 10 times—Mr. Weaver can give the exact figure—the number of visitors that they have there compared to the number of visitors we have here from laboring groups. Communists are making an all-out effort in this area.

Mr. LAIRD. This appropriation doesn't cover that.

Secretary GOLDBERG. No. But we do a lot of the preliminary work. It is no good to have foreign visitors come if we do not act as advisers, do the research, do position papers. I spend a considerable part of my time, for example, receiving these visitors.

We handle them in the Department. They come to us as the Department of the Government involved. They are brought under the funds that are available in the State Department, but we do a great deal with them. We must have people who can handle them when they come in order to do it.

For example, we gave a little luncheon just the other day for the head of the Austrian Tribunal—a very important man for foreign policy for this country.

This gentleman was the man who played an important role when we signed the treaty with Austria. The Russians presumably were to go out and leave Austria a neutral. Typical, however, of Russian deviousness, simultaneously with the withdrawal of the Russian troops they got the Communists to call a strike in Austria to grab hold of the trade union movement.

This particular man is a building trades man in Austria, and it was a building trades strike that they called. He led his people through those picket lines into the shops and broke that strike and prevailed upon the companies to take hold. I don't know under whose auspices he was brought here, but Mr. Weaver can say.

Mr. WEAVER. The State Department; we did not have a program.

Secretary GOLDBERG. We programed him and took care of him. I brought him to the President, as a matter of fact, as a gesture of support.

I will go back to Sweden. Sweden is a little country. It is not as big as our country is. There are things we can learn from Sweden, and there are things that are not applicable at all to our country.

NEED FOR GATHERING THE EXPERIENCE OF FOREIGN LABOR

I went over, and Mrs. Peterson and Dr. Wolfbein went over. We looked at the total Swedish labor situation. I can report to you what we found.

In the training area there are many interesting things that they are doing which are of value to us. Some of the things we knew about, and this just reinforced our opinion. One of the things we noticed was that they had recognized, as we have recognized, that the employment and unemployment situations must be handled with attention separately to each.

They physically separate the handling of unemployment compensation claims from employment. You will notice in our reports that Mr. Goodwin will give you that we have come to the conclusion, too, that, while we want to keep the Bureau of Employment Security and the employment and unemployment services integrated, we have to physically make sure that when we handle unemployment, it doesn't swamp the employment activities.

They have excellent on-the-job training programs that we learned a great deal from. They have excellent vocational education programs that we can learn from. We did learn things from that visit.

In the field of labor relations they do have a different system. They bargain on the top. Their labor movement pretty well bargains for the whole labor movement. That would not be possible or desirable in the United States. We are not proposing that.

However, I have invited the head of the employers' association and the head of the labor movement over to this country, not under the auspices of the Labor Department—which will not pay for it at all, so it doesn't enter into this budget—but under the auspices of the President's Labor-Management Advisory Committee, not for the purpose of trying to persuade Americans that this is a good way to bargain, because it doesn't fit us, but for a different purpose.

That is this: I would like them to describe to our people how they conduct their collective bargaining and give consideration to the needs of the lower paid worker, which we are not doing nearly as well as we should; and also how they conduct their collective bargaining and take into consideration the total needs of the country.

This is the big area in collective bargaining today that we all need education on. I want to let our people question them about this—not for the purpose of following their pattern, but for the purpose of exchanging information, data, and so on.

Also, to have them communicate the benefits of what they do have in Sweden which is very desirable, and that is they do have excellent relations between the management and labor groups. They differ; they are right now conducting collective bargaining. But there is a great deal of mutual respect in Sweden between these two groups.

Anything we can do to improve respect between the two groups in America, I think is highly desirable.

We are not making that a major activity in the Department. It is one aspect of our activity. It is an aspect of mutual enlightenment. There are many things the Swedish can learn from us in the field of labor relations. They will learn something from us, too.

Mr. FOGARTY. Mr. Michel.

UNEMPLOYMENT PROBLEM

Mr. MICHEL. Mr. Secretary, it is getting late in the evening. I don't want to detain you too long. Mr. Laird has asked a number of questions in areas in which I have special interest.

I would like to develop just one point, and that is this matter of unemployment, since you are so well acquainted with the figures, and what they mean. As I understand, the average unemployment in the country today is 6.1 percent.

Secretary GOLDBERG. 6.1 percent is the seasonally adjusted rate.

Mr. MICHEL. I think that you and I would surely agree that the ultimate would not be reached in this area until every man who wanted to work was working.

Secretary GOLDBERG. I agree with that.

Mr. MICHEL. I think we would probably also agree, too, that under the most ideal conditions, as even in a time of war, we will never get to that point where everybody is working.

Secretary GOLDBERG. That is correct. In a big country like ours there will always be, even under the most favorable circumstances, a certain amount of unemployment due to the fact that people will be changing jobs and some jobs will be terminating. So there will always be some unemployment.

MANAGEABLE UNEMPLOYMENT

Mr. MICHEL. You have used in your testimony, I believe, to quote the precise words, "manageable unemployment," or "tolerable levels of unemployment." What would those figures actually be in your judgment, now that you have sat in the Secretary of Labor's chair for a year?

Secretary GOLDBERG. I would say this. I look back at the history of our country. In 1949, if I remember correctly—it is one of those years right before the Korean war broke out—we were down to 2.8 or 2.9 percent. This is an area where I think we had what is the equivalent of full employment in the country.

That is an area where I think unemployment is down to its frictional character. People are moving and adjusting between jobs, and some are terminating their jobs.

Mr. MICHEL. How long do you think it is going to be before we get to a time like that again?

Secretary GOLDBERG. I am not a prophet, but I hope sooner rather than later.

UNEMPLOYMENT TIED TO RATE OF ECONOMIC GROWTH

Mr. MICHEL. Does that have a direct tie with so-called economic growth?

Secretary GOLDBERG. It has a direct relationship. You know I have advocated various other measures, but I quickly say that the best cure for unemployment is a fast rate of economic growth.

Mr. MICHEL. Has the rate of economic growth improved in the last year?

Secretary GOLDBERG. Substantially. I think we can take great pride in that.

Mr. MICHEL. How much?

Secretary GOLDBERG. When I took office, the rate of growth was represented by our gross national product which had fallen below $500 billion. At the end of this quarter of the year it is now a little in excess, right at the moment, of $540 billion.

That is a very substantial increase in the rate of economic growth. That doesn't mean we averaged $540 billion throughout the year. That is the beginning point and an end point.

But to increase from $500 to $540 billion is a considerable rate of economic growth, and one which we can be very proud of.

Mr. MICHEL. Do you think that that properly reflected the improvement in the unemployment figures, or did the unemployment figures lag behind the rate of economic growth?

Secretary GOLDBERG. The unemployment figures don't exactly correlate because employers don't lay off everybody the moment their business falls down. Also, in the unemployment figures we have the workweek which enters. There is no doubt that it has a direct correlation.

Had we stayed at the level of $500 billion, our unemployment figure would be much larger than it is today by a couple of million.

Mr. MICHEL. In private life when you were acting as counsel in labor movement, did you have any different feeling with respect to this manageable unemployment than you do now in the position which you have?

Secretary GOLDBERG. No. I felt then exactly the way I do now about it.

REPORT ON TRADE POLICY

Mr. MICHEL. Just one other area, and that is: We have been talking about trade policy and this task force that is at work making this study. Will that report be available by the time we get to debating so-called reciprocal trade and the recommendations of the President and the relaxation of the tariffs?

Secretary GOLDBERG. The task force which is surveying the impact of the employment trade, and vice versa?

Mr. MICHEL. Yes.

Secretary GOLDBERG. I hope so, yes. I expect that it will be.

Mr. MICHEL. Do you have a target date for the completion of that study?

Secretary GOLDBERG. I think that work is now underway, and the President will undoubtedly make that available when he submits his recommendations to the Congress.

Mr. MICHEL. That is all I have.

LABOR ATTACHÉS

Mr. FOGARTY. There was one question I was going to ask you, Mr. Secretary, but I was taking too much time. I know Mr. Weaver will be here to justify his appropriations.

As you know, I attended the meeting you called for the labor attachés in Rome last summer. I think it was one of the most beneficial

meetings I have attended. You have some outstanding people in these areas. I think it will be a good thing to have every year because from what I could see, they worked hard and they were able to get together from—I have forgotten how many countries now—and talk about problems in this country and that country. I think the exchange of information and experiences did a lot of good.

How long do they stay out of this country? What is the policy?

Secretary GOLDBERG. Perhaps Mr. Weaver can give the exact period.

Mr. WEAVER. The tours run 2 years, and they come back home and are reassigned.

Mr. FOGARTY. Come back for how long?

Mr. WEAVER. Home leave runs about 6 weeks—a month to 6 weeks.

Mr. FOGARTY. I thought you had some arrangements where they come back and stay here for a year or two and go out again.

Mr. WEAVER. The general rule is, after two tours, they come back for a home assignment.

Mr. FOGARTY. I can see where sometimes if they stayed away too long, they might lose some of their Americanism. I think it is a good idea to get them back. After the two tours of duty what do they do?

Mr. WEAVER. There are four regional advisers in the State Department; and then we have four assigned to the Labor Department who work in different bureaus. Then the others are rotated.

Mr. FOGARTY. You don't mean just four people in each department?

Mr. WEAVER. Yes. At any one time in the States there will be approximately from 10 to 12 serving the tour in the States. There will be four in the geographical bureaus of the State Department; there will be one in the ILO department, the International Organization. We will have from four to five serving in various bureaus of the Labor Department. And then there will be one to two assigned to AID.

TRAINING FOR ATTACHÉS

Then there is generally one or two attending either the Senior Training School or the War College.

Mr. FOGARTY. I think they ought to spend a tour of duty with the Labor Department if they are labor attachés. I can see some people getting more State Department minded than labor minded. I don't have that much against the State Department. It is just that they are supposed to be expert in labor matters and the Department of Labor should be better equipped to give them that orientation than the State Department.

Mr. WEAVER. We have had considerable success this last year in developing these training courses, both with the State Department and the labor attachés and the USIA labor offices, as well as we are doing a lot of work with AID in their people coming back. I think we have developed a healthy rotation system.

Mr. FOGARTY. I am not talking about the rotation system. I think that is good. But when they come back here, it would seem to me that they could do a job better if they were doing their tour of duty in the Labor Department rather than the State Department.

Secretary GOLDBERG. Congressman Fogarty, I think what you are saying is very worthwhile. I don't know whether it is feasible to have

their entire tour of duty with us. I think we ought to step up our own relationships with these people in terms of bringing them up to date.

Mr. FOGARTY. I think this meeting was one of the best I have attended. It was a real hard-working meeting. I was very much impressed with it.

I often wondered why these labor attachés didn't come under the Department, anyway, rather than the Department of State. The agriculture attachés are in the Department of Agriculture, aren't they?

Secretary GOLDBERG. Yes. Mr. Weaver will talk about that later.

Mr. FOGARTY. This subject of international labor affairs is controversial in Congress. Your predecessor, I think, did a good job in getting labor and management together in the last 3 or 4 years. We had had considerable trouble prior to that. So Mr. Weaver may need your help, too, in this area.

Secretary GOLDBERG. I shall be glad to help.

INCREASE FOR LABOR ATTACHÉS

Mr. FOGARTY. This is a sizable increase you are asking for as far as the percentage is concerned this year. Is this mostly because of the Latin American program? Is it geared to that?

Secretary GOLDBERG. It is geared in part to that.

Mr. FOGARTY. This is something new?

Secretary GOLDBERG. Yes. This program of our working actively in that area—the President has asked us to step up our activities.

Mr. FOGARTY. Many of the leaders in these countries came from the labor movement.

Secretary GOLDBERG. They did, and they are very keyed to this whole picture.

NAM ATTITUDE TOWARD THE ILO

Mr. FOGARTY. What about the National Association of Manufacturers? How do they feel about this?

Secretary GOLDBERG. They, of course, have taken action to withdraw their participation in the ILO. I have said to them—I have spoken to them and have said to them that I think they made a mistake from their own standpoint.

The chamber of commerce—Mr. Wagner, the chamber president—is vigorously supporting this activity.

Mr. FOGARTY. I think that is where Mr. Mitchell did a good job before. He was able to talk to the NAM and the chamber of commerce also. I think at one time they both were going to walk out.

He was able to get everyone together and keep them together. I think it is necessary that all segments of our society work together on a program like this.

Secretary GOLDBERG. I feel very strongly that way.

Mr. LAIRD. You are back to about where you were a couple of years ago; aren't you?

Secretary GOLDBERG. We are better off. The chamber, of course, is enthusiastic about the program. Mr. Wagner has participated and has reported to his policy group that it is indispensable from a business standpoint that they give strong support to the ILO. They had this report before them before we started our program.

ADEQUACY OF 1963 ESTIMATES

Mr. FOGARTY. Do you think you are asking enough in your budget this year?

Secretary GOLDBERG. I have asked what I think is necessary for the operation of the Department.

HISTORY OF 1963 BUDGET REQUEST

Mr. FOGARTY. By the way, what did you ask the Bureau of the Budget for? First what were the original estimates of your bureaus?

Mr. HUDSON. You have the table there, Mr. Fogarty.

Mr. LAIRD. You are missing one column, aren't you?

Mr. HUDSON. Which one?

Mr. LAIRD. The requests of your bureau chiefs.

Mr. FOGARTY. You can add that and put it in the record, please. I thought we had asked for the complete history of your budget request.

Mr. HUDSON. I don't have that figure.

Mr. FOGARTY. You don't?

Mr. HUDSON. No, sir.

Mr. FOGARTY. You can get it.

Mr. HUDSON. It is very close to this $720 million odd.

(Following is the table being referred to; the note was added later in answer to the request for information regarding the Bureaus' original request:)

Comparison of 1962 appropriations with 1963 estimates requested of the Bureau of the Budget and Bureau of the Budget allowances

Bureau	1962 appropriation		1963 Department request of Bureau of the Budget		Initial Bureau of the Budget allowance	Appeal by Department	Final Bureau of the Budget allowance		1962 changeover	
	Positions	Amount	Positions	Amount			Positions	Amount	Positions	Amount
Salaries and expenses:										
Office of the Secretary	191	$1,796,000	241	$2,641,000	$2,232,000	$100,000	224	[1] $2,353,000	+33	[2] +$557,000
Working capital fund	280		280				280			
Area redevelopment activities		14,000,000		15,142,000	15,041,000			15,041,000		+1,041,000
Office of Automation and Manpower			122	1,750,000	900,000		55	900,000	+55	+900,000
Bureau of Labor-Management Reports	561	5,775,000	616	6,340,000	5,600,000	250,000	566	5,850,000	+5	+75,000
Bureau of International Labor Affairs	50	500,000	330	2,479,000	650,000		79	950,000	+29	+450,000
Office of the Solicitor	474	4,116,000	551	4,639,000	4,253,000	100,000	496	4,303,000	+22	[3] +187,000
Bureau of Labor Standards	352	3,258,000	448	4,344,000	3,894,000	200,000	410	3,919,000	+58	+661,000
Bureau of Veterans' Reemployment Rights	64	633,000	70	697,000	545,000	88,000	64	633,000		
Bureau of Apprenticeship and Training	543	4,976,000	598	5,577,600	4,826,000	150,000	553	[4] 5,026,000	+10	+50,000
Mexican farm labor program compliance	147	1,149,000	239	2,190,000	1,740,000		204	1,740,000	+57	+591,000
Bureau of Employees' Compensation	515	3,834,000	550	4,016,000	3,845,000		530	3,845,000	+15	+11,000
Bureau of Labor Statistics	1,200	12,667,000	1,803	18,801,000	14,500,000	740,000	1,428	[5] 15,297,000	+228	+2,630,000
Revision of Consumer Price Index	190	2,100,000	180	1,333,000	1,333,000		180	1,333,000	−10	−767,000
Women's Bureau	73	668,000	108	1,005,700	777,000		85	777,000	+12	+109,000
Wage and Hour Division	1,818	17,307,000	2,193	20,763,000	16,703,000	1,325,000	1,823	[6] 17,765,000	+5	+458,000
Total, salaries and expenses from general funds	6,458	72,779,000	8,329	91,718,300	76,839,000	2,953,000	6,977	79,732,000	+519	[7] +6,953,000
Unemployment compensation for veterans and Federal employees		147,000,000		131,000,000	131,000,000			131,000,000		−16,000,000
Employees' compensation, claims and expenses		64,000,000		62,071,315	62,071,000			62,071,000		−1,929,000
Federal extended compensation payments		340,000,000								−340,000,000
Advances to Employment Security Administration account, unemployment trust fund		20,000,000								−20,000,000
Total, appropriations from general funds	6,458	643,779,000	8,329	284,789,615	269,910,000	2,953,000	6,977	272,803,000	+519	−370,976,000

Trust fund authorizations:										
Bureau of Employment Security (salaries and expenses)	1,098	10,500,000	1,364	14,515,000	12,615,000	----------	1,252	[8] 12,865,000	+154	+2,365,000
Grants to States	----------	404,500,000	----------	428,500,000	424,250,000	----------	----------	[9] 424,900,000	----------	+20,400,000
Reimbursement from Mexican farm labor supply fund (salaries and expenses)	213	2,019,000	213	1,519,000	2,269,000	----------	213	2,269,000	----------	+250,000
Administration of longshoremen's rehabilitation program	7	55,000	7	55,800	55,800	----------	7	55,800	----------	+800
Total, trust fund authorizations	1,318	417,074,000	1,584	444,589,800	439,189,800	----------	1,472	440,089,800	+154	+23,015,800
Total, funds available	7,776	1,060,853,000	9,913	729,379,415	709,099,800	2,953,000	8,449	[10] 712,892,800	+673	−347,960,200

[1] Includes $96,000 for defense mobilization.
[2] Includes $132,000 to be derived from "Employment Security Administration account, unemployment trust fund."
[3] Includes $122,000 to be derived from "Employment Security Administration account, unemployment trust fund."
[4] Includes $100,000 for defense mobilization.
[5] Includes $139,000 for defense mobilization.
[6] Includes $50,000 for defense mobilization.
[7] Includes $254,000 to be derived from "Employment Security Administration account, unemployment trust fund."
[8] Includes $250,000 for defense mobilization.
[9] Includes $650,000 for defense mobilization.
[10] Excludes $326,300 for the President's Advisory Committee on Labor-Management Policy.

NOTE.—For 1963 the Department used a different approach than for past years. In April and May of 1962 fiscal year all Bureaus were asked to develop a 1963 program concerning substance rather than figures. Discussions with the Bureau of the Budget in June did not concern dollars but substance. The submission to the Bureau of the Budget in September was the Bureau dollars to carry out the 1963 program.

No attempt was made at the departmental level to pare down these estimates because at that time we did not have any "ceiling" figures from the Bureau of the Budget.

The figures on the table showing the Department's request to the Bureau of the Budget was in fact the Bureau's request to the Department.

Mr. LAIRD. That table doesn't mean very much because you have that nonrecurring temporary unemployment compensation figure in 1962. The comparison, Mr. Chairman, is not a good comparison.

Mr. FOGARTY. Just to get my thinking straight, you asked for $729 million. The initial budget allowance was $709 million, and you appealed that. So you asked for $729 million and they finally allowed you $713 million.

Secretary GOLDBERG. That is right.

Mr. FOGARTY. There was a sizable cut for Wage-Hour.

Mr. HUDSON. Wage-Hour is one big difference.

Mr. FOGARTY. They asked for $20,763,000 and they got $17,765,000. That is a sizable cut, then.

ADEQUACY OF THE BUDGET

Is there any place in this budget you think we can cut, Mr. Secretary?

Secretary GOLDBERG. No; I do not.

Mr. LAIRD. Did you think that last year?

Secretary GOLDBERG. I did.

Mr. FOGARTY. The Bureau of Labor Statistics received quite a cut, too, didn't they?

Mr. HUDSON. Yes, sir. They asked for $18,801,000, and it was cut down to $15 million.

Mr. FOGARTY. Is there anything you want to mention especially?

Secretary GOLDBERG. No. I might just say we are trying to organize the Office of the Secretary so that we do not supersede the work of the bureaus on whom I place primary reliance. At the same time, I have the necessary personal assistants to operate effectively with the bureaus.

That is the philosophy under which I operate. I want to not replace or substitute a staff for the bureaus, but to upgrade the bureaus.

Mr. FOGARTY. I noticed the Wall Street Journal this morning says that the Electrical Workers' agreement reached late last week in New York City strongly reemphasized the continuing enormous political and bargaining power of labor unions. You hear that every once in a while, but their lobby in Washington hasn't been too effective over the past few years.

This is something that is thrown up to me many times, this sort of statement. What do you think about it?

Secretary GOLDBERG. Mr. Chairman, the figures do not sustain that as an overall thing.

Mr. FOGARTY. I think it is one of the weaker lobbies in the Congress right now.

Secretary GOLDBERG. Not only that, even in economic terms, the settlements that have been made last year have been very moderate settlements, and they don't have the picture of an overpowerful labor union.

Mr. FOGARTY. Many people back home and all over the country honestly think that the labor lobby is the strongest one in Congress.

I noticed there was something in the papers yesterday about some

group that made a survey on the overall budget. I think education came first on the question of what the people were willing to pay for—education, health, and then welfare—those three. I didn't see labor mentioned. I just read the headlines. It was an out-of-State paper in which I read it.

Do you know anything about that study that was published yesterday?

Secretary GOLDBERG. No; I didn't see that report, I am sorry to say.

Mr. LAIRD. Mr. Chairman, that is surprising. Those are the areas in which the administration made the biggest reserves from the appropriations we made last year.

Mr. FOGARTY. We will have more details on that next week. There is no place in here where we can cut? There is no fat in this budget at all?

Secretary GOLDBERG. No. I feel we need every cent here in order to do the type of work that we ought to do.

NEED FOR ADDITIONAL FUNDS

Mr. FOGARTY. Do you think you could have used a little more in some areas?

Secretary GOLDBERG. Frankly, yes.

Mr. FOGARTY. Where? In what areas? Give us a couple of priorities.

Secretary GOLDBERG. I think we can use every cent we have asked for in the BLS because we are suffering in this country from a lack of knowledge rather than having too much knowledge. I will say that very frankly. But of course you have to make a decision on the basis of what we can afford.

Obviously in the wage and hour area, the more inspectors and investigators we have, the better job we can do.

Mr. FOGARTY. I notice in your prepared statement that you investigated only 44,000 establishments last year.

Secretary GOLDBERG. That is correct.

Mr. FOGARTY. Out of how many—1 million or more?

Secretary GOLDBERG. We could do more investigations.

Mr. FOGARTY. It seems to remain at just about the same level every year.

Secretary GOLDBERG. Again, you have to balance what we can ask you for with the total requirements of the Government.

Mr. FOGARTY. What other areas do you think we should be spending more money in?

Secretary GOLDBERG. I think we will be coming back to you and we will be spending more money in the manpower area.

Mr. FOGARTY. I am not talking about new legislation. I am just talking about the 1963 budget that is before us.

Secretary GOLDBERG. I think if the total requirement of the Government permitted, we could spend more money in the employment service. I think we could spend more money on apprenticeship. In fact, there is scarcely an area that we go down where I would not suggest it, if we could afford more expenditures.

Mr. FOGARTY. The Bureau of the Budget cut you $26 million. That is a pretty sizable cut. Do you think you did the best you could before the Bureau of the Budget? Did you give it your best?

Secretary GOLDBERG. Yes, we did. I think we fared perhaps better than most departments with the Bureau.

Mr. FOGARTY. You do?

Secretary GOLDBERG. Yes, I do. You will know when you see some others come before you.

Mr. FOGARTY. You have a reputation for fighting for what you believe in.

Mr. Laird, do you have any further questions?

Mr. LAIRD. Could I make one little statement before the Secretary leaves? I would like to commend the Secretary on his very forthright statement before the committee. I think he has done an excellent job, not only in the position of the Secretary of Labor but I think he has done a very fine job in presenting the budget and in answering the questions today.

I don't think anyone could be more frank than the Secretary has been before this committee.

Mr. FOGARTY. I agree with you 100 percent. I was going to say the same thing before we closed the hearing today.

Anything else, Mr. Secretary?

TRIBUTE TO MR. JAMES E. DODSON

Secretary GOLDBERG. I want to say this. This is the first time that the Department has appeared for years without Jimmie Dodson being officially here. He is unofficially here today. I am sure the chairman is aware of that.

Mr. FOGARTY. We are all sorry to see him go. I think he has helped you keep your budget up somewhere near where it ought to be. He has enjoyed good relationships with both sides of the aisle in this committee and in the House ever since I have been on the committee for 16 years now. At the same time he has served many Secretaries of Labor from both political parties well and faithfully. We are sorry to see him go.

Mr. Clague, we shall start with you at 10 o'clock in the morning.

HISTORY OF APPROPRIATIONS, 1953–63

We shall place in the record at this point the historical table of appropriations since 1953 and the table showing the comparison of your 1962 and 1963 budgets.

(The tables referred to follow:)

Statement of estimated comparable adjusted funds available, by fiscal year from 1953 through 1963, for activities presently located in the Department of Labor

Bureau	1953		1954		1955		1956		1957		1958	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Office of the Secretary	308	$1,743,907	245	$1,379,000	238	$1,350,712	256	$1,677,850	171	[1] $1,775,000	180	$1,539,111
Area Redevelopment Activities												
Office of Automation and Manpower												
Bureau of International Labor Affairs [2]												
Bureau of Labor-Management Reports												
Office of the Solicitor	306	1,770,600	242	1,467,900	238	1,480,000	308	1,812,400	362	[3] 2,321,000	319	[3] 2,414,950
Bureau of Labor Standards	121	822,734	93	700,000	98	745,903	109	866,500	113	911,500	111	1,022,000
Bureau of Veterans' Reemployment Rights	41	289,500	41	301,500	41	305,588	50	383,000	48	383,000	65	562,750
Bureau of Apprenticeship and Training	560	3,323,795	532	3,230,000	492	3,159,700	499	3,350,800	495	3,399,000	491	3,746,004
Bureau of Employment Security	837	5,673,900	750	5,207,200	705	4,888,700	740	5,350,350	781	5,558,000	753	6,209,900
Mexican farm labor program	317	2,584,900	221	1,652,800	227	1,785,300	234	1,957,000	340	2,125,000	333	2,334,700
Bureau of Employees' Compensation	451	2,227,400	409	2,025,000	412	2,067,755	424	2,317,500	436	[4] 2,425,500	455	2,952,334
Bureau of Labor Statistics	1,029	5,776,973	938	5,479,600	904	5,441,302	966	6,407,000	1,010	6,875,000	953	7,463,382
Revision of Consumer's Price Index												
Women's Bureau	58	350,000	60	350,000	57	355,066	55	371,000	56	403,000	61	480,418
Wage and Hour Division	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	1,439	11,015,890
Total, administrative items	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	5,160	39,741,439
Working capital fund							125		96		118	
Employees' compensation fund		37,943,985		41,529,457		46,862,843		49,168,909		54,760,413		59,589,635
Employees' compensation, vocational rehabilitation									7	47,000	7	47,400
Employees' compensation, war claims administration costs and payments	22	3,483,052	19	2,240,000	18	1,551,241	21	1,567,730		1,332,000		
Grants to States		197,110,000		204,305,000		229,500,000		250,000,000		250,000,000		292,814,000
Unemployment compensation for veterans, payments		[5] 25,907,392		77,900,000		125,489,541		105,067,250		70,000,000		76,800,000
Unemployment compensation for Federal employees						[7] 17,500,000		33,000,000		25,000,000		54,400,000
Temporary unemployment compensation											60	665,700,000
Grand total	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	5,345	1,189,092,474
Advances to employment security administration account, unemployment trust fund												

See footnotes at end of table, p. 144.

Statement of estimated comparable adjusted funds available, by fiscal year from 1953 through 1963, for activities presently located in the Department of Labor—Continued

Bureau	1959		1960		1961		1962		1963	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Office of the Secretary	187	$1,596,800	180	$1,611,000	166	$1,582,840	191	$1,796,000	224	$2,353,000
Area Redevelopment Activities								14,000,000		15,041,000
Office of Automation and Manpower									55	900,000
Bureau of International Labor Affairs [2]					36	378,360	50	500,000	79	950,000
Bureau of Labor-Management Reports			620	2,000,000	532	5,011,200	561	5,775,000	566	5,850,000
Office of the Solicitor	333	2,632,400	331	2,695,000	382	3,325,700	474	4,116,000	496	4,303,000
Bureau of Labor Standards	271	1,728,800	283	2,488,000	290	2,522,000	352	3,258,000	410	3,919,000
Bureau of Veterans' Reemployment Rights	64	585,700	64	592,000	64	632,300	64	633,000	64	633,000
Bureau of Apprenticeship and Training	500	4,008,700	493	4,047,000	492	4,329,000	543	4,976,000	553	5,026,000
Bureau of Employment Security	841	7,120,700	829	7,262,000	979	9,000,000	1,098	10,500,000	1,252	12,865,000
Mexican Farm Labor Program	317	2,191,200	315	2,209,700	353	2,664,800	360	3,168,000	417	4,009,000
Bureau of Employees' Compensation	466	3,054,700	462	3,080,000	479	3,431,800	515	3,834,000	530	3,845,000
Bureau of Labor Statistics	958	7,989,800	1,114	10,519,500	1,114	11,118,000	1,200	12,667,000	1,428	15,297,000
Revision of Consumer's Price Index			31	230,000	116	1,322,000	190	2,100,000	180	1,333,000
Women's Bureau	61	503,800	61	509,000	61	553,900	73	668,000	85	777,000
Wage and Hour Division	1,358	11,371,100	1,344	11,489,000	1,342	12,261,000	1,818	17,307,000	1,823	17,765,000
Total, administrative items	5,356	42,783,700	6,127	48,732,200	6,406	58,132,900	7,489	71,298,000	8,162	94,866,000
Working capital fund	129		134		161		280		280	
Employees' compensation fund		69,253,906		61,200,000		63,000,000		64,000,000		62,071,000
Employees' compensation—Vocational rehabilitation	7	51,090	7	51,700	7	55,000	7	55,000	7	55,800
Employees' compensation—War claims administration costs and payments										
Grants to States		325,600,000		315,819,000		378,924,000		404,500,000		424,900,000
Unemployment compensation for veterans, payments		[4] 160,800,000		125,000,000		177,000,000		147,000,000		131,000,000
Unemployment compensation for Federal employees										
Temporary employment compensation	60	[5] 617,928,315				500,000,000		340,000,000		
Grand total	5,552	1,216,417,011	6,268	550,802,900	6,574	1,177,111,900	7,776	1,040,853,000	8,449	[9] 712,892,800
Advances to employment security administration account, unemployment trust fund						268,000,000		20,000,000		

[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] In fiscal year 1959 benefit payments for veterans and Federal employees are combined into 1 appropriation.
[7] Program started in January 1955.
[8] Unobligated balance as of July 1, 1958, available in fiscal year 1959 through June 30, 1959.
[9] Includes $1,285,000 for defense mobilization (shown in parent account for prior years).

Comparison of 1962 appropriations with 1963 estimates

Bureau	1962 appropriation		1963 estimate		1962 changeover	
	Positions	Amount	Positions	Amount	Positions	Amount
Salaries and expenses:						
Office of the Secretary	191	$1,796,000	224	[1] $2,353,000	+33	[2] +$557,000
Working capital fund	280		280			
Area redevelopment activities		14,000,000		15,041,000		+1,041,000
Office of automation manpower			55	900,000	+55	+900,000
Bureau of Labor-Management Reports	561	5,775,000	566	5,850,000	+5	+75,000
Bureau of International Labor Affairs	50	500,000	79	950,000	+29	+450,000
Office of the Solicitor	474	4,116,000	496	4,303,000	+22	[3] +187,000
Bureau of Labor Standards	352	3,258,000	410	3,919,000	+58	+661,000
Bureau of Veterans' Reemployment Rights	64	633,000	64	633,000		
Bureau of Apprenticeship and Training	543	4,976,000	553	[4] 5,026,000	+10	+50,000
Mexican farm labor program compliance	147	1,149,000	204	1,740,000	+57	+591,000
Bureau of Employees' Compensation	515	3,834,000	530	3,845,000	+15	+11,000
Bureau of Labor Statistics	1,200	12,667,000	1,428	[5] 15,297,000	+228	+2,630,000
Revision of Consumer Price Index	190	2,100,000	180	1,333,000	−10	−767,000
Women's Bureau	73	668,000	85	777,000	+12	+109,000
Wage and Hour Division	1,818	17,307,000	1,823	[6] 17,765,000	+5	+458,000
Total, salaries and expenses from general funds	6,458	72,779,000	6,977	79,732,000	+519	[7] +6,953,000
Unemployment compensation for veterans and Federal employees		147,000,000		131,000,000		−16,000,000
Employees' compensation, claims, and expenses		64,000,000		62,071,000		−1,929,000
Federal extended compensation payments		340,000,000				−340,000,000
Advances to employment security administration account, unemployment trust fund		20,000,000				−20,000,000
Total, appropriations from general funds	6,458	643,779,000	6,977	272,803,000	+519	−370,976,000
Trust fund authorizations:						
Bureau of Employment Security (S & E)	1,098	10,500,000	1,252	[8] 12,865,000	+154	+2,365,000
Grants to States		404,500,000		[9] 424,900,000		+20,400,000
Reimbursement from Mexican farm labor supply fund (S & E)	213	2,019,000	213	2,269,000		+250,000
Administration of longshoremen's rehabilitation program	7	55,000	7	55,800		+800
Total, trust fund authorizations	1,318	417,074,000	1,472	440,089,800	+154	+23,015,800
Total funds available	7,776	1,060,853,000	8,449	[10] 712,892,800	+673	−347,960,200

[1] Includes $96,000 for defense mobilization.
[2] Includes $132,000 to be derived from "employment security administration account, unemployment trust fund."
[3] Includes $122,000 to be derived from "employment security administration account, unemployment trust fund."
[4] Includes $100,000 for defense mobilization.
[5] Includes $139,000 for defense mobilization.
[6] Includes $50,000 for defense mobilization.
[7] Includes $254,000 to be derived from "employment security administration account, unemployment trust fund."
[8] Includes $250,000 for defense mobilization.
[9] Includes $650,000 for defense mobilization.
[10] Excludes $326,300 for the President's Advisory Committee on Labor-Management Policy.

Employment and Obligations First Half of Fiscal Year 1962

Mr. Laird. Mr. Chairman, I would like to have placed in the record the table showing the obligations and employment as of December 31 and other pertinent data which I ask them to prepare each year.

Mr. Fogarty. We will place that in the record at this point.

(The data referred to follow:)

Statement of financial operations from direct appropriations and authorizations

[Includes supplementals and comparable transfers]

Bureau	Estimated funds available	Obligations as of Dec. 31, 1961	Balance remainder of year	Average employment, fiscal year 1962	Actual employment, Dec. 31, 1961
Office of the Secretary	$1,796,000	$888,520	$907,480	180.1	181
Working capital fund				280	216
Area redevelopment activities	[1]14,000,000	1,683,970	12,316,030		
Bureau of Labor-Management Reports	5,775,000	2,494,300	3,280,700	518.0	486
Bureau of International Labor Affairs	500,000	248,904	251,096	47.5	47
Office of the Solicitor	4,116,000	1,921,495	2,194,505	465.0	412
Bureau of Labor Standards	3,258,000	1,471,835	1,786,165	325.0	314
Bureau of Veterans' Reemployment Rights	633,000	305,667	327,333	61.3	61
Bureau of Apprenticeship and Training	4,976,000	2,324,390	2,651,610	512.0	495
Mexican compliance	1,149,000	574,189	574,811	138.0	139
Bureau of Employees' Compensation	3,834,000	1,853,294	1,980,706	549.0	550
Bureau of Labor Statistics	12,667,000	6,125,888	6,541,112	1,107.0	1,094
Consumers Price Index	2,100,000	834,746	1,265,254	167.0	144
Women's Bureau	668,000	284,026	383,974	69.4	61
Wage and Hour Division	17,307,000	8,207,477	9,099,523	1,760.0	1,505
Unemployment compensation, ex-servicemen and Federal employees	147,000,000	79,104,847	67,895,153		
Bureau of Employees' Compensation fund	64,000,000	31,989,533	32,010,467		
Temporary extension unemployment compensation	340,000,000	155,129,311	184,870,689		
Unemployment tru t fund	20,000,000		20,000,000		
Bureau of Employment Security, salaries and expenses	10,500,000	5,196,779	5,303,221	1,050.0	992
Grants	404,500,000	217,889,908	186,610,092		
Mexican, salaries and expenses	2,019,000	1,039,899	979,101	205.0	200
Longshoremen's rehabilitation	55,000	26,885	28,145	7.0	7

[1] Excludes pending reapportionment requesting a $4,000,000 contingency reserve.

TUESDAY, JANUARY 23, 1962.

NATIONAL LABOR AND ECONOMIC STATISTICS

WITNESS

EWAN CLAGUE, COMMISSIONER, BUREAU OF LABOR STATISTICS

Mr. FOGARTY. The committee will come to order. We have before us this morning, Mr. Clague, of the Bureau of Labor Statistics. Mr. Clague, we had hoped to reach you yesterday but didn't get to you. I know you have some charts that will be interesting to the committee.

So, do you want to start with that first, or with your opening statement covering your Bureau's budget?

Mr. CLAGUE. Mr. Chairman, I think the best thing will be to begin with the charts. I think they will answer some of the questions you were asking yesterday, and also they will give a good setting for my presentation.

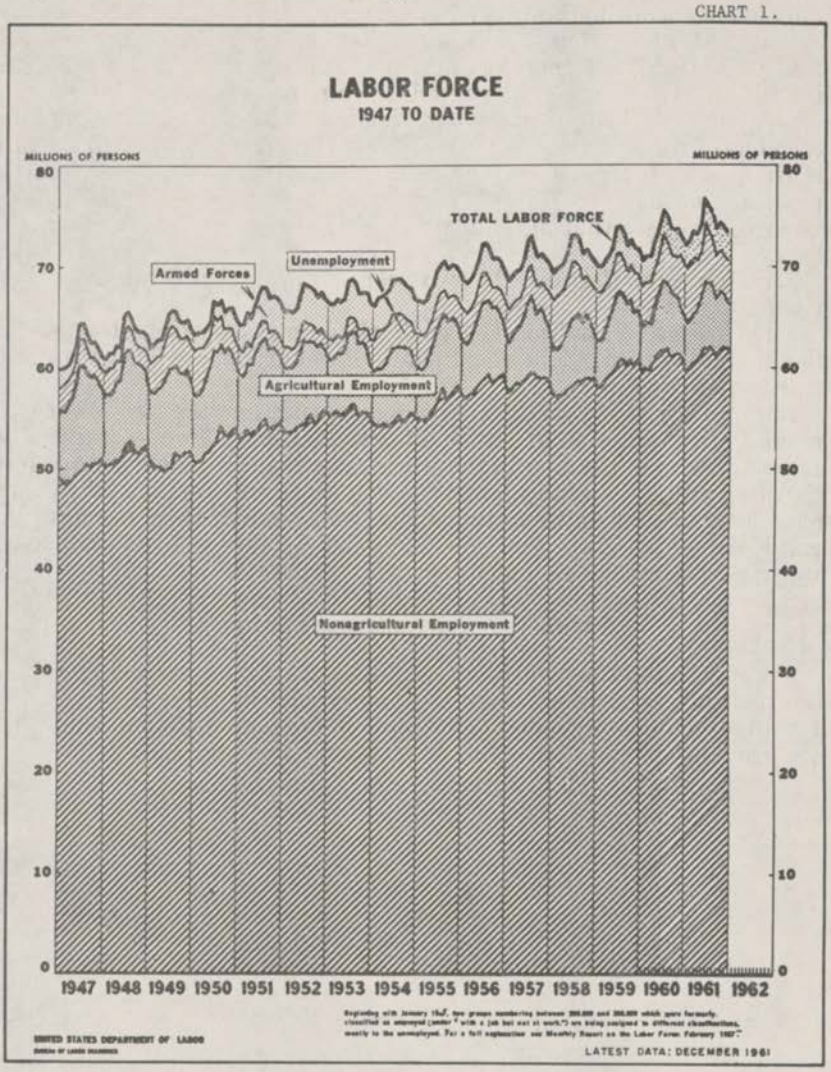
Mr. FOGARTY. All right.

THE LABOR FORCE

Mr. CLAGUE. I have chosen about a dozen of the charts that highlight some of the questions that are before the Congress. This first one concerns the labor force. This information comes from the household survey, the family survey, which we conduct through the Census Bureau.

(The chart referred to follows:)

CHART 1.



Mr. CLAGUE. I think I only need to emphasize here the general pattern of employment. The bottom layer on chart 1 shows all nonfarm employment from 1947 up to 1962. The next section is agriculture. The next section is unemployment. Finally, the Armed Forces.

I would like to point out that we do have a steady growth of the labor force. The other factor that stands out are the peaks of employment every summer. There is a lot of purely seasonal employment in this country. It shows up very clearly in the peaks of employment every year.

Congressman Marshall asked yesterday about agriculture. You can see that the agricultural employment back in 1947 was very much

larger than it is now. It has shrunk until, in December last, there were only about 4.5 million employed in agriculture.

Obviously the agricultural workers have either gone down——

Mr. FOGARTY. Let me take another look at that. Maybe I am reading the chart wrong. Will you tell me again about agriculture?

Mr. CLAGUE. Yes. I am sorry, this is a cake chart—meaning that each one of these sections is built on top of the one below. Agriculture is the section between nonagricultural employment and the unemployment section.

So you can see that agriculture in 1947 was much larger than it is today.

Mr. FOGARTY. Between the two peaks is the agricultural unemployment?

Mr. CLAGUE. Yes, from the peak of those two sections that shows the unemployment. The chart shows how agriculture has been gradually narrowing.

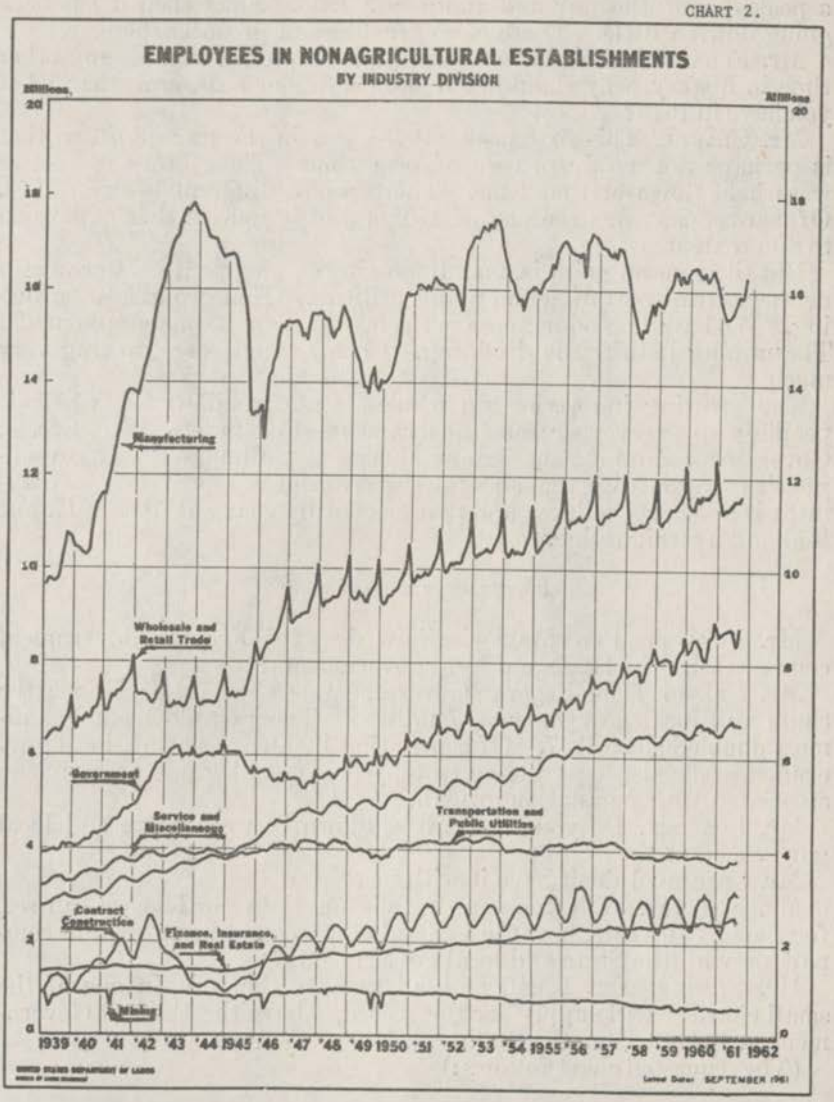
I would say that this shift from agriculture really took the form of moving first into other kinds of employment. For example, the sharecroppers in the South, the workers in the cottonfields, move into the steel mills, the auto plants, the rubber tire factories. Then they have later lost out in those industries; and some of them are now unemployed. But they are now recorded as unemployed industrial workers rather than as unemployed farmworkers.

TRENDS IN NONFARM EMPLOYMENT

Chart 2 shows the growth of employment by industries. These are the monthly reports of about 150,000 employers, as well as reports from Government agencies. It shows in the way different industries are growing.

(The chart referred to follows:)

CHART 2.



Mr. CLAGUE. Here is manufacturing, which you see has a heavy business cycle in it. You can see the business recessions in the employment in manufacturing. But the general point is that it isn't growing.

For 20 years it has fallen and risen, fallen and risen. There was a peak during the war and another in 1953. Since then it has been going down a little. There is no great rise in prospect there.

Mr. FOGARTY. If we have more people employed than at any other time in history, why shouldn't it show a higher peak now, than what you have in 1943?

Mr. CLAGUE. This first peak (1943) was in the war effort, so that is perhaps not a fair picture of peacetime. These other industries were held down at that time. There was a different peak in 1953. Of course, that was the end of Korea and it reflects that expansion to some extent.

But the general point is, manufacturing employment isn't growing; neither is transportation and public utilities. That group is not growing. We have had no increase in the last 15 years in that employment. The mining industry is declining. Construction isn't growing very much.

The growing industries are wholesale and retail trade, which is peaking up every year; and government—Federal, State and local. Government employment is now about 9⅓ million. I want to emphasize to you that the Federal Government share of this employment is about 2⅓ million, and that has hardly changed since 1947. It is almost a straight line,

GOVERNMENT EMPLOYMENT

Mr. FOGARTY. Percentagewise how does the Federal Government compare with the State and local governments?

Mr. CLAGUE. The Federal Government is about 2⅓ million; the State and local governments, 7 million. Their employment has almost doubled since 1947. Of course that includes teachers, local government officials, local public employees, and all kinds of activities associated with population growth.

Mr. FOGARTY. Do you have a breakdown between State and local governments?

Mr. CLAGUE. I don't have it with me.

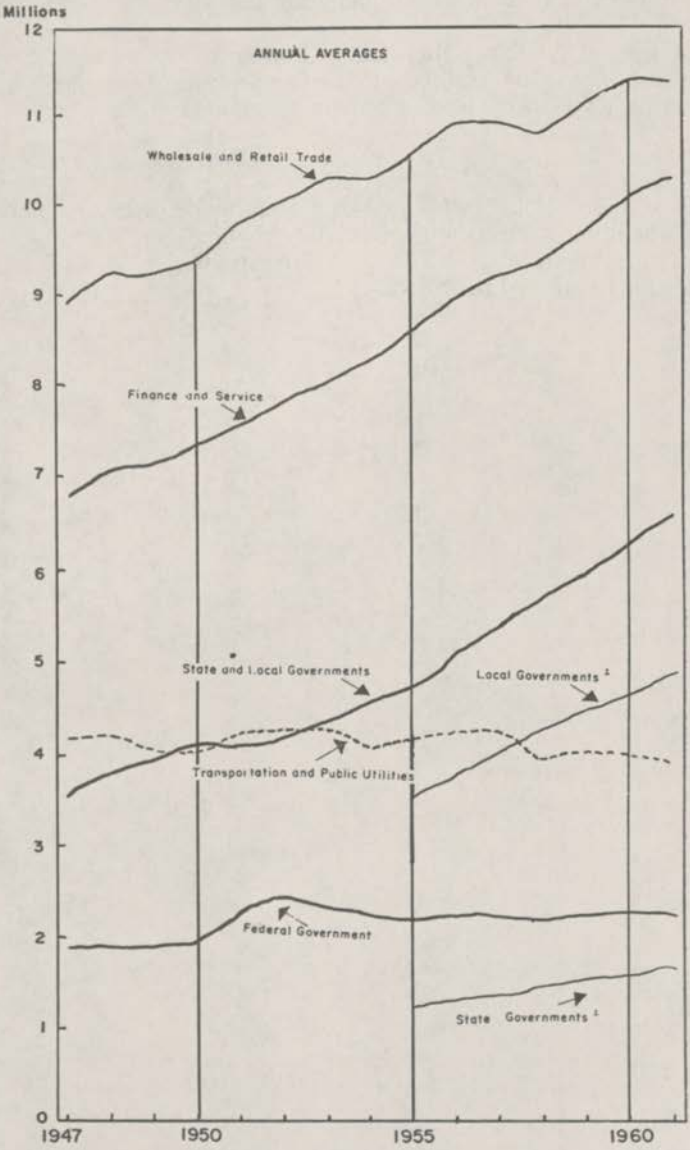
Mr. FOGARTY. Will you supply that for the record so we can see, for the last 10 years, how the Federal Government has grown in comparison with the State and local governments?

Mr. CLAGUE. Yes, I will be glad to. By the way, in one of the small charts I will supply for the record, I have the Federal Government sorted out from the State.

(The requested chart follows:)

CHART 2A.

EMPLOYMENT TRENDS IN SERVICE-PRODUCING INDUSTRIES SINCE WORLD WAR II



1/ Separate Employment Series for State Governments and for Local Governments Begin in 1955.

EMPLOYMENT TRENDS IN THE SERVICE INDUSTRIES

Mr. FOGARTY. Service employment is going up, too.

Mr. CLAGUE. Yes. You can see the line representing the services. That includes hotels, restaurants, laundries, dry cleaning, filling stations, etc.

Mr. FOGARTY. That has been showing a steady increase for quite a while.

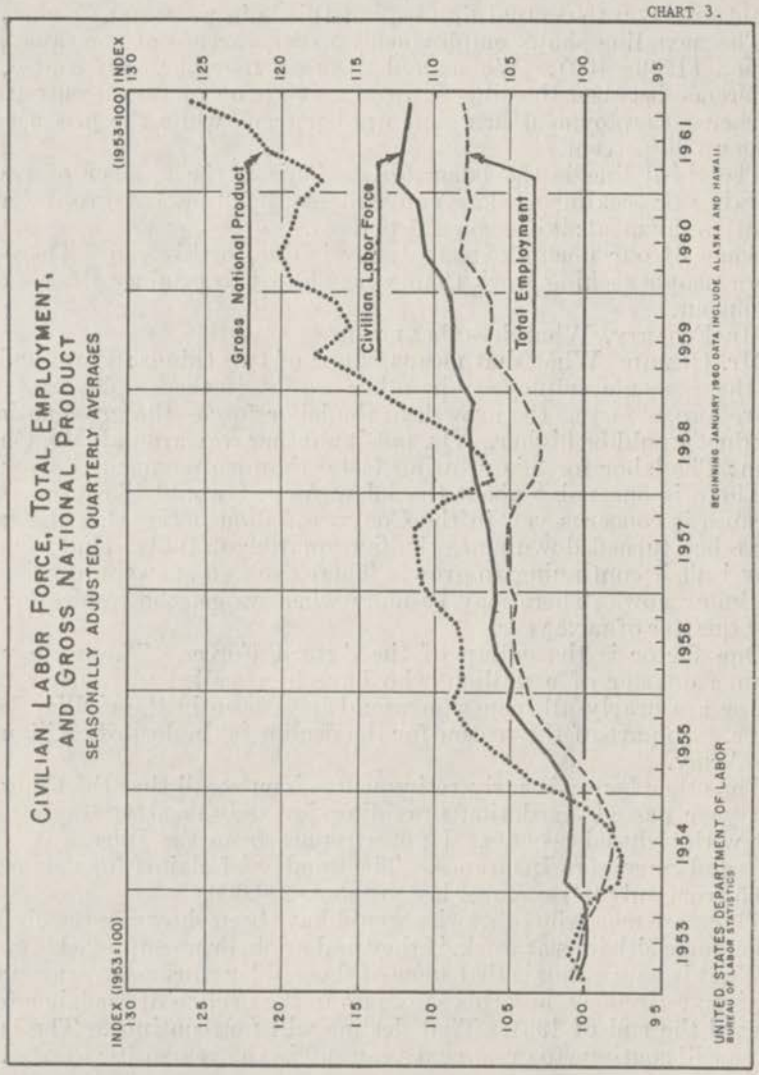
Mr. CLAGUE. A steady increase. It is now approaching 8 million employees. It is this gradual shift of employment among industries which is partly responsible for our present unemployment.

CORRELATION OF GROSS NATIONAL PRODUCT AND THE RATE OF EMPLOYMENT

Congressman Michel asked yesterday about the gross national product. That is shown in the next chart (3) which is a new one we have just drawn. We began with 1953 as a base=100.

(The chart referred to follows:)

CHART 3.


CIVILIAN LABOR FORCE, TOTAL EMPLOYMENT, AND GROSS NATIONAL PRODUCT
SEASONALLY ADJUSTED, QUARTERLY AVERAGES
INDEX (1953=100)
(1953=100) INDEX
Gross National Product
Civilian Labor Force
Total Employment
1953
1954
1955
1956
1957
1958
1959
1960
1961
BEGINNING JANUARY 1960 DATA INCLUDE ALASKA AND HAWAII
UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS

Mr. FOGARTY. What is the question he asked?

Mr. CLAGUE. He asked about the growth of the gross national product. He asked the Secretary how fast it is growing.

Mr. FOGARTY. Can you answer that question?

Mr. CLAGUE. Yes, here is the line. The gross national product (adjusted for price increases) has gone up 26 percent since 1953. I could give you the actual figures, but this is in percentage terms.

The next line shows employment, again starting at the same base period (1953=100). We started them off together. Of course, the difference between the lines is productivity, or increased output per worker. Employment has gone up 8 percent while the product has gone up 26 percent.

The third line is the labor force. This is the number of people working or seeking work. You will see that that has grown faster than employment; it has gown 11 percent.

Some of our unemployment today is due to this gap. There are more people seeking work than were needed to produce this amount of output.

Mr. FOGARTY. What does that mean?

Mr. CLAGUE. What that means is one of two things: If we had all of these people employed—in other words, if the employment had moved up as fast as the growth in the labor force—the gross national product would be higher. Or, put it another way around, Mr. Chairman: The labor force is growing faster than employment is growing.

There is one point about the labor force I would like to mention because it concerns you in the Congress. You notice that the labor force has turned down since the first quarter of 1961. One wonders why isn't it continuing to grow. There are two answers to this that we know now. There may be more when we get the results for the first quarter of next year.

One factor is the callup of the Armed Forces. There are more than a quarter of a million who have been called up during 1961. Those are nearly all men who would have been in the civilian labor force. So part of the reason for the decline is the loss of civilians to the Army.

The other factor is early retirement. You recall that the Congress last year passed legislation providing for retirement at 62 for men, but with reduced benefits. I got a report from the Bureau of Old-Age and Survivors Insurance. The number of claims for men 62 up to 65 from July to December last year was 280,000.

Those are men who otherwise would have been shown in the civilian labor force either as at work, if they had a job, or unemployed.

What is happening is that some of these older workers are now moving into retirement, and this shows up in the decline of the labor force toward the end of 1961. That decline will not continue. The labor force will continue to grow next year and in the years afterward.

SHIFT OF EMPLOYMENT IN MANUFACTURING

Mr. CLAGUE. This is chart 4. This is showing the shift in employment that is occurring within manufacturing. You will recall this chart from last year.

(The chart referred to follows:)

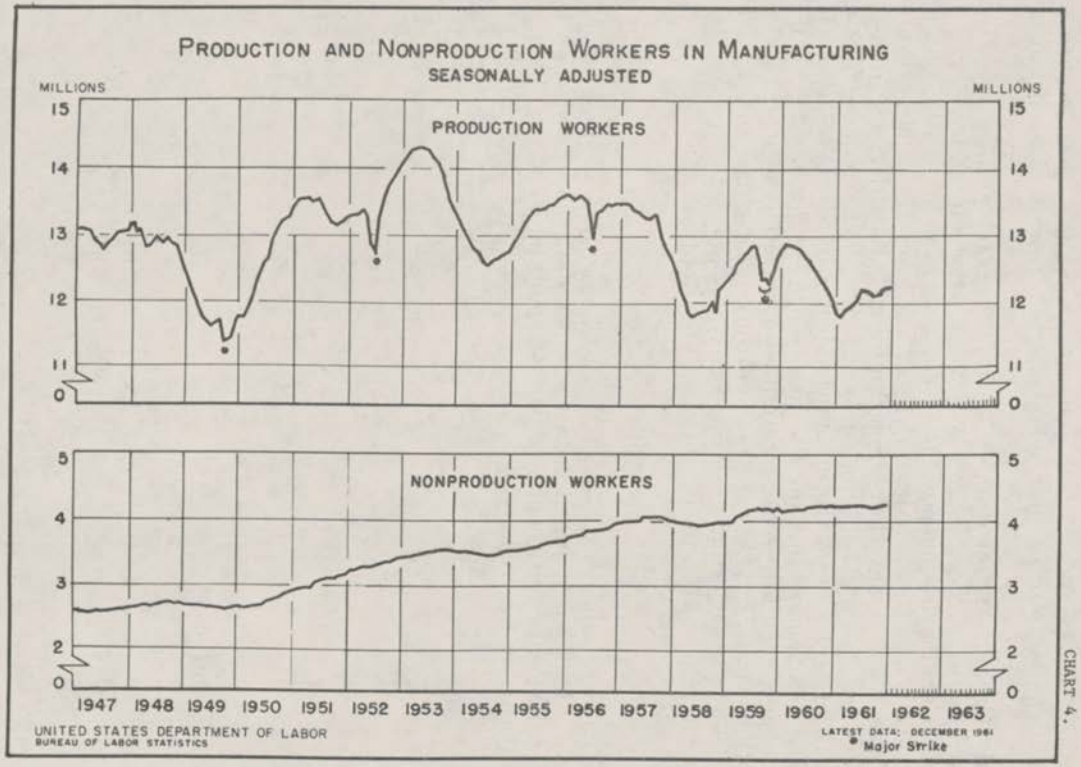

PRODUCTION AND NONPRODUCTION WORKERS IN MANUFACTURING
SEASONALLY ADJUSTED
MILLIONS
MILLIONS
PRODUCTION WORKERS
NONPRODUCTION WORKERS
15
14
13
12
11
0
5
4
3
2
0
1947 1948 1949 1950 1951 1952 1953 1954 1955 1956 1957 1958 1959 1960 1961 1962 1963
UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS
LATEST DATA: DECEMBER 1961
* Major Strike

CHART 4.

Mr. CLAGUE. One line shows production workers, plant workers. The other line is office workers. We don't like that term "nonproduction," but we don't have any other good term for it. It doesn't mean they are not productive; but they are the office workers.

Back in 1947 we had about 13 million in the plant, and about 2.5 million nonproduction.

Mr. FOGARTY. Why don't you call them just office workers? I wouldn't like to be called a nonproduction worker if I worked in an office.

Mr. CLAGUE. "Office workers" isn't a very good term.

Mr. FOGARTY. The people who work in my office produce.

Mr. CLAGUE. Let me point out that, as of now, you will see we have lost about a million of the plant workers since 1947; and if we take it from 1953, we have lost about 2 million. But this office group has grown from about 2.5 million to about 4¼ million. So now about one-fourth of all the workers in manufacturing are white-collar workers.

The bearing of this on the unemployment problem is that this shrinkage, generally speaking, results in unemployment of these production workers. They do not move over into office work. These workers in the offices are recruited from another set of people. Consequently this shift is producing some unemployment.

LENGTH OF WORKWEEK

This next chart (5) shows the workweek, the average hours of work. This has a bearing on the unemployment problem also. I will call attention to a couple of points about this chart.

(The chart referred to follows:)

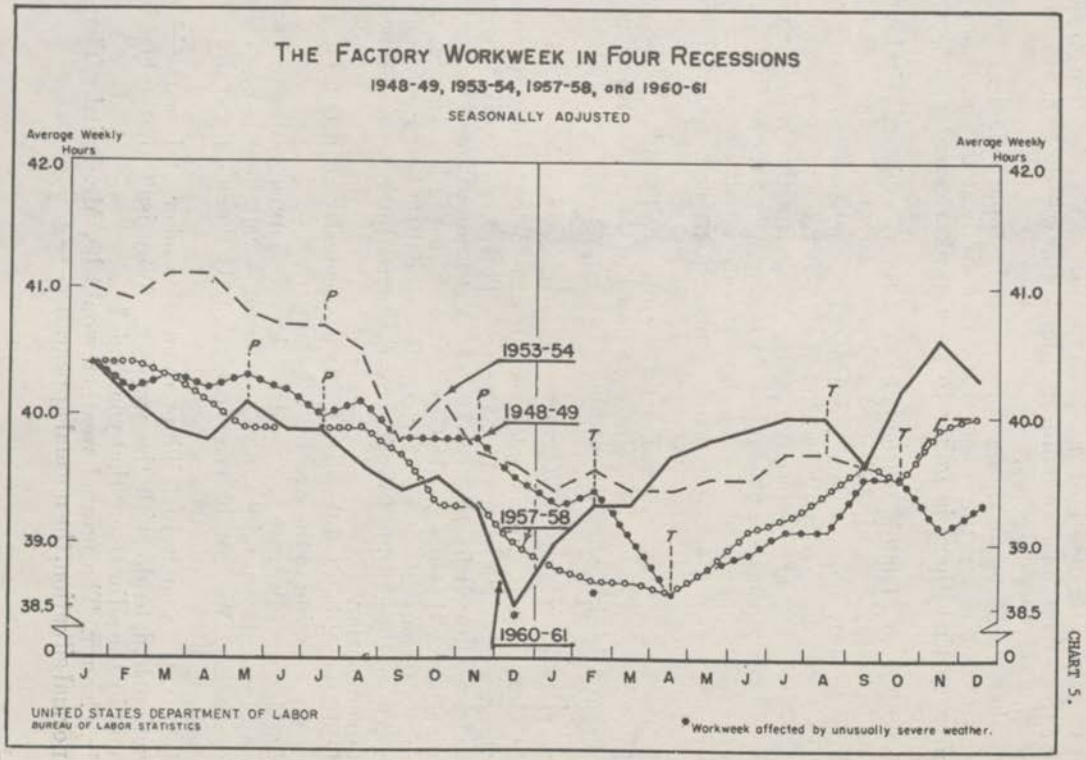


CHART 5.

UNIVERSITY LIBRARY

Mr. CLAGUE. This factory workweek is one of the best economic indicators. It is listed by the National Bureau of Economic Research as one of its forecasters. You will see why.

The letter "p" here in each case—and this covers the last four recessions—you will notice the letter "p" means the peak of prosperity. That was the peak month of prosperity. You will notice that in each one of these recessions we had a decline in the weekly hours of work before that peak was reached.

In other words, as we were approaching the top, the hours of work began to slough away; and therefore it has indicated 3 or 4 months in advance that there is going to be a peak reached and then a downturn.

The "t" means trough, or the bottom of the recession, again by the economists' tests. Notice that very frequently the hours of work begin to turn up before the actual bottom of the recession is reached.

Take 1960–61. You will see that the weekly hours were very low in December. That was partly the weather. But they were turning up by February when we reached the low point of the recession. Since then the hours have gone way up—an indication that the employer in a recovery period works his people longer hours rather than taking on more workers.

Mr. DENTON. But you are going down now, aren't you?

Mr. CLAGUE. Yes, we have just gone down in that particular month, but I don't think that will continue. I think we will stay up around this level.

Mr. DENTON. Is that seasonal?

Mr. CLAGUE. No, that is not seasonal. In fact, we have taken the usual seasonal variations out of all this. This is seasonally adjusted, so we have allowed for the seasons. I don't know; it may be weather or some factor that operated at that time. That is last December, so I can't tell you what it is. I can tell you a little better when I see January come in. But I don't look for hours to be turning down as a longrun matter.

Mr. LAIRD. I can't follow that. It is seasonally adjusted, but then you keep referring to the weather affecting it.

Mr. CLAGUE. Because the weather doesn't happen only seasonally. I mean by that, you might have a situation—well, here is September, for instance. We got Hurricane Carla. It doesn't occur in every September.

Mr. LAIRD. You were talking about December and you said the reduction had to do with the weather. Why isn't that taken into account by the adjustment that you made?

Mr. CLAGUE. The normal weather would be, Mr. Laird. That is, the normal situation, the normal appearance——

Mr. LAIRD. Wasn't this December normal?

Mr. CLAGUE. No, you do not always get a strictly normal weather situation. I had better say that I am not sure how we can account for that. When I said weather, I just used an illustration because I was familiar with what happened in September.

Mr. LAIRD. I see.

Mr. CLAGUE. Industrial relations can be a cause, too. You get a strike in the automobile industry in a certain month. We did not have one in December, but that too can affect the figures in a way that would not be normal.

Mr. LAIRD. You do not know for sure what affected it?

Mr. CLAGUE. No, I should say I do not really know what that effect is.

Mr. FOGARTY. When will you know? When you get the January report?

Mr. MYERS. The 31st.

Mr. CLAGUE. That is from the monthly report of the labor force. It will be about the 9th or 10th of February.

Mr. FOGARTY. Let us try to get that and put it in the record.

(The requested data follows:)

ANALYSIS OF DECEMBER DROP IN FACTORY WORKWEEK

The factory workweek averaged 40.5 hours in December 1961 compared with 40.6 hours the month before. Normally there is some seasonal increase between November and December, so that on a seasonally adjusted basis the average workweek fell back by 0.3 hour over the month.

The December drop was a reaction to the unusually large increase in November which resulted mainly from the very intensive production effort in the automobile industry. In November Ford workers were back on the job after having been on strike the month before. In addition to the need to make up lost output so near the beginning of the new model year, there was also an acceleration of production among all automakers to meet the rather heavy demand for 1962 cars. In addition, there was a spurt in the workweek in other industries ahead of the usual December buildup.

In December, the auto industry workweek was shortened and there was little further seasonal increase in other industries, so that the seasonally adjusted level for manufacturing as a whole dropped back, at least part of the way. Another factor in the December drop seems to have been the weather, which was unusually bad during the survey week, even for December, according to the weekly reports of the Weather Bureau.

In spite of the dip in December, the seasonally adjusted workweek was still somewhat ahead of the October level and also substantially above the level of previous months, particularly in durable goods industries. From the early summer of 1961, when the workweek had come back up to approximately its level just before the recession, until about October, changes in the workweek have have represented mainly noneconomic developments such as holidays, weather, and strikes.

The figures on the workweek in manufacturing and in its two major sectors are given in the following table for 1960 and 1961. They show the extent of the drop during the recession in 1960, the rapid recovery during the first half of 1961, and the fluctuations since the summer.

Average weekly hours of factory production workers, actual and seasonally adjusted, 1960–61

	January	February	March	April	May	June	July	August	September	October	November	December
Manufacturing:												
1960 actual	40.3	39.8	39.7	39.4	40.0	40.1	39.9	39.8	39.6	39.7	39.3	38.7
1961 actual	38.9	39.0	39.1	39.3	39.7	40.1	40.0	40.2	39.8	40.4	40.6	40.5
1960 seasonally adjusted	40.4	40.1	39.9	39.8	40.1	39.9	39.9	39.6	39.4	39.5	39.3	38.5
1961 seasonally adjusted	39.0	39.3	39.3	39.7	39.8	39.9	40.0	40.0	39.6	40.2	40.6	40.3
Durable goods:												
1960 actual	40.9	40.3	40.2	40.0	40.4	40.4	40.0	40.0	40.0	40.2	39.6	39.1
1961 actual	39.3	39.3	39.5	39.8	40.2	40.6	40.3	40.5	40.0	40.9	41.1	41.1
1960 seasonally adjusted	40.9	40.6	40.4	40.2	40.4	40.2	40.2	40.0	39.8	39.9	39.7	39.0
1961 seasonally adjusted	39.3	39.6	39.7	40.0	40.2	40.4	40.5	40.5	39.8	40.6	41.2	41.0
Nondurable goods:												
1960 actual	39.4	39.1	38.9	38.7	39.4	39.6	39.7	39.6	39.2	39.1	38.9	38.2
1961 actual	38.5	38.5	38.7	38.7	39.0	39.6	39.7	39.8	39.5	39.8	39.9	39.8
1960 seasonally adjusted	39.6	39.4	39.3	39.3	39.7	39.5	39.5	39.1	38.9	38.9	38.7	38.1
1961 seasonally adjusted	38.7	38.8	39.1	39.3	39.3	39.5	39.5	39.3	39.2	39.6	39.7	39.7

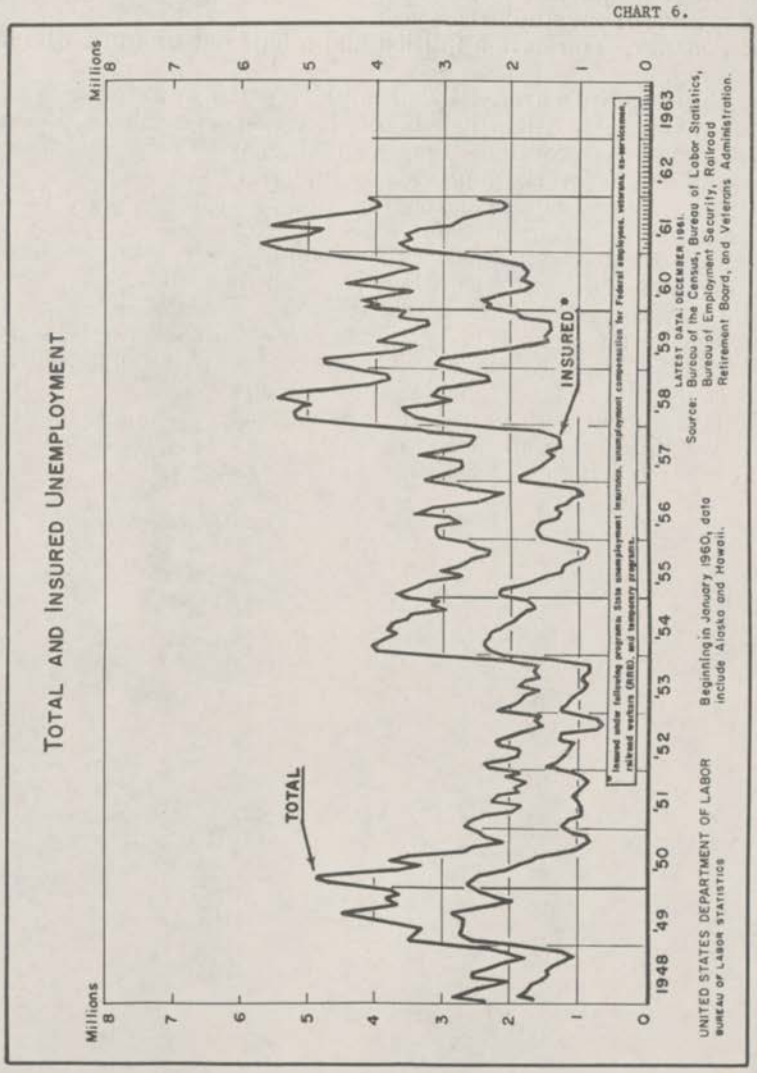
NOTE.—Figures for 2 latest months are preliminary.

TOTAL AND INSURED UNEMPLOYMENT

Mr. CLAGUE. Next is the chart (6) showing total unemployment as we get it from the monthly report of the labor force, and the insured unemployment as reported by the Bureau of Employment Security.

(The chart referred to follows:)

CHART 6.



Mr. CLAGUE. Notice that this brings out the important problem of the difference between the coverage by unemployment insurance and those not covered. The total was about 4 million unemployed in December. There were about 2.5 million covered by the regular unemployment insurance and the extended benefits. There is a million and a half difference.

Who those people are is one of the crucial questions which we hope to find in some of our studies this year.

Mr. FOGARTY. You have a million and a half out of work who are not covered.

Mr. CLAGUE. Not covered by unemployment insurance. Some of those may have exhausted their benefits here. Some of them are not covered, never were covered. Some of them may be very intermittent workers who didn't work enough to be covered.

But this group are quite clearly the ones who constitute a different problem from the covered workers.

You may debate about whether the unemployment insurance system is adequate, and so forth. But these covered workers are all drawing benefits, at least; so that there is a remedial system that is at work in our economy to take care of them. These others are the people who are outside that system, and it is important to find out who they are. I can point to a few of them in another chart.

We have a project also lined up for this year and for next year to find out a little more about the characteristics of those people who are not protected, if I may use that term.

SEASONALLY ADJUSTED UNEMPLOYMENT

Chart 7 shows the unemployment rate, seasonally adjusted. This adjusting is done by normal seasonal comparisons of January to February, February to March, and so on through the year. We subtract these usual seasonal movements out of the figures and what remains is the adjusted unemployment rate. The purpose is to bring out the business cycle movements.

(The chart referred to follows:)

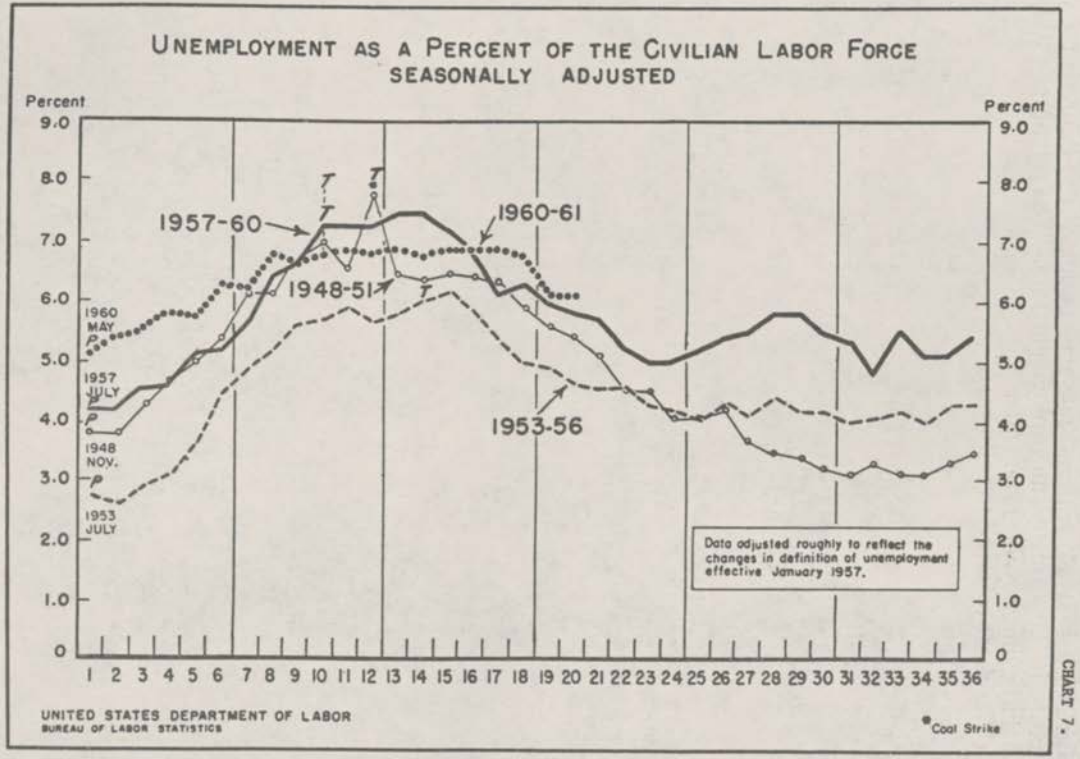

UNEMPLOYMENT AS A PERCENT OF THE CIVILIAN LABOR FORCE
SEASONALLY ADJUSTED
Percent
Percent
9.0
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
0
1957-60
1960-61
1948-51
1953-56
1960 MAY
1957 JULY
1948 NOV.
1953 JULY
Data adjusted roughly to reflect the changes in definition of unemployment effective January 1957.
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36
UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS
*Coal Strike

CHART 7.

Mr. CLAGUE. I think this chart will illustrate the Council of Economic Advisers report which just came out yesterday. In 1948—I will start back with that recession—we had about 3.8 percent unemployed as the downturn began. The P here in each case is the peak of prosperity. The unemployment rate in 1949 went up to about 7 percent. Then it declined, and about 1½ years later it was down to 3 percent.

Then in 1953, at the peak of prosperity the rate was only 29 percent. Then it rose. Thas was a shallow recession; the rate barely reached 6 percent. Then it leveled out, but it came out finally at 4 percent. Then the next one is the July 1957 peak. It was then about 4 percent. It rose to about 7.5. Then it went down and barely touched 5 percent.

That rate was affected in 1959 by the steel strike, of course, which causes unemployment of a lot of other workers in other industries. But we never did better than 5 percent at any time in the last 3 years. In fact, we averaged about 5.6 percent in 1960 and 6.7 percent in 1961.

Lastly in May 1960, we had about a 5-percent rate. This last downturn has been more like 1954—rather shallow. The rate reached about 7 percent, and stayed there for a long time, but it is now at 6.1.

The crucial issue is: Where do we go from here? Is this rate going down until we reach 3 or 4 or 5? Or is it going to stay even above 5 percent? That is the crucial economic question that is going to be debated in the Congress.

REPORT OF THE COUNCIL OF ECONOMIC ADVISERS

Mr. LAIRD. Do you disagree with the report filed yesterday?

Mr. CLAGUE. The report filed yesterday is a model. They have drawn up a model by which they are bringing this down to 4 percent at this period of time.

If the model works out, this will produce that result.

Mr. LAIRD. According to all the reports on it, that is their projection.

Mr. CLAGUE. That is their projection, yes.

Mr. LAIRD. Is it yours? That is my question.

Mr. CLAGUE. I don't have any.

Mr. FOGARTY. You are one of the experts in this field. We think you are one of the best in the country, Mr. Clague.

Mr. CLAGUE. Mr. Chairman, off the record.

(Discussion off the record.)

Mr. LAIRD. If you agreed, you would say so. Evidently you disagree.

Mr. CLAGUE. No, I don't disagree. Let us put it this way. The Council of Economic Advisers obtained our advice on a lot of their work and a lot of it they took; some they didn't. But they consulted us very freely.

Mr. LAIRD. Do you agree with George Meany's statement, or do you agree with their statement?

Mr. CLAGUE. I am not sure that I understand quite what the difference is.

Mr. LAIRD. Mr. Meany indicated yesterday that he had serious questions about the figures that they set forth.

Mr. CLAGUE. As far as the general improvement in the economy is concerned, I am convinced we are going to have a better year in 1962; and I think and hope in 1963 as well.

On the other hand, I don't see clearly as far as 1963. I am not sure whether we will still be on the way up at that time or not. But I have to point out, that the Council has a comparison of output and employment. They estimate about $600 billion of gross national product in real prices at that time. If they do, I think we would reach the 4 percent all right.

So it concerns the question of whether it will rise that fast under the circumstances that are going to exist during this period of time.

My only reservation, Mr. Laird, is this. I think this unemployment problem is tough. The question you will be debating—and I testified before Senator Proxmire's committee in December on this subject. Senator Proxmire asked us the question: Is unemployment due to lack of demand or is it due to structural difficulties, problems of people who are unemployed because they don't fit the jobs which are developing?

I testified to the effect that both factors were present in the unemployment problem. If you raise demand, you can surely raise employment to some degree. But I came down on the side of saying—which we in the Labor Department do believe—that there is a structural difficulty here; that the people who are out of work are not well qualified for the job openings.

They have been in occupations and industries that are not expanding. My charts here have shown you that they can't get work in their own industries, and they don't qualify very well for the expanding industries. So we have what you might call a structural or an institutional difficulty.

That means that unemployment could remain stubbornly high unless we get what I pointed out in my previous chart there: Maybe a lot of older people in their sixties will now retire at age 62; they will be retired and not shown in the labor force or in the unemployment figures.

As workers get older and reach these ages up to 65 and beyond 65, a good many of them are certainly marginal workers. Some of them want to work, but if they had adequate retirement benefits perhaps they would not need to do so.

The behavior of the labor force will have a bearing on the Council's projection. So I can't be sure. I would certainly say their projection is possible. It can work out this way and it might result in reaching this 4 percent. I think it is going to be a hard row, and we might end up not doing so well.

Mr. DENTON. Do you attach any significance to the fact that unemployment is sort of tending to level off?

Mr. CLAGUE. Yes, that's right.

Mr. DENTON. Does that have any significance, or do you want more months to tell?

Mr. CLAGUE. Yes, you can't tell yet. We should have a continued business revival in the spring. Of course, this rate is seasonally adjusted, so we are allowing for the usual seasonal improvement which takes place every Spring. I think that the adjusted rate will go down. Don't get me wrong; I don't think it will stay up to 6 percent.

Mr. DENTON. Why do you think it will go down?

Mr. CLAGUE. Because we are going to have a further expansion in production, this year. In other words, the gross national product, which I showed on that earlier chart, is going to go on up, I think. The Secretary mentioned yesterday we are not going to stop at $540 billion. It will go up to $550, $560, $570, or $580 billion.

The only question is: How much reemployment will occur in that expansion and how many workers will be left out of jobs? The labor force, of course, is expected to grow each year by about a million and a quarter a year; so the economy must pick up a considerable expansion of production before the rising labor force is taken care of.

SEASONAL ADJUSTMENT FACTORS FOR UNEMPLOYMENT

I am not going to spend a lot of time on this next chart (8). Here are the seasonal factors we use for unemployment adjustment. This chart brings out the fact that every June a lot of young people show up in the labor force and show some uemployment as well as employment.

(The chart referred to follows:)

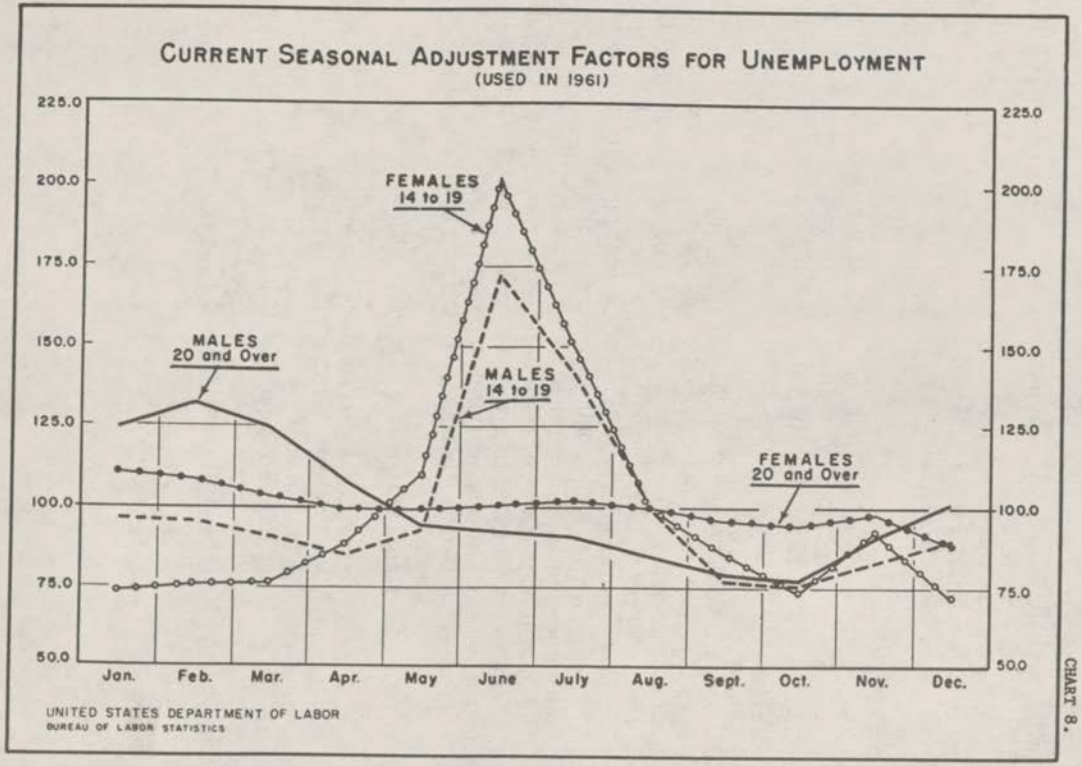

CURRENT SEASONAL ADJUSTMENT FACTORS FOR UNEMPLOYMENT
(USED IN 1961)
225.0
200.0
175.0
150.0
125.0
100.0
75.0
50.0
FEMALES
14 to 19
MALES
20 and Over
MALES
14 to 19
FEMALES
20 and Over
Jan.
Feb.
Mar.
Apr.
May
June
July
Aug.
Sept.
Oct.
Nov.
Dec.
UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS

CHART 8.

Mr. CLAGUE. These dashed lines are teenagers, boys and girls under age 20. Note that a lot of unemployment occurs among them in June and July. When they come out of school seeking jobs, and don't find them, they stay unemployed for a while. In the autumn they go back to school.

Another line is adult women, that is, age 20 and over. There is relatively little seasonality in their unemployment. The other line is adult men. They do have higher unemployment in the winter. That is because of shutdowns in construction, lumbering, and other such industries. Men's unemployment declines seasonally to a low point in October and then starts climbing again toward the end of the year.

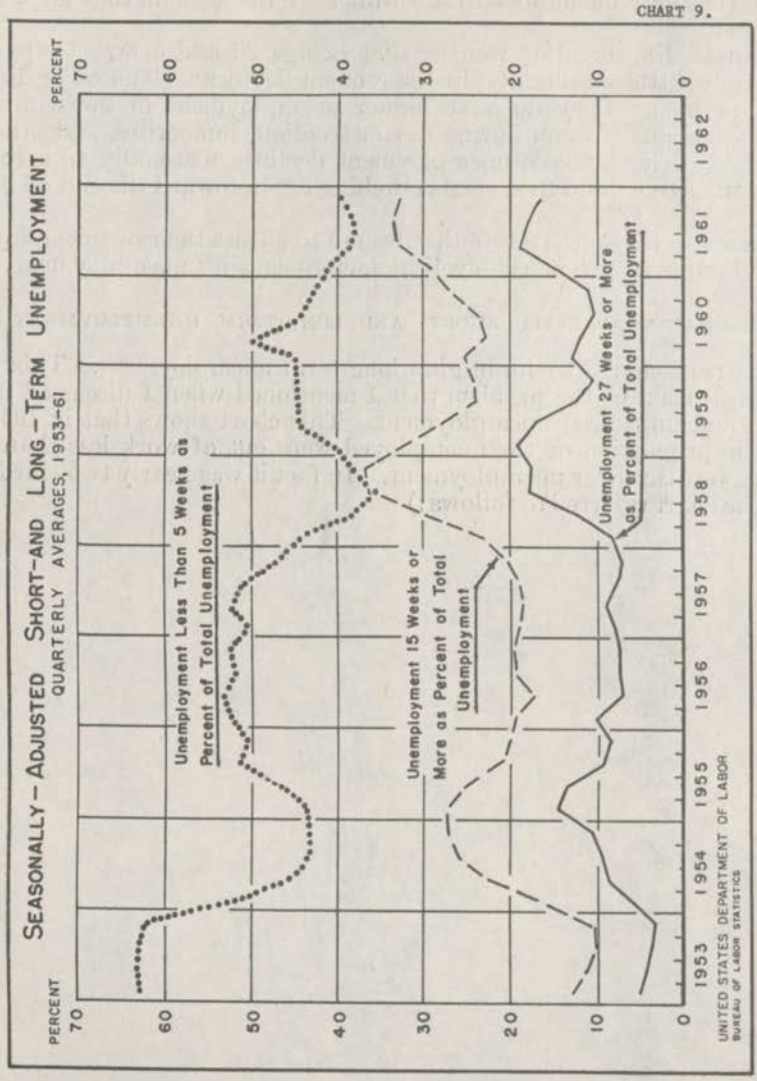
These are the four factors that we use to adjust the raw unemployment figures to get at the cyclical factors causing unemployment.

SEASONALLY ADJUSTED SHORT- AND LONG-TERM UNEMPLOYMENT

The next chart (9) highlights long-term unemployment. This is an illustration of the problem that I mentioned when I discussed insured and uninsured unemployment. This chart shows that in 1953, a large proportion of the unemployed were out of work less than 5 weeks, just turnover unemployment. In fact it was nearly two-thirds.

(The chart referred to follows:)

CHART 9.


SEASONALLY-ADJUSTED SHORT-AND LONG-TERM UNEMPLOYMENT
QUARTERLY AVERAGES, 1953-61
PERCENT
PERCENT
70
60
50
40
30
20
10
0
Unemployment Less Than 5 Weeks as Percent of Total Unemployment
Unemployment 15 Weeks or More as Percent of Total Unemployment
Unemployment 27 Weeks or More as Percent of Total Unemployment
1953
1954
1955
1956
1957
1958
1959
1960
1961
1962
UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS

Mr. CLAGUE. The next line shows those out of work more than 15 weeks. They are still receiving unemployment benefits if they are covered by unemployment insurance. The bottom line shows those out of work more than 26 weeks. They would not be covered by the regular unemployment insurance. You will notice that very long term—over 26 weeks—unemployment constituted only 5 percent of all unemployed at that time; in other words, 1 in 20. We had no real long-term unemployment problem in 1953.

But note that this ratio is now up to nearly 20 percent of all unemployed. In other words, one in five is out of work more than 26 weeks. Some of them are covered by temporarily extended benefits; but it is also quite clear there is a developing long-term unemployment of workers lasting beyond the normal coverage of unemployment insurance.

A question was raised yesterday: What is a reasonable ideal picture of unemployment in a rapidly changing society? My answer would be that if we had unemployment insurance coverage for all regular workers, and if all of them got jobs within the time limit of unemployment insurance—in other words if, within 26 weeks, every unemployed worker found a job—you would have about as good an operating economic system as you could have.

We can't get away from industrial change or the turnover of people in jobs. This is natural in any dynamic society. The question is: How is it being handled? Right now the one that is most hurting the country, I think, is this group of very long-term unemployed. It is not large. The number is about three-quarters of a million, but that number represents workers who are not adequately protected now by any system we have.

UNEMPLOYMENT COMPARISONS WITH FOREIGN COUNTRIES

Mr. LAIRD. Dr. Clague, sometimes we see our unemployment figures compared with other countries. I read a couple of articles where they have used unemployment figures for Western Germany.

It doesn't seem to me that this is a fair comparison to make. I would like to have your opinion on that.

Mr. CLAGUE. Yes, we have been testifying on that point; also we are doing some more work on that subject to see if we can make a more accurate comparison.

The answer is that in some of the European countries—in many of the European countries—what they would count would be our insured unemployment figures. In other words, those registered at employment offices for benefits.

Some countries include more than that. They include other workers who come to the employment offices to register. You should recognize that in some European countries much more of the placement in industry occurs through the employment offices than occurs in this country. They don't have the vast amount of outside methods of placement that we do. So their registration figures more nearly cover all the unemployment in the country.

Nevertheless, when they conduct our type of survey in those countries which has been done in several places—Sweden being one of them—it shows that their unemployment figures are raised sub-

stantially. They find the people that we find in the home, those who want work, who look for work, who answer ads in the papers, but who never would go down to the employment office to register for a job.

THE UNEMPLOYMENT SURVEY

Mr. LAIRD. Isn't it true that anyone who answers your question that they would like to work is included?

Mr. CLAGUE. We don't ask them if they would like to work. That is what our critics used against us, but it is not right. We don't ask people if they would like to work. The question is: Was anybody looking for work?

We first ask them who is working. Then we ask what else they were doing—in school, keeping house, and so forth. Then we ask: Was anybody looking for work last week?

Mr. LAIRD. Wouldn't they have to like to work if they were looking for work? I don't get the difference.

Mr. CLAGUE. It would make a big difference. You see, what we are really asking is: Did you do anything positive to get a job? Lots of people, most everybody, would answer that they would like to work if they could find a job that was good enough for them or that would fit their requirements.

Mr. LAIRD. But you would count them even if they had never even made a visit to the employment office?

Mr. CLAGUE. Well, they might not have made a visit——

Mr. LAIRD. Sure, you count those people as looking for work who haven't even gone downtown to the employment office to inquire about a job.

Mr. CLAGUE. Yes; but they might very well have been answering ads in the paper and have called on stores directly. People hunting jobs here in Washington do that.

Mr. LAIRD. You don't go into that in your survey?

Mr. CLAGUE. In the new study we want to make, we plan to go into that. What we ask them is, Did you look for work last week? If he or she answers that they did look for work, then we do count them as unemployed. We don't quiz them as to what they actually did in order to find work. In that sense your statement is correct.

Mr. LAIRD. You have all these young people in there. If you found someone who was working this summer during the month of July, but may not work in September or in August, they would be included as unemployed; would they not?

Mr. CLAGUE. Yes, if they were still looking for work.

Mr. LAIRD. In Western Germany that person would not be included if he was in that age group. Is that correct?

Mr. CLAGUE. That's right. If he hadn't gone to the employment office to register, he would not be included because they are only counting the people that register.

STATUS OF STUDENTS IN THE SURVEY

Mr. LAIRD. But if he had gone back to school, he wouldn't be included.

Mr. CLAGUE. We don't count them when he has gone back to school.

Mr. LAIRD. You have college students who are included if they are looking for work.

Mr. CLAGUE. Yes. In June, for example, there are a lot of high school graduates, college graduates, college sophomores, looking for jobs. Four million last June found jobs. But there were a number who said that they had not found a job, but they were looking either for a summer job or for a permanent job. A lot of those boys want summer jobs. They were counted as unemployed.

Mr. LAIRD. I am not trying to quarrel with your figures. I am just trying to relate here that there is a difference between our statistics and those of foreign countries.

Mr. CLAGUE. Oh, no question. Deputy Commissioner Myers here is at work trying to analyze a number of the Western European countries compared to our statistics so we can point out the difference and make a true comparison of the true rates of unemployment in comparison with ours.

COMPARISON OF UNEMPLOYMENT INSURANCE COVERAGE

Mr. DENTON. How do they compare with us in the length of time that they cover unemployment?

Mr. CLAGUE. I think about the same, about 26 weeks. You mean the unemployment insurance?

Mr. DENTON. Yes.

Mr. CLAGUE. I think mostly about 26 weeks. Britain has some benefits that go as long as 39 weeks and even some that last 52 weeks for longtime unemployed who have been longtime workers. But roughly the duration is comparable.

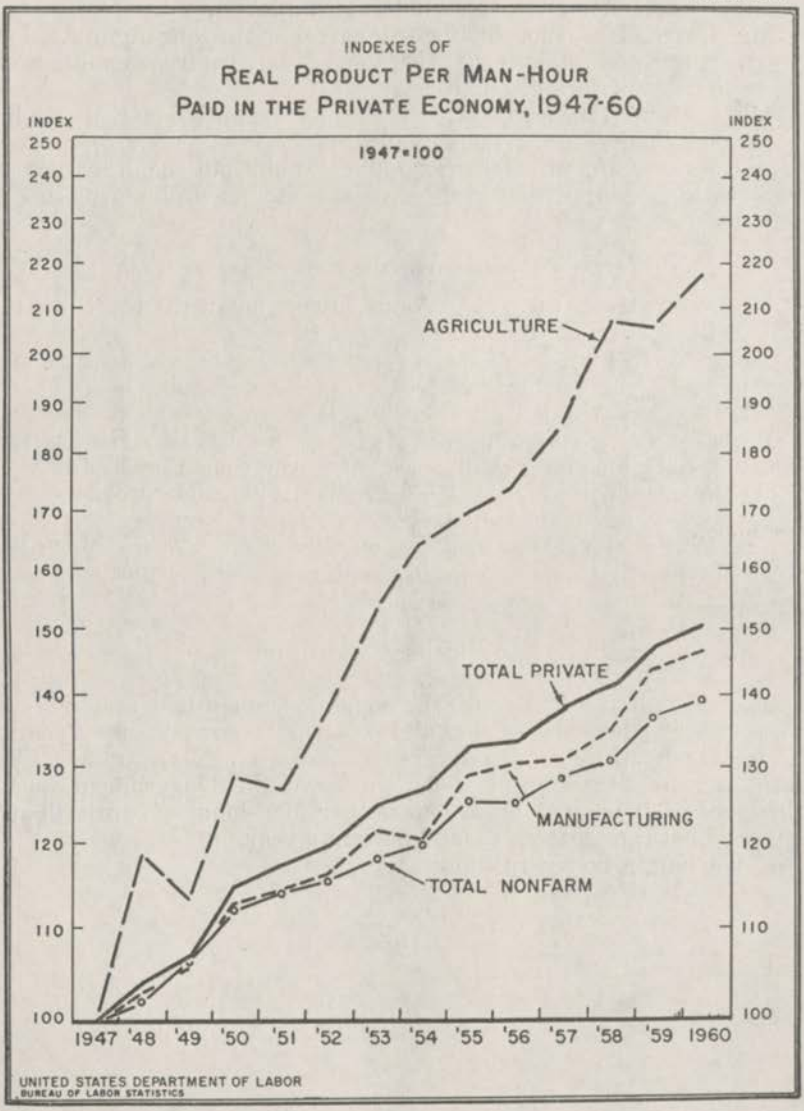
The main point I was making on this chart was that long-term unemployment, beyond unemployment insurance, is one of the key problems in this country.

OUTPUT PER MAN-HOUR

The next chart (10) shows the output per man-hour. This is one aspect of productivity, or automation—whatever you want to call it. It is a longrun development, shown here from 1947 to 1960. The total private economy in 1960—we leave the Government out of this shows 50 percent more output per man-hour of work than in 1947. That rate goes up about 3 percent a year.

(The chart referred to follows:)

CHART 10.


INDEXES OF
REAL PRODUCT PER MAN-HOUR
PAID IN THE PRIVATE ECONOMY, 1947-60
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

Mr. CLAGUE. Note the performance of agriculture, Congressman Marshall mentioned. It is very spectacular. The mechanization of agriculture is still going on. Even in 1960 it continued upward. Note that manufacturing is quite high, too. The increase is 46 or 47 percent. This is the rate of progress which occurs per man-hour of labor.

CONSUMER PRICE LEVELS

The next chart (11) shows the price level—consumer prices. We have indicated that we do not think there is very much likelihood of a rise in prices.

(The chart referred to follows:)

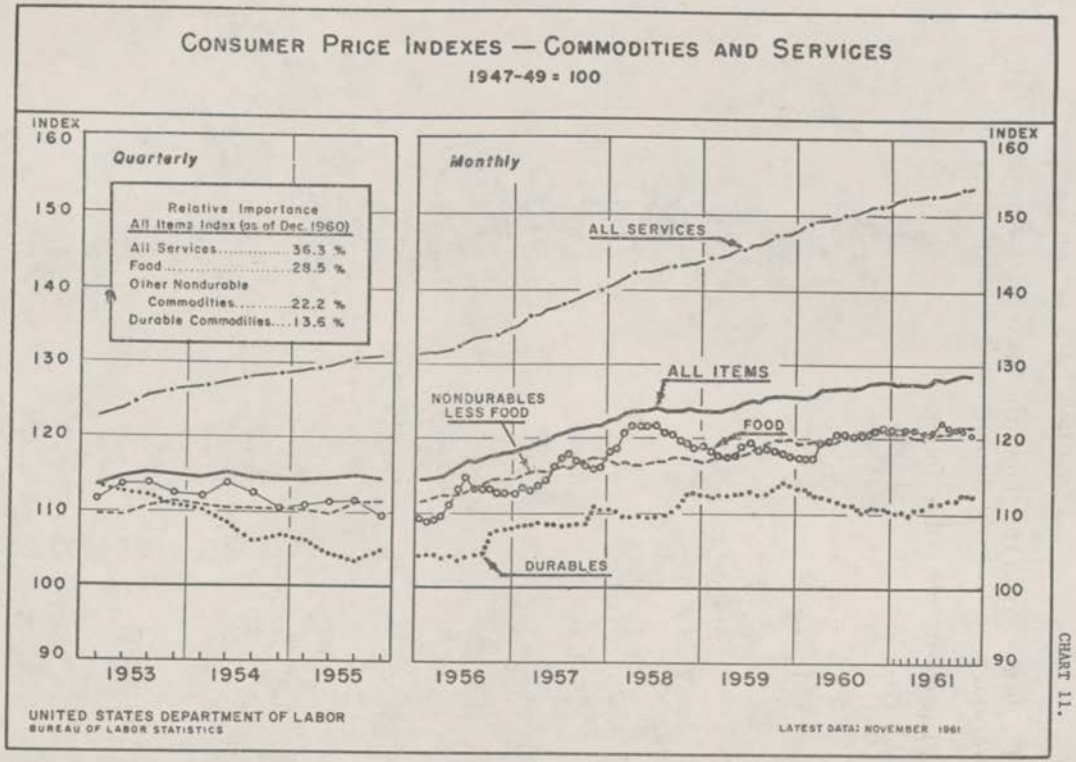

CONSUMER PRICE INDEXES — COMMODITIES AND SERVICES
1947-49 = 100
INDEX
160
150
140
130
120
110
100
90
Quarterly
Relative Importance
All Items Index (as of Dec. 1960)
All Services..... 36.3 %
Food..... 28.5 %
Other Nondurable Commodities..... 22.2 %
Durable Commodities.... 13.6 %
1953
1954
1955
Monthly
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: NOVEMBER 1961

CHART 11.

Mr. CLAGUE. The Consumer Price Index hasn't risen very much since 1958. Services are going up all the time, but that is because those prices lag for years behind commodity prices. Services are streetcar fares, doctors' fees, hospital bills, haircuts, and things like that.

The services price lines look high on the chart because the base is 1947–49. If we went back to 1939, which was a prewar year, you would find that this line would have risen about the same as the index as a whole. In other words, service prices have been years in catching up.

Note that consumer durables are reasonably cheap compared to 1952 or 1953. They have been declining. They rose several years ago; they are down again now. They are not as high now as they were in 1952. Soft goods are rising slowly, but are below the index as a whole. All commodities are below the index.

The factor that is putting up the index now is the price of these various services. Our general feeling is the that the index as a whole is not going up very much in the near future.

WHOLESALE PRICE INDEX

Lastly, we have the Wholesale Price Index (Chart 12), which has been fairly stable. Raw materials are cheap—foodstuffs and feedstuffs—so are nonfood matrials. Producers' finished goods, capitals goods, those are the items that are high-priced—tools, machines, and things like that.

(The chart referred to follows:)

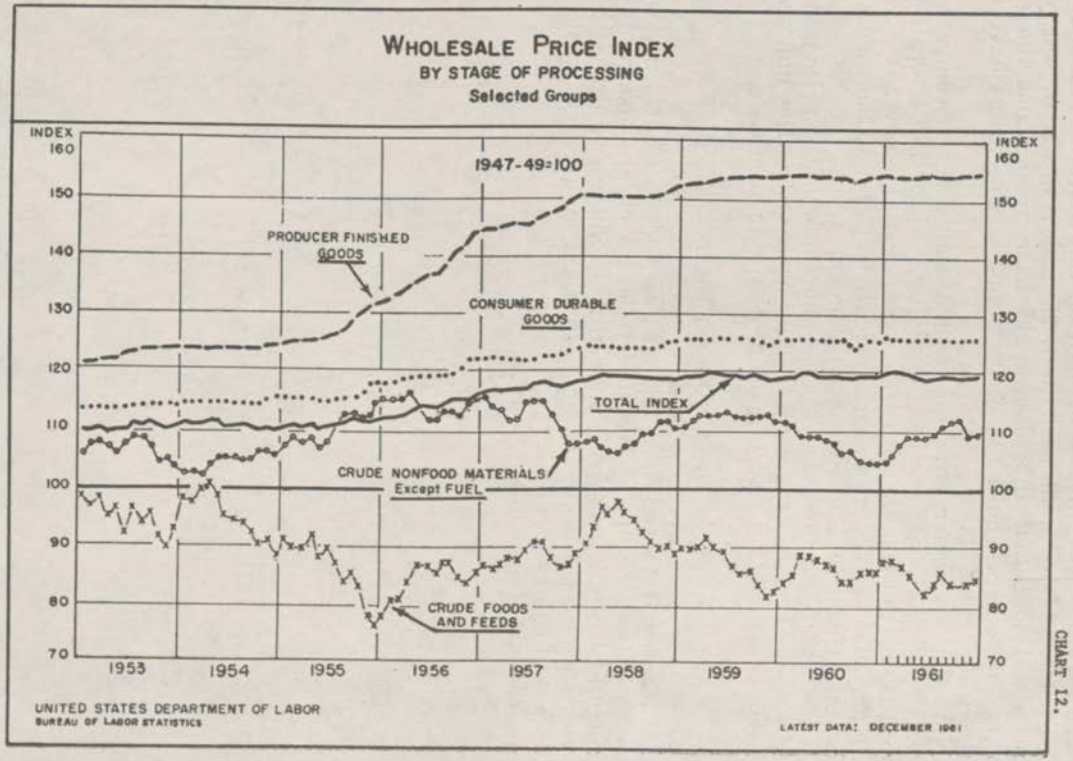

WHOLESALE PRICE INDEX
BY STAGE OF PROCESSING
Selected Groups
INDEX
160
150
140
130
120
110
100
90
80
70
1947-49=100
PRODUCER FINISHED GOODS
CONSUMER DURABLE GOODS
TOTAL INDEX
CRUDE NONFOOD MATERIALS Except FUEL
CRUDE FOODS AND FEEDS
1953
1954
1955
1956
1957
1958
1959
1960
1961
UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS
LATEST DATA: DECEMBER 1961

CHART 12.

Mr. FOGARTY. Why does that show such an increase for finished goods?

Mr. CLAGUE. The big increase occurred in the boom of 1955–57. That was the time when we had a big capital goods expansion, and so tools and machines increased in price substantially.

Mr. LAIRD. Why?

Mr. CLAGUE. Well, I don't know that I can answer that. There was a heavy demand for them. These machines are part of the mechanization drive, I suppose. They are the causes of the increased output. That is to say, they make it possible to get the increased output. When there is a big demand, their prices tend to go up. Their costs of production probably increased also. These machines are getting more complex.

We try to take specific improvements out of the price increases. We try to get prices for comparable machines. Nevertheless, it is quite clear that producers' goods, as we call them, the producing tools, went up substantially in price. But there has been little change in them in the last several years.

Mr. MICHEL. Would the Department of Commerce's figures in that same comparable period show a proportionate rise in labor costs?

Mr. CLAGUE. That would be our figures in labor costs.

Mr. MICHEL. Do you actually have them as far as labor costs in that same period of time?

Mr. CLAGUE. Yes, we have detailed figures on labor costs. I don't happen to have them here, but we do have them.

Mr. MICHEL. Would you have a chart available for that same period of time of labor costs?

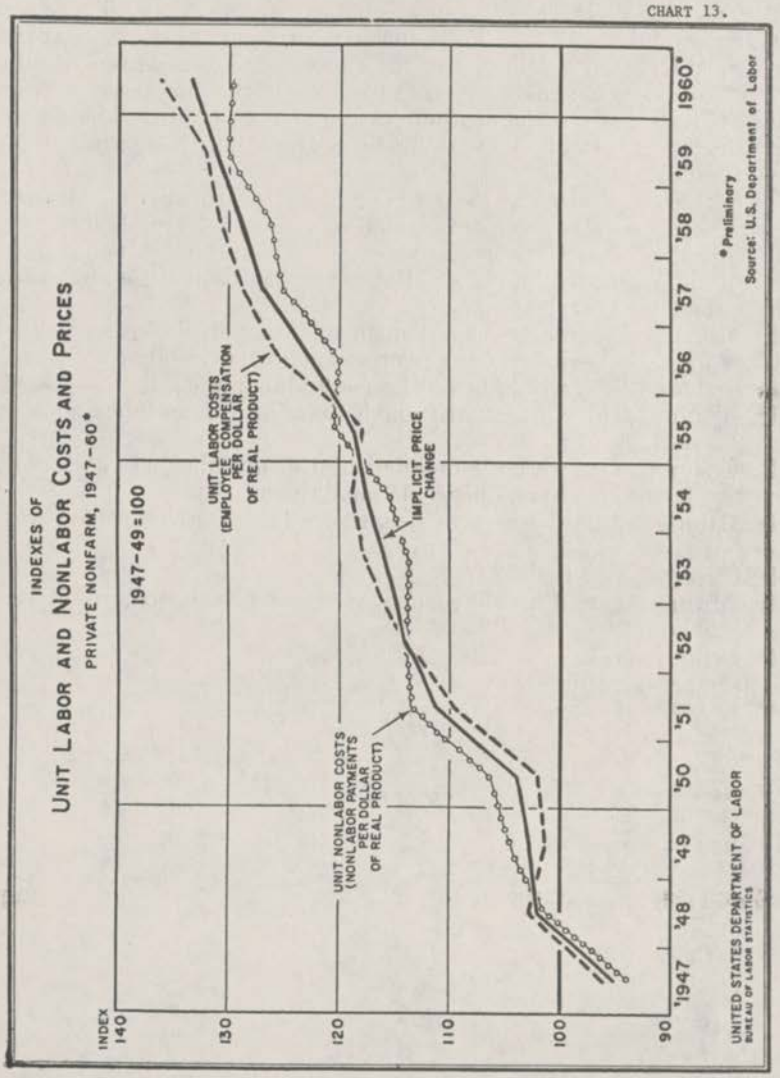
Mr. CLAGUE. Yes, I think so.

Mr. MICHEL. Could we have one of those for the record at this particular point?

Mr. CLAGUE. Yes.

(The chart is as follows:)

CHART 13.


INDEXES OF
UNIT LABOR AND NONLABOR COSTS AND PRICES
PRIVATE NONFARM, 1947-60*
1947-49=100
INDEX
140
130
120
110
100
90
UNIT LABOR COSTS (EMPLOYEE COMPENSATION PER DOLLAR OF REAL PRODUCT)
UNIT NONLABOR COSTS (NONLABOR PAYMENTS PER DOLLAR OF REAL PRODUCT)
IMPLICIT PRICE CHANGE
'47
'48
'49
'50
'51
'52
'53
'54
'55
'56
'57
'58
'59
1960*
* Preliminary
Source: U.S. Department of Labor
UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS

EMPLOYEE TURNOVER IN THE SOVIET UNION

Mr. CLAGUE. Since we are talking about unemployment, permit me to read something which I would like to mention in connection with these international comparisons.

The Soviet Union makes the point that they never have any unemployment. We are publishing an article in the Monthly Labor Review on labor turnover in the Soviet Union. They are now beginning to publish some information on this subject.

I thought I would mention to you that they do have labor turnover which seems to range from 36 to 60 percent a year in certain provinces. That amounts to a higher turnover than we have in manufacturing. They estimate that the average unemployment of these persons changing jobs is about 30 days—28 to 31 days, to be exact. That means that it would correspond roughly to our statistics of unemployment under 5 weeks.

So they do have a very considerable volume of unemployment.

I would like to read you a statement of a Soviet labor leader at the last Congress of the Central Committee of the Communist Party. I want you to see how this reads, just a paragraph:

> It is well known that, as a result of the introduction of new technology, mechanization and automation of production, part of the labor force is freed in many enterprises and there are already surplus workers. In our view this question demands organized solution. It is necessary that the planning organs of the Republics and the U.S.S.R. work out measures for better utilization of labor resources. (Soviet Studies, vol. XII, January 1961, No. 3.)

Then he goes on talking about government assistance for people who are out of work because they are not needed in industry.

So, with the development of more knowledge of the Soviet, we find out that their story about not having unemployment is not correct.

U.S. EMPLOYMENT FIGURES COMPARED WITH OTHER COUNTRIES

Mr. LAIRD. Our figures are given lots of publicity in other sections of the world.

Mr. CLAGUE. Yes.

Mr. LAIRD. Our count is so complete a comparison tends to mislead a lot of people.

Mr. CLAGUE. I think that is certainly true. One of our problems is, first of all, we don't want to mislead our own people. We would like to explain what these figures mean and to break them into their component parts. Secondly, we would like to get a figure which would explain to the world at large that our figures are not so different as they seem from some other countries.

Mr. LAIRD. In some places they only count the head of the household in reporting their unemployment figure. Of course if we considered only that person here in the United States, our figures would be much different, too.

Mr. CLAGUE. We publish these every month. We publish so many figures, that many people don't get their significance. We publish every month the unemployment rate for married men. We publish the rate for men only, leaving out all women and all teenagers.

Mr. LAIRD. But that isn't the figure that gets the wide distribution.

Mr. CLAGUE. We try to emphasize it so that we can show these differentials. That is what one needs to understand about this problem.

Some of our unemployment is due to the fact that we have a free labor market; lots of people want to work part time. About one-eighth of all our unemployment, when we made a check are only seeking part-time work.

STUDENTS IN COUNT OF UNEMPLOYED

Mr. LAIRD. I had a young man in my office this morning who is going to a local university. He was in to see me about getting some work in the office after school. If he were interviewed tomorrow, would he be considered unemployed?

Mr. CLAGUE. I think the answer is "No," because, you see, his primary activity is schooling. He is in school. When he tells us that, then he is a student.

Mr. LAIRD. He only wants to work about 20 hours. He would not be considered in your figure?

Mr. CLAGUE. My impression is that he would not.

Mr. FOGARTY. I would like you to make sure. I think if he is going to school full time he shouldn't be classed as an unemployed person. Do you have anybody here who knows that?

Mr. EVANS. I will submit a complete answer to that.

(The following was subsequently submitted:)

In terms of the concepts used in the monthly report on the labor force, questions on the activities of working or looking for work take precedence over other activity questions. Therefore, while the student was seeking part-time work, he would be considered as an unemployed member of the labor force, regardless of his status as a full-time student. When he obtained part-time work, he would be classified as an employed member of the labor force.

During the school year full-time students account for only a small proportion of the unemployed. While their unemployment may not mean privation, getting a job may be essential if they are to stay in school. Moreover, failure to use the part-time work of students, where it is available, represents an underutilization of one of the resources of the economy.

OASI BENEFICIARIES IN COUNT OF UNEMPLOYED

Mr. CLAGUE. I have got a more difficult one, which is going to cause us more trouble as time goes on. A great many people retired under old-age and survivors insurance want part-time jobs to earn up to $1,200 per year. As a matter of fact, 3 million people—as I recall the latest figure—over 65 are working. But there are about 150,000, I think, who reported themselves as unemployed in a recent month.

So far we have been accepting them in the unemployment estimate on the ground that they are indeed looking for work. They are looking for work, but they are already retired. That is quite clearly a borderline question.

We estimate that about half of the 150,000 are probably drawing old-age and survivors insurance retirement benefits. We can raise the question: Should they be counted as unemployed? Or when a person is retired on this basis, should he be out of the labor force?

Mr. LAIRD. Most people who go on social security—at least many of them around home—are looking for work after they get to be 65. They can still work.

Mr. CLAGUE. That's right, they can; and they are entitled to earn up to $1,200, or more under certain circumstances. Incidentally, we are going to separate them in our published reports.

Mr. LAIRD. It is a little more now, isn't it?

Mr. CLAGUE. Yes, up to $1,500, I think.

Mr. LAIRD. Then they can earn more than that, you see, if they just give up a month or two benefits.

Mr. CLAGUE. Yes, that's right.

Mr. LAIRD. Many of them work full time in resort areas during the months of June, July, and August. They just lose their benefits during that period.

PART-TIME EMPLOYMENT

Mr. CLAGUE. There are about 10 million people in this country every year who work part of the year. When we talk about 68 million jobs or 70 million jobs, we often overlook the fact that there are 80 million people who go in and out of the labor force—students, housewives, these retired people, and others.

So one of the problems with our unemployment measurement is the fact that a global figure like this, like 6 percent, includes many different kinds of people. Our figures are quite good in measuring the change from 1 month to the next, and from 1 year to the next. But you should remember that the unemployed are quite a hodgepodge of people. What we are asking for in the funds we are requesting is to get some more information on them, their attachment to the labor market, their past work experience, so that we can judge a little better what kind of programs would be needed to meet the situation.

TUESDAY, JANUARY 23, 1962.

BUREAU OF LABOR STATISTICS

WITNESSES

EWAN CLAGUE, COMMISSIONER
ROBERT J. MYERS, DEPUTY COMMISSIONER
PETER HENLE, ASSISTANT COMMISSIONER
W. DUANE EVANS, ASSISTANT COMMISSIONER
PAUL R. KERSCHBAUM, ASSISTANT COMMISSIONER
RICHARD F. JONES, DEPUTY ASSISTANT COMMISSIONER
RAY S. DUNN, JR., ACTING CHIEF, OFFICE OF MANAGEMENT

OFFICE OF THE SECRETARY

V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY
CHARLES D. CARLSON, ADMINISTRATIVE OFFICER

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
11 Personnel compensation:			
Permanent positions	$6,940	$7,364	$9,113
Positions other than permanent	197	162	167
Other personnel compensation	85	47	47
Total, personnel compensation	7,221	7,573	9,327
12 Personnel benefits	525	591	698
21 Travel and transportation of persons	439	628	814
22 Transportation of things	12	11	11
23 Rent, communications, and utilities	493	541	678
24 Printing and reproduction	405	451	441
25 Other services	824	824	1,090
Services of other agencies	1,098	1,644	1,954
26 Supplies and materials	73	100	116
31 Equipment	79	91	153
Total costs	11,170	12,453	15,283
Change in selected resources	−69	−36	14
Total obligations	11,101	12,417	15,297

Personnel summary

	1961 actual	1962 estimate	1963 estimate
Total number of permanent positions	1,114	1,200	1,428
Full-time equivalent of other positions	43	36	36
Average number of all employees	1,110	1,170	1,407
Number of employees at end of year	1,177	1,210	1,454
Average GS grade	7.3	7.6	7.6
Average GS salary	$6,494	$6,721	$6,646

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
1. Manpower and employment	$4,032	$4,416	$5,768
2. Prices and cost of living	1,937	1,890	2,550
3. Wages and industrial relations	2,138	2,490	2,846
4. Measurement of productivity	554	653	908
5. Industrial hazards	271	262	365
6. Foreign labor conditions	178	243	346
7. Program staff services	772	1,264	1,263
8. Administration and management services	1,288	1,235	1,238
Total program costs	11,170	12,453	15,283
Change in selected resources [1]	−69	−36	14
Total obligations	11,101	12,417	15,297
Financing: Unobligated balance lapsing	17	250	
New obligational authority (appropriation)	11,118	12,667	15,297

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1960, $149,000; (1961 adjustments, $34,000); 1961, $114,000; 1962, $78,000; 1963, $92,000.

Revision of the Consumer Price Index

Object classification

[In thousands of dollars]

		1961 actual	1962 estimate	1963 estimate
11	Personnel compensation:			
	Positions other than permanent	634	951	933
	Other personnel compensation	315	351	52
	Total personnel compensation	949	1,302	985
12	Personnel benefits	54	84	75
21	Travel and transportation of persons	161	169	66
22	Transportation of things		4	
23	Rent, communications, and utilities	71	83	32
24	Printing and reproduction	37	31	33
25	Other services	5	458	125
26	Supplies and materials	6	12	13
31	Equipment	14	16	5
	Total costs	1,297	2,159	1,334
	Changes in selected resources	1	−6	−1
	Total obligations	1,298	2,153	1,333

Personnel summary

	1961 actual	1962 estimate	1963 estimate
Average number of all employees	206	266	190
Number of employees at end of year	384	430	216

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
Consumer expenditure and price surveys (total program costs)	1,297	2,159	1,334
Changes in selected resources [1]	1	−6	−1
Total obligations	1,298	2,153	1,333
Financing:			
Unobligated balance brought forward	−29	−53	
Unobligated balance carried forward	53		
New obligational authority (appropriation)	1,322	2,100	1,333

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1960, $12,000; 1961, $14,000; 1962, $8,000; 1963, $7,000.

General Statement

Mr. Fogarty. Mr. Clague, we shall take up now the request for your Bureau. We have your statement. Do you want to read it or file it? Do whatever is most effective for you.

Mr. Clague. Mr. Chairman, I think I would like to file it. I would like to make a very brief statement orally in connection with it.

Mr. Fogarty. All right, you may proceed.

(The statement follows:)

Statement of Ewan Clague, Commissioner of Labor Statistics

salaries and expenses

Never before in the long history of our Bureau have our statistics been at the center of public policy and public controversy as they are today. There is a demand for more detailed statistics, greater accuracy, and more thorough analysis. To meet this need the Bureau requests an appropriation of $15,297,000, which represents an increase of $2,630,000 over the amount appropriated for fiscal 1962.

The major emphasis among the expanded programs is on (1) employment and unemployment statistics and (2) statistics of prices. In both of these fields national interest has been expressed through the appointment of high-ranking committees of experts and through the holding of hearings by committees of the Congress. In almost every field in which the Bureau operates, however, there is an urgent need for more and better information on the problems which confront our economy, both at home and abroad.

Employment and unemployment

There is no need to emphasize to this committee the importance of our statistics on employment and unemployment. During this past year these statistics have been subjected to intensive review and to public debate, which has ranged all the way from extreme criticism to helpful suggestions for improvement. Issues have been raised about the methods by which our statistics are compiled, the concepts which we use in measuring employment and unemployment, and the comparability of our statistics with those of foreign countries. Last December, the Joint Economic Committee held 3 days of hearings on the unemployment problem. I presented testimony before that committee on the details of our methods, operations, and results. Members of the staff of our Bureau prepared special papers which formed a substantial part of the foundation for later discussion by representatives of labor, management, and the general public. On the initiative of Secretary Goldberg, President Kennedy appointed a special committee (Committee to Appraise Employment and Unemployment Statistics) to review the activities of the Bureau of Labor Statistics and the Bureau of the Census in the collection, compilation, and publication of employment and unemployment data.

It has been our judgment in the Department of Labor that unemployment in the 1960's would become a more troublesome problem than it had been for the past 20 years. Your committee is quite familiar with the projections which we have made concerning the labor force and its composition. We believe that the economy is already experiencing some of the difficulties which we had forecast several years ago. If this is true, then we must bear in mind that some of these problems will require increasing public attention, regardless of the waves of booms and recessions.

There has been much public discussion as to whether the higher unemployment rates of recent years are due to inadequate demand or to structural difficulties in the economy. We think that both factors are present; we are convinced that the structural problems canot be neglected. For that reason we share the belief that more detailed information is needed on the unemployed, on the causes of their unemployment, and on the reasons why they cannot find new jobs.

Last year, your committee provided us with funds to obtain certain information on these points. We have planned and are initiating in the field a followup survey of a sample of persons unemployed in 1961 which will include a 5-year work history as well as information on their training and education, reasons for loss of jobs, job seeking methods, the type of jobs sought, labor force status of other family members, family income, and other facts which will help evaluate the nature and severity of their unemployment, and the characteristics of the unemployed. This survey will provide the basis for identifying the kinds of workers who are seldom unemployed: those more or less chronically unemployed; the seasonal workers; and casual or fringe members of the labor force whose unemployment may result from frequent movements into and out of labor force.

For the coming year, we are requesting additional funds to do more work in this field. We propose to conduct four studies which will provide a greater understanding of the dynamics of the labor force. We plan to study the employment and unemployment problems of young workers to understand what should be done to minimize their unemployment, and to increase their potential productive contribution. This is particularly important because of the rapidly increasing number of young people. We propose to obtain more information on the location and characteristics of long-term unemployed in order to provide guidelines for programs designed to hasten their reemployment. We plan to study the factors associated with the movement of women into and out of the labor force, and the pattern of labor force withdrawal of older men, in order to understand the relationship of these shifts to labor force growth and to unemployment. Finally, information will be obtained on the extent and nature of job mobility and its relationship to unemployment.

Another of the projects we are proposing is needed in developing long-range programs to reduce unemployment. As this committee knows, our surveys have shown that much of our unemployment is associated with lack of skill; there are actually shortages of workers in some highly skilled and professional occupations at the same time that we have high rates of unemployment in unskilled and semiskilled occupations. Planning our education and training programs in line with future manpower needs can contribute to reducing structural unemployment. The opportunities are great in the next few years, because of the rapidly rising enrollments in schools and colleges and because we will have to depend on young workers under 25 years of age for one-half of the labor force growth in the 1960's.

Our preliminary studies show that an increasing percentage of workers will have to be skilled or highly trained. We must spell this out in terms of specific occupations and estimate by how much we should expand the training for each field. We propose to develop such estimates for the use of industry, school and college administrators, and officials in charge of apprenticeship and other training programs. This work will build on what we have already learned in our occupational outlook research program. It will be publicized through the Occupational Outlook Handbook and related publications which, as this committee knows, reach a wide audience.

We are proposing another project to fill a serious gap in our current information on the hours and earnings of workers in the United States. The committee is aware of the growing importance of white-collar workers in our economy. There are now more white-collar than blue-collar workers, yet our current statistics on hours and earnings are confined to manual or production

workers only. The time has come to begin the collection and regular publication of hours and earnings data on nonproduction workers, and we propose to begin with the 4 million nonproduction workers in manufacturing industries. This would be an annual survey. The data are needed not only to determine the status of these workers, but also to contribute to more broadly based productivity indexes.

Price statistics

I also propose important improvements in our statistics of prices and the cost of living, looking forward to completion of the revision program. The statistics needed for this purpose and the procedures to be followed have also been under critical review. A committee (price statistics review committee) was appointed last year by the National Bureau of Economic Research under contract with the Bureau of the Budget to review the price indexes of the Federal Government, and they have made a number of recommendations relating to both our Consumer Price Index and wholesale price index.

No one has suggested that our Consumer Price Index is declining in quality. Even our critics agree that it is better today than it has been in the past. However, its uses are constantly expanding and there is every greater need for increased precision. This index will surely continue to be one of the key statistics in guiding public policy in coming years.

In our operation of the index we face increasingly complicated problems of keeping the index truly representative of price changes in our economy. New items, new models, wider ranges of quality, decentralization of stores—all these make it necessary to obtain more price quotations in the future than we have obtained in the past.

The revision program will not pay off in full unless we obtain for our operations from year to year the funds which are necessary to keep the index as good as it ought to be. It is in pursuit of this objective that we have requested additional funds for the coming fiscal year.

These funds are largely to provide for increasing the number of items on which price quotations are obtained and for obtaining prices in suburban shopping centers. Our present coverage is limited mostly to downtown stores. Our analytical work has shown that variations in price movements between items and between retail outlets are important sources of sampling errors which can be reduced by increasing the number and distribution of price quotations.

We are proposing also to update our standard budgets, which provide the best present measure of changes in living costs and of intercity differences in such costs. First, however, we need to examine our concepts, definitions, and techniques, and this we will do in fiscal 1963, preparatory to reconstituting the standard budgets in the following fiscal year.

I should also mention a request for additional funds to improve our wholesale price index by preparing the groundwork for separate price indexes by industry. This will make it possible to compare price trends with wage, productivity, and other trends for individual industries. Our present wholesale price indexes are available only by commodity groups.

Wages and industrial relations

Wages and salaries constitute another area of critical importance for the economy. Interest centers not only on wages and wage determination in relation to the problem of price stability, but also as factors in industry location, technological change, and structural unemployment. Moreover, knowledge of wages and salaries in private industry is of very direct concern to the Federal Government as the Nation's largest employer.

Employer expenditures on fringe benefits have become increasingly significant as an element of payroll expense. The compilation of authoritative information on this important and technically difficult area began in fiscal 1960 on a limited basis. To strengthen this work, which has many applications for both Federal and private decisionmaking, the Bureau is requesting additional funds to develop information on employer expenditures for white-collar as well as production workers in manufacturing, and to permit more frequent study of nonmanufacturing industries. Funds are also requested for a study of the design and administration of salary structures in private industry. This study was requested by the Bureau of the Budget and the Civil Service Commission to supplement the basic statistical work already being done by the Bureau on salary levels by occupation in private industry for use in appraising the Federal white-collar salary structure.

The problem of employee working rules in industry has begun to attract wide attention, particularly in view of the human impact of adjustments required by the dynamics of industrial development. Signicant strikes have occurred recently over working rules, such as those relating to workload. The President's Railroad Commission is primarily concerned with issues of this nature. The Bureau now makes comprehensive studies of the provisions of major collective bargaining agreements, the analysis being based on the agreements themselves. Funds are requested for a small program of studies at the plant level of the actual application of formal rules, especially those relating to work assignments, ratesetting, grievance procedures, and adjustment to technological and other changes that affect the stability of the employer-employee relationship.

The importance of unionism as an institution has led to increasing public concern with internal union affairs, as reflected notably in the passage of the Labor-Management Reporting and Disclosure Act of 1959. Effective appraisal of Federal legislation in this area rests, in considerable measure, upon comprehensive studies of how unions are administered and governed, the nature and sources of authority exercised by union officials, union revenues and expenditures, and related matters. Funds are requested for a continuous program of such studies, and for the creation of a small staff to provide technical assistance to the Secretary of Labor and Federal agencies concerned with the maintenance of industrial peace and the resolution of labor-management disputes.

Productivity and automation

The persistence of widespread and continuing unemployment of workers in the mass-production industries has highlighted the need for additional research in the fields of productivity and automation; that is, studies of the effects of technological change upon employment, not only for the Nation as a whole but also for important industries. For several years in the past the Bureau has made surveys of specific cases of automation, with a detailed analysis of the entire process from the preparatory steps looking toward the introduction of the machine clear through to the effect upon the work force in the department or the company. We are now planning to extend this type of analysis in the direction of obtaining a preview of future developments. We have a carefully planned, practical program for analyzing significant technological developments which cast their shadows far into the future. The studies we propose to make should enable other Bureaus of the Department, State agencies, and business and labor organizations to deal more effectively with some of the consequences of the new technology.

We propose to conduct these studies along two broad paths. One will embrace a series of important technological innovations which may have major impact in various parts of the economy. They include, for example, the electronic computer, numerical control of machine tools, materials handling, instrumentation, new materials, and others which will emerge as technological innovation produces new ideas. The other will be along industry lines—we will study major industries, or industry groups, to examine the nature of various technological changes which are taking place. Our primary purpose is to determine the prospective impact of technological change on labor requirements.

Through these intensive efforts we hope to develop a series of continuing studies which will form the basis for the Department's early warning system for preventing or mitigating some of the problems of automation.

Industrial hazards

The Bureau also proposes a two-phase program of Federal-State cooperation in the development of detailed and reliable information on industrial injuries. There is general agreement that such information is essential to identifying the areas in which accidents are most prevalent and providing technical guidance, and that is a tool of great usefulness in programs of accident prevention and workmen's compensation.

One phase of our proposal would permit the Bureau to provide more adequate technical and consulting services to the States in planning and developing their work injury statistics programs. Twelve States currently cooperate with the Bureau in an efficient, coordinated program which meets both State and Federal needs without duplication and without undue burden on cooperating employers. Our current resources do not permit us to service this program adequately, let alone meet the requests of other States which have shown an interest in joining the cooperative program.

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A second phase of our proposed new program would provide technical assistance to the State agencies administering State workmen's compensation laws. These agencies are quite distinct from the agencies which collect official statistics on industrial injuries (usually State labor departments), but they depend on reliable administrative statistics in the administration of their programs.

Under this proposal the Bureau would initiate, on a limited scale, a program for compiling the statistics of State workmen's compensation agencies and summarizing them in such a manner as to permit comparisons of the operations of the different State systems. The program would undertake to promote comparability in the statistics of the various States. The Bureau has long been urged to assume leadership in such an undertaking by officials in the various States and by the International Association of Industrial Accident Boards and Commissions.

Foreign labor conditions

Requests for information on foreign labor conditions have increased enormously, and the Bureau proposes a modest expansion of its work in this area.

Recent work in the field of international comparisons has resulted in the development of a conceptual framework for international comparisons of labor cost, and in the initiation of a pilot study in the iron and steel industry. Such studies can contribute substantially to an understanding of international trade, and are of great interest to business and labor groups. Additional basic information is required, however. Moreover, there is much demand for other types of international comparisons, including comparisons of unemployment, of wages and incomes, of productivity, and of consumer price levels.

Another part of this program is designed to yield reports on labor conditions, such as labor law, industrial relations, wages, hours of work, fringe benefits, degree of unionization, et cetera, in other countries of the free world. Such information is frequently requested by businessmen, labor unions, and Members of Congress. It can provide valuable background for carrying out U.S. policy, in raising standards of living in countries receiving U.S. economic aid, and in promoting world peace.

The Bureau has had earlier experience in such work, under contract with other agencies administering foreign programs. This work has sometimes been limited to only a few aspects of the field of labor conditions and has left many countries completely uncovered. Where still continuing, however, it will permit certain economies of operation, which have been taken into account.

Defense mobilization

Finally, the Bureau's request includes funds to finance a small program of research essential to an effective program of manpower utilization in case of large-scale military attack. A program of this type has been carried on in the past, but it previously has been financed by allocation from the Office of Civil and Defense Mobilization (now the Office of Emergency Planning).

Mr. CLAGUE. My regular budget request is $15,297,000. That is an increase of $2,630,000. In addition, we have the revision of the Consumer Price Index in which we are requesting $1,333,000. That is a reduction of $767,000.

I would like to make a few general remarks about the request. You will notice that they apply to every major program we have. The reason for that, Mr. Chairman, is that our statistics are in the middle of practically every major policy issue that is before the Congress at the present time.

Practically every illustration which I used in the charts is evidence of the fact that the statistics which are at the heart of most of these policy issues come from us. The two largest items in our request concern unemployment and the cost of living.

USE OF LABOR STATISTICS

Mr. FOGARTY. It is still true that both labor and management depend upon you to keep the statistics?

Mr. CLAGUE. Yes: labor and management and the Government itself. We serve all three. I could tell you at some length, Mr. Chairman, the extent to which, for instance, our figures from the BLS are used in the national accounts of the Department of Commerce, the gross national product, the national income figures, and so forth.

Mr. FOGARTY. And in labor contracts.

Mr. CLAGUE. And in labor contracts, of course, wages and fringe benefit figures are central. The Consumer Price Index is still being used in escalation. I would say that really we are the basic current economic statistics bureau of the Government.

CRITICISM OF UNEMPLOYMENT STATISTICS

With respect to unemployment, I think you know the unhappy situation this year. We are used to being criticized for our figures at various times; but this is the first time our integrity has ever been questioned publicly.

I am happy to say I had the opportunity to speak before Senator Proxmire's committee—which is a subcommittee of the Joint Economic Committee—answering in full, I hope, and satisfactorily, all the issues that were raised.

Mr. FOGARTY. Do you think you satisfied the Senator?

Mr. CLAGUE. I believe so. I think members of both parties who listened to my testimony had complete confidence in the work we were doing. Those hearings are just out, by the way, and they contain not only what I said but also the testimony of businessmen, labor leaders, and others, university professors, and so forth.

Mr. FOGARTY. Who questioned the integrity of your department?

Mr. CLAGUE. It was an article in a popular magazine.

Mr. FOGARTY. By a Senator?

Mr. CLAGUE. No, no; by a journalist. He said that this rise in the unemployment figures I have been showing you here was engineered by us by changing the definitions. So this did cause quite an uproar.

THE PRESIDENT'S APPRAISAL COMMITTEE

Secretary Goldberg asked President Kennedy to appoint a committee, an appraisal committee which has been appointed to review all of our work right from the start—a technical committee—reviewing our interviewing of the families, our tabulations, our statistical methods, and so forth.

I may say that we welcome the inquiry. All of our work is open and aboveboard. We have explained on many occasions how we operate.

With respect to unemployment, as I mentioned a moment ago, Mr. Chairman, one of the key policy questions which is going to come up for great debate is this question: Is there any structural unemployment? Do we have special difficulties with the labor force?

We happen to believe that we do have and, therefore, we think that the way in which Congress views this question will determine what they will do in area redevelopment, in training, in extended unemployment compensation, and so forth.

REVISION OF CONSUMER PRICE INDEX

The next program is prices and the cost of living. We are still on schedule in our revision program. We met difficulties of various kinds, but our revision program is proceeding, you know. In 1964, in January, we will have a revised index. We are before you now with a request for the operating funds to set that index up.

We have to begin making that index in this coming fiscal year—that is, the stores, the items that we select, the grades, the models, the price ranges, and so on.

When you see what has happened to automobiles, you will appreciate our problem of selecting more models for pricing than ever before. We must select many more items that will go into the revised index.

There has been a heavy investment in this revision, and we ought to have a good index. So I am requesting the operating funds to set that index up and have it in shape.

Mr. FOGARTY. We have always given you sufficient funds for these revisions.

Mr. CLAGUE. That's correct.

Mr. FOGARTY. We expect a good job to be done.

Mr. CLAGUE. That's right. Now I am saying to you, I think we have done a good job. The Price Statistics Review Committee, appointed by the Bureau of the Budget, has reviewed these indexes. They have made some recommendations.

Some of our requests here relate to recommendations they have made. We adopted some of them. There were a few we did not.

What I am saying to you now is that we now need the operating funds to put the index into operation.

In wages and industrial relations, we are at the very center of the problem of wages and salaries, the question of fringe benefits in private industry. The Federal salary debate that is taking place now is based upon the figures that we got from our salary surveys in private industry.

President Kennedy's Labor-Management Committee has made a number of suggestions concerning work that we should be doing in that field, assisting in collective bargaining and in solving labor-management problems by getting data as well as providing technical assistance. That work is represented in our request there.

AUTOMATION AND PRODUCTIVITY

Automation and productivity: Again, you are familiar with the fact that collective bargaining is switching in this direction. For a long time we have had the escalator contracts with the annual increases built into them, not only the Consumer Price Index escalation, but the annual improvement factors based on productivity.

The west coast longshoremen have a 5½-year agreement made between labor and management, by which they are trying to convert this improved productivity into assistance for the men who will be laid off as a result. The Armour Packing Co. made agreements with two unions, trying to meet some of the problems of displaced workers. We expect that trend to continue.

The Railroad Commission is now working. We loaned some staff to the Railroad Commission to work on the problems associated with railroad employment.

WORK INJURY STATISTICS

In connection with work injuries, we have two programs of working with the States, one in connection with better statistics of accidents. More States want to collect the accident statistics themselves; and when they do, we don't want duplication. So we would like to have a Federal-State operating relationship, by which they become collecting agencies for our national figures.

The States pay all their own costs. But it costs us some money and time to put staff in the field to help the States. We don't have enough staff to go out and assist them.

There is one State which urgently requested last week that we send somebody up to help them reorganize their State statistics of work injuries. I just can't send anybody now, because there is no one available. So I have requested a small appropriation for that service.

WORKMEN'S COMPENSATION

Workmen's compensation: I would say if there is any States rights program in operation in the country, it is the workmen's compensation. They feel that they have a State program that should not be federalized.

Mr. LAIRD. Don't you agree with them?

Mr. CLAGUE. Yes; I have no occasion to disagree with them. In fact, all I want to say is that in 1957 they passed a resolution requesting our Bureau of Labor Statistics to work with their States to get statistics of workmen's compensation in order that they might demonstrate what they are doing.

The statistics now are not comparable, State by State. There is no way of compiling statistics which show what ought to be done. They know it. So from this group of States rights people comes a request to form a partnership with the Bureau of Labor Statistics.

I have requested some funds to see if we can't work with them to get more uniformity and get better data concerning the program.

Mr. FOGARTY. I thought we had a study completed on workmen's compensation laws which was to be used as sort of a guide for the States a few years ago.

Mr. HUDSON. This was the Bureau of Labor Standards.

Mr. FOGARTY. When Mr. Larson was in office, I thought that was one of the things he took a great deal of credit for. I don't remember the details.

Mr. CLAGUE. I remember it very well. Mr. Larson had a bill which he called a model bill, and the States have been talking about it since. They were outraged. They were angry. All I have to say is that shortly after that, they asked me if they couldn't participate in statistics.

Let me say, Mr. Laird, since you raised the point as to whether this should be federalized or not, I think the States are quite aware of the fact that they are on the spot in explaining what they do and what success they have had and how well they are handling their problem.

I think they are keenly aware of the fact they are on trial in this respect, and they don't have the simple statistics that would even show what they are successful in achieving.

Mr. LAIRD. If the chairman will yield to me: Wisconsin was the first State to have a workmen's compensation law. A special stamp was issued this year to celebrate our 50th anniversary.

Mr. FOGARTY. I was with you the day that stamp was issued.

Mr. LAIRD. We are very proud of our program.

INTERNATIONAL LABOR COMPARISONS

Mr. CLAGUE. I think that sums up my summary statement. I might mention the international labor comparisons. We are working, Mr. Chairman and members of the committee, on the unemployment comparisons, trying to make better comparisons so that we can show our unemployment problem in better terms with reference to other countries.

We work also on foreign comparisons of wages. We are trying to get something on fringe benefits in the United States and abroad. We are trying to get statistics on productivity, output per man-hour how fast other countries are developing their efficiency of production, and so on—all of which has a bearing on our domestic problems.

Of course, the problem that you talked about yesterday of employment generated by exports and offset by unemployment created by imports—we are working on that, too, and that material will be available.

Mr. FOGARTY. Mr. Clague, your requested increases are set forth on page 3 of your justifications. Let's go down them item by item. Give us a brief explanation of each one.

MANPOWER AND EMPLOYMENT

Mr. CLAGUE. In manpower and employment, we have three kinds of studies. One is the study of worker mobility and unemployment. To what extent does geography play a part. Then there is the description I gave you a moment ago about our study of the people, the 4 million unemployed. That special study will be done in collaboration with the census.

One of our objectives is to find out which of these unemployed are only intermittently in the labor force during the year, which are full-time workers, whether they are men or women, whether there are other members of the family employed, and so forth.

Another study concerns manpower requirements, looking into the future for skilled occupations. We have done work on engineers, scientists, and so on. We have done that work with the National Science Foundation.

You may recall that those funds were shifted to our budget last year, so they are in our budget now. We are extending that study to about 50 major skills and professional occupations outside of scientists and engineers.

Mr. FOGARTY. Will you put those skills in your statement.

Mr. CLAGUE. Yes, I can elaborate on that.

(The information referred to follows:)

LIST OF OCCUPATIONS FOR WHICH ESTIMATES WOULD BE MADE OF TRAINING REQUIREMENTS TO MEET FUTURE MANPOWER NEEDS

Scientific and technical fields, such as:
- Engineers:
  - Aeronautical.
  - Ceramic.
  - Chemical.
  - Civil.
  - Electrical.
  - Industrial.
  - Mechanical.
  - Metallurgical.
  - Mining.
- Astronomers.
- Chemists.
- Geologists.
- Geophysicists.
- Mathematicians.
- Meteorologists.
- Physicists.
- Biological scientists (includes such occupations as biochemists, biophysicists, microbiologists, pathologists, pharmacologists, and physiologists).
- Electronic and electrical technicians.
- Engineering and physical science technicians.

Health and related fields, such as:
- Dentists.
- Nurses.
- Medical X-ray technicians.
- Pharmacists.
- Physicians.

Teachers, elementary school, secondary school and college.

Other professional and technical occupations, such as:
- Accountants.
- Airplane pilots.
- Air traffic controllers.
- Broadcasting technicians.
- Draftsmen.
- Programers.

Skilled construction trades, such as:
- Bricklayers.
- Carpenters.
- Cement and concrete finishers.
- Construction machinery operators.
- Electricians.
- Plumbers and pipefitters.
- Sheet metal workers.
- Structural ironworkers.

Skilled printing trades, such as:
- Compositors and typesetters.
- Electrotypers and stereotypers.
- Printing pressmen.
- Photoengravers.

Mechanics and repairmen, such as:
- Air-conditioning and refrigeration mechanics.
- Airplane mechanics.
- Auto mechanics.
- Electrical appliance servicemen.
- Millwrights.
- Optical laboratory mechanics.
- Telephone installers and repairmen.

Other skilled trades:
Linemen, power.
Linemen and cable splicers, telephone.
Locomotive engineers.
Locomotive firemen.
Machinists.
Molders and coremakers.
Stationary engineers.
Tool and diemakers.
Welders.

Mr. CLAGUE. The third study we are doing in that field is getting some figures on man-hours of work and the dollars of payroll of these nonproduction—these officeworkers—in manufacturing industries as well as in other white-collar industries, the trades, and so forth.

Those are the areas—this whole white-collar field—in which we don't have the kinds of information we have on plantworkers. This comparison is causing a great deal of difficulty. Those are the three programs we have.

NEW PRICE INDEX

Then in connection with the price work, there are four itmes in detail. The largest one, of course, is this setting up of the new revised index.

We have to set it up and get it in shape for January 1964. We will be doing that during the coming year.

The price review committee, appointed by the Bureau of the Budget, recommended we do more work on research in prices. We agreed with that; so there is an item here of $105,000 for research work in connection with the behavior of prices and the introduction of new items into the index, studying the question of quality control.

You may not know it, Mr. Chairman, but some of the critics are saying this index ought to be going down. When they think of all the improvements that are occurring in the different commodities and services that we price, they conclude that we are measuring increased standards of living and not real price increase.

We do not think that is the case, but we must do some work that will show what the factors are. We know perfectly well that there are improvements in quality. We try to take them out of the index. We do not price improved articles and compare them with the previous ones.

We try to make allowances for that. But this is an area in which more research ought to be done.

We want to do some work on the standard budget of the four-person family, which you will recall. We are now finishing up this year the expenditure surveys of the families for the revision of the index. That means we will have a wealth of information over 1960–61 on all classes of families in the United States.

In the revision appropriation you provided for us last year, we reached agreement with the Department of Agriculture to collect the budgets of rural, nonfarm families, and rural farm families, in addition to the city families and suburban families we now have.

So there will be a wealth of information for the first time in our history across the board concerning all classes of families in the United States, their patterns of expenditure.

We are using these data to revise the Consumer Price Index for ourselves. But, in addition, they could furnish a basis for preparing a new minimum adequate budget for families.

Lastly, in the Wholesale Price Index we are trying or want to recast our prices so that we would have price indexes by industries. At present our price indexes are by commodities—that is, steel, coal, and various other commodities.

We want to combine them so that there would be an index of prices for the steel industry, the automobile industry, and so forth.

WAGES AND INDUSTRIAL RELATIONS

The next one is "Wages and industrial relations." In that area we have four items, all of them small but all of them important. One is the employer expenditures on fringe benefits and the composition of payroll hours—that is, the distinction between hours worked and hours paid for.

Another one is a survey of the salary practices in private industry as far as the method of handling salaries is concerned. We were requested to do this by the Bureau of the Budget and the Civil Service Commission.

As you know, we have been collecting information for the last several years on private industry wage and salaries on about 100 key occupations, blue collar and white. Now the Budget Bureau has asked us to make a survey of the practices, the rates of pay, the methods of promotion, the ranges that they use for their grades, the types of classification systems they use, and so on.

It is a practical operating study of how private industry handles its salaried personnel. This is strictly relating to salaries.

Mr. MICHEL. On these last three items, does the Department of Commerce do anything in the same field?

Mr. CLAGUE. No. You know they publish our data in the Survey of Current Business and other publications.

Mr. MICHEL. They utilize your figures?

Mr. CLAGUE. Yes; our figures furnish the base on which they make their estimates.

Mr. MICHEL. There is no duplication?

Mr. CLAGUE. No duplication at all. Those are analyst users; we are the source.

COLLECTIVE BARGAINING AND INDUSTRIAL RELATIONS

In "Collective bargaining and industrial relations" we have two projects. One is the survey of the actual practices at the plant level in connection with labor-management relations, labor-management contracts. As you know, we have a program which we have been carrying on for some time to get more details on the contracts themselves, the paid holidays, paid vacations—things of that sort.

But during the last year or two there has been a great deal of attention devoted to the question of local work rules, local work practices, local grievance situations, and so forth. So we have asked you here for a small appropriation to make actual surveys in the union locals themselves and at the plant level, to get some picture of what that problem is like.

Finally, we have put in a project here for the study of technical assistance in settling labor disputes. In the last several years the Secretary of Labor, whoever he has been, has called on us to do some additional work, some special work, such as we did in steel, now on railroads, and so on.

We are asking for a small staff to be set up by which we can do that regularly without interfering with our own work.

STUDY OF AUTOMATION

Automation is a part of the Secretary's automation program. It is designed to set up an early warning system.

Mr. LAIRD. That sounds like the Department of Defense budget.

Mr. CLAGUE. The point is, we want to study the effects of technological change. We know that certain kinds of inventions like the electronic computer, certain kinds of materials like plastics, materials handling tools and methods—these are coming along and they cast their shadows before, so to speak.

We want to study the net effect of each of these as it produces changes in the labor supply, either eliminating jobs or creating jobs, and to work out a method of being able to forecast to some extent, first, the layoffs that might take place so that the employment office could manage them; and, second, the training that might be needed to qualify workers for jobs in those plants.

I think, Mr. Chairman, I have already described the industrial hazards, the work injuries. Those are the two programs where we are working with the States on statistics of work injuries and the statistics of workmen's compensation.

INTERNATIONAL COMPARISON OF LABOR INFORMATION

In the international field we have asked for some funds to do some international comparisons of employment, productivity, fringe benefits, wages, and so forth, so we may have some notion of the comparison of their labor costs with ours.

We have also asked for some money to do foreign labor reports. This would be the type of summary report that analyzes the labor situation in a given foreign country—25 to 50 pages which sketches such things as the labor force, the unions there, the operation of the economy, something about the general pattern of the economic situation in the country.

We want to prepare a few of those reports each year. This is a small sample of what we would like to do.

The last item is the defense mobilization.

Mr. FOGARTY. What do you mean defense mobilization?

Mr. CLAGUE. Civil defense.

Mr. FOGARTY. We don't have to spend much time on that.

Mr. CLAGUE. I have a statement in here on it.

RELATIONSHIP TO STATE DEPARTMENT

Mr. FOGARTY. What is the difference between the type of foreign labor reports you prepare and those prepared by the labor attachés?

Mr. CLAGUE. The labor attaché in a country is a reporter of ours

insofar as we can get him to make those reports to us. We ask the foreign labor attaché to get up information of various kinds—the behavior of the price index, the developments in the labor union field, any economic developments of significance.

We try to have regular reports flowing back from them to us. What we prepare then is on the basis of their reports plus any other reports that might be available to us. We prepare the summary statement such as this one. This happens to be labor in the Sudan. This is an economic analysis of that country which we have worked up on the basis of all the information available to us.

This, of course, would go out in turn to the labor attaché in that country as well as to anybody going from the United States.

Mr. FOGARTY. What is the benefit of this publication?

Mr. CLAGUE. The benefit of this publication is that anybody in this country who is engaged in any kind of aid to the Sudan could use this kind of summary information in order to guide him on what he would meet when he got there.

Mr. FOGARTY. Give me a specific example. Do you mean American businessmen going over there?

Mr. CLAGUE. I was thinking primarily of Government officials going over there. This kind of summary document is something that an official can read relatively easily. It is not too long and it gives a bird's-eye view of the economy of that country.

Mr. FOGARTY. Shouldn't the State Department reimburse you for something like that?

Mr. CLAGUE. No. I think we are better prepared to do it than the State Department. We do this in our own country. We are the ones who summarize the American economy in a broad way; and I think we can do a very good job on these foreign reports.

Mr. LAIRD. Maybe the United Nations should do that.

Mr. CLAGUE. I don't know what they do. I suppose they may do something like that. You need this for the American Government. There are many officials who go to these countries.

When Secretary Goldberg went to Japan, for instance—that is an advanced country, not one of these underdeveloped—but when he went to Japan, we were busy for the preceding 2 weeks getting material together to summarize for him in very brief form exactly the overall picture that he would need when he got there.

Mr. MICHEL. I went to the Sudan this last year, but I didn't get one of those books.

Mr. CLAGUE. Could I ask you to look this over and see if it would have done you some good.

STUDIES ON ECONOMIC GROWTH AS IT IS RELATED TO THE LABOR FORCE

Mr. FOGARTY. Last year, Mr. Clague, you received a fairly good increase of $1.5 million. The largest item was $500,000 to study the probabilities of economic growth and its relation to the labor force. What have you accomplished?

Mr. CLAGUE. Wel, we have set that project up. That was a project which you will remember we mentioned to you last year. We had started proposals on that about 2 or 3 years before, but had not succeeded in getting through the Budget Bureau.

Then last year when we thought we would be coming in to you with it, the Budget Bureau felt that some other agencies should be brought into it. So they were. That made a total appropriation, by which we are the program directors of the project, but some of these funds have to be given to other agencies—the Office of Business Economics, the Census, the Bureau of Mines—to get some information from them.

I might say that this project is under the immediate direction of Assistant Commissioner Evans here, who has been an expert in this field for many years. It is designed to get at the question of how best to find out what are the factors that limit or promote economic growth. We hope to make sound projections which we could make as to the probabilities in the future.

In other words, if this project was well underway—and it is just getting underway now—but if we had had it operating for 2 or 3 years, perhaps the Council of Economic Advisers would be more secure or more firm, and I would be more firm in my estimates, as to what is going to happen in 1963.

We center our effort, of course, around employment and unemployment. That is central to us in the Labor Department, and we think it is really central to the Nation, in determining the mature of economic growth.

We want to use this as the basis for analyzing the American economy and its potential for growth.

ACCOMPLISHMENTS OF AUTOMATION STUDIES

Mr. FOGARTY. We gave you $325,000 for an automation study. What have you accomplished in that area?

Mr. CLAGUE. You saw this one, the coal report that we got out. This is an analysis of the coal industry from 1920 to 1960. This is an area, of course, in which automation is outstanding.

As you may know, in 1920 when President Lewis took over the United Mine Workers, he had 650,000 miners. He has now 150,000, which shows the elimination that has taken place.

We have analyzed the development in bituminous mines, the markets for coal, the competition of oil, and the types of labor changes that have occurred and so on. That is one example.

Here is a bibliography which we got out on automation and other technical developments. There are a lot of publications being printed in this field. This one is about to go to print. We have reviewed the articles in journals that are published, the kind of private articles that have been written on automation, and have summarized them in a bibliography.

Here is the pulp and paper industry, "Adjustments Due to Automation and Technological Change" in that industry. Again, an analysis; this is about to go to print.

"Output per Manhour in Petroleum Refinery." What we have been doing in studying the industries in which great changes in employment are occurring because of technological changes of one kind or another.

Mr. FOGARTY. What is the next step after you publish those?

Mr. CLAGUE. What we are trying to do now is to move, as I indicated earlier, to the system of taking some of the outstanding develop-

ments and tracing their effects. We have been discussing this with the leading businessmen and engineers in industry. What are developments that are likely to spread?

These I mentioned are studies of what has happened, either in an industry or in a specific department. I am reminded of the face we took 20 different business concerns and alalyzed what happened when they introduced a new electronic computer into their statistical and accounting departments.

We analyzed the jobs created, the jobs lost, and what happened to the employees.

Mr. FOGARTY. How many jobs did that computer eliminate?

Mr. CLAGUE. As I remember it, Mr. Chairman, there were 2,800 jobs in these operating units before the computers were brought in—1,500 of those jobs were unchanged in the new operations. They still remained the same. Nine hundred jobs were transferred or changed around. Nobody lost his job, but there were 900 conversions of one kind or another, some of them to new jobs of a higher skill than existed before; some of them transfers across to other jobs. Some were transfers out of the units into other parts of the companies. In other words, they were moved over somewhere else. But the company didn't lose those employees.

Four hundred were let go. The interesting point about that result is that about three-quarters of all of those 400 were quits of young people under age 25. There was practically nobody over age 45 who was laid off in those concerns.

As far as I know, it was not a question of the union, because I think there were very few unions in those operations. The fact is, the employees did protect their older workers to that extent. But young people, I suppose, seeing that the future wasn't very bright in view of the general closing down of new job opportunities, decided to quit.

So the companies took care of most of it by attrition; that is, they just didn't replace people who left and a good many of the workers did quit.

VALUE OF LABOR DEPARTMENT STUDIES

Mr. FOGARTY. Were you able to help them?

Mr. CLAGUE. We think that these studies are of great value to business and labor. This is the point I was trying to make in discussing industrial relations earlier. I think we are moving into a newer age in industrial relations, where labor and management are collectively bargaining about this very question: What is happening to jobs in the industry because of this technological change?

If we can foresee where these developments are going to occur, for instance, there is no question about the fact that the electronic computer is invading the whole white-collar field—banks, insurance companies, credit companies, hotels. Name the business in which they are not bringing those computers in—which means great changes in the kinds of jobs; not necessarily a decline in jobs, but a vast amount of labor turnover, with a lot of jobs being eliminated.

It is these jobs being eliminated that is leaving some of these workers high and dry. They need the protection of time to enable them to make the readjustment, such as some of the longer duration unemployed. Some of these industries are not opening up as many jobs as they had when they were working full time before.

REVISION OF CONSUMER PRICE INDEX

Mr. FOGARTY. Do you have any problems in the revision of the Consumer Price Index? When will it be completed?

Mr. CLAGUE. Next year is the final year.

Mr. FOGARTY. 1963 is the fourth year?

Mr. CLAGUE. 1963 is the fourth, yes.

Mr. FOGARTY. That is the final year?

Mr. CLAGUE. No; we will have one more revision job in the very final year of 1964. We run up until June 1964. We finish the revision in the middle of the fiscal year, but we shall be issuing two indexes until the end of the fiscal year.

Mr. FOGARTY. Do you have any problems?

Mr. CLAGUE. Yes, we have problems; but we have solved them. We are very grateful to you for giving us a little relaxation last year on hiring of certain personnel outside of the civil service. We will not use quite all the limitation you made available to us, but it is very desirable to have this relaxation.

These are temporary jobs. If we have to consult the civil service lists and locate those who are willing to come with us, we find that they all turn us down because few of them want a temporary job. They don't want the temporary jobs. We needed that flexibility very badly.

We are going to make it all right. I can say that it is going to be a good revision.

I would like to say one more thing, Mr. Chairman. I have a dollars-and-cents review here of how we made out financially on that revision. We told you in the beginning that it would cost $4,600,000. That is very risky, to guess 5 years in advance.

It is actually going to cost us about $5,800,000. But I have broken that figure down into the salary increases and the other increases in costs—travel, for example—that were not related to our original estimate. I want to say to you we will probably come within $100,000 of the original cost estimate.

Mr. FOGARTY. How does this compare to the last time that this was revised? We gave you about $4 million, I think.

Mr. CLAGUE. You gave us about $4.3 million.

Mr. FOGARTY. I think at that time you estimated it would take you 4 years. We thought you could do it a little quicker, and you did, didn't you?

Mr. CLAGUE. Yes, we did. But this time we felt you should give us an extra year on the family surveys. You know, if I might remind you of past history, one of the committees of the Congress got after us that time.

Do you remember that they came down and had an investigation of some of our people? They felt they weren't working.

Mr. FOGARTY. This goes way back to when Mr. Keefe was chairman, I think.

Mr. CLAGUE. It was the very first year we were operating. We were trying to build up very fast. For a while there were a few of our staff who weren't at work. Of course, it got us into trouble. We can always do it better, if you give us a little more time.

EMPLOYMENT OF TEMPORARY PERSONNEL

Mr. FOGARTY. On page 8 of the justifications you indicate you will need $52,000 for intermittent employment. You are asking for authority in the language on page 1 to spend $250,000 for temporary employees.

What is the reason for the difference?

Mr. CLAGUE. $932,545 for 176 man-years of full-time employment; $52,128 for 13 9/10 man-years of intermittent employment. These are temporaries that we hire for limited periods of time.

Mr. FOGARTY. Then in the language in the bill on page 1, you are asking for authority to spend $250,000 for temporary employees

Mr. JONES. Those are the ones that we spoke about last year where we have difficulty in recruiting from the civil service registers. It is the same authority we had 10 years ago to appoint people without regard to the civil service laws.

Mr. FOGARTY. What about the $52,000? What's the explanation of the difference between it and the $250,000?

Mr. JONES. I am confused about that connection.

Mr. FOGARTY. We will give you a little time to straighten it out. Let's get it straightened out for the record.

(The following was subsequently submitted:)

The $52,128 and 13.9 man-years of intermittent employment refers to the "daily rate" employees hired for short periods in the various cities to assist our regular agents in collection work.

The limitation of $250,000 for temporary employees without regard to the civil service laws, as contained in the appropriation language, has reference to full-time clerical and machine tabulation operators at the Washington headquarters office. As indicated last year, it is not possible to recruit these temporary employees from civil service registers at the times when they become urgently needed for the various clerical and tabulation phases of the program. At the end of December we had 40 of such appointees on duty, only 4 of whom were at grades higher than GS-4. We had spent for this purpose approximately $90,000 and anticipate that with the growing accent on tabulation of the collected materials, we will expend in excess of $125,000 during the second half of this year. This need will continue through fiscal 1963.

BUDGET RESERVES

Mr. FOGARTY. Mr. Clague, you were forced to put in reserve $250,000, plus another $120,000, for the absorption of the increase in per diem rates for travel expenses. As I make it out, that is $370,000. What will that prevent you from doing in this fiscal year that you think should have been done?

Mr. CLAGUE. What we did was this. When we didn't get our money until late September, Congress gave an authorization for us to continue our staff at our existing level. So what happened was that wherever we were in July, we were able to continue at that level for the next 3 months.

As for the new program increases, we were not allowed to take any persons on. Consequently, we had to wait until the bill was signed. So we picked up some funds in July, August, and September. I say picked them up; we were not able to——

Mr. FOGARTY. Did you pick up that much?

Mr. CLAGUE. Oh, no; no, we did not. We picked up, I think, about $100,000 on that basis. We might have spent it if we had had

it available to us; but we lost that. In addition, what we had to do is to delay some projects.

Mr. FOGARTY. Put in the record all the projects that you had to delay that you thought were necessary.

Mr. CLAGUE. All right.

(The requested information follows:)

The major operating program of the BLS adjusted to take account of the reserve placed against the Bureau's appropriation in fiscal 1962 was the economic growth program. In addition, the Bureau was forced to delay the development of studies of fringe benefits and computation of payroll hours, was unable to advance as rapidly as we intended, the work on analysis of unemployment, and had to delay the issuance of studies relating to international comparisons on labor costs.

REQUEST TO THE BUREAU OF THE BUDGET

Mr. FOGARTY. You are asking for $15,297,000. What did you ask the Bureau of the Budget for?

Mr. CLAGUE. $18,801,000, I think.

Mr. FOGARTY. So they cut you about $3.5 million.

Mr. CLAGUE. Yes.

Mr. FOGARTY. Will you give us a complete breakdown of that $3.5 million and an explanation of the items that the $3.5 million would have provided for?

Mr. CLAGUE. Yes.

(The requested information follows:)

Straight time hourly earnings

Budget Bureau request, $44,000; allowed, none

We had planned to establish monthly reporting of overtime payroll data from the 42,000 manufacturing establishments, to provide the basis for calculating straight time hourly earnings of production workers. These data would provide a more accurate current approximation of wage trends than do gross earnings, which are affected by premium pay for overtime work. Among the general uses of the data are escalation of labor costs in long-term contracts, labor-management wage negotiations, and studies of long-term trends in wage rates. The Wage and Hour and Public Contracts Divisions of the Department of Labor is particularly in need of this type of information on a current basis, and as an adjunct to other information of the Bureau relating to the impact of wage determinations.

Annual survey of man-hours and payrolls for all employees

Budget Bureau request, $32,000; allowed, $15,000

An annual survey was to have been undertaken to acquire information on the man-hours and pay for all employees. These reports were to be obtained from all nonagricultural establishments which now report monthly (except for establishments in the services and Government divisions). The resulting estimates, when used in conjunction with available monthly data for production workers, would have permitted the calculation of average annual hours and earnings for nonproduction or supervisory (office) workers. With the $150,000 finally allowed this survey will be limited to manufacturing establishments. No information will be collected for any of the nonmanufacturing industries.

These hours and earnings data were to fill a need that has grown in recent years as nonproduction workers have become an increasingly significant proportion of the work force. Present monthly figures which are limited to production workers in manufacturing and nonsupervisory workers in most other industries are too limited to meet the needs for preparation of broadly based productivity indexes, and for manpower planning. In the hearings of the Subcommittee on Economic Statistics of the Joint Economic Committee it has been emphasized that these data are necessary for the preparation of more adequate measures of productivity.

Extension and improvement of hours and earnings statistics

Budget Bureau request, $236,000; allowed, none

The proposed increase would provide for the completion of a program of collection of monthly information on hours and earnings of employees in trade, transportation and public utilities, finance, and a significant part of the service industries. At present the program includes only some of the component industries of these major sectors of the economy; we have complete coverage of only three of the eight major sectors—manufacturing, mining, and construction.

This would have provided current data on the hours and earnings of workers (except top supervisors) in these large and growing industries. Availability of these additional hours and earnings statistics is essential to the preparation of more comprehensive indexes of productivity and to assess the effect of the shifting industrial composition of the work force in terms of earnings. Information on the paid hours of production and nonsupervisory workers described in this proposal, the annual paid hours for all employees referred to above, and the "composition of payroll hours" survey when used in conjunction would provide needed data on plant man-hours.

Establishing current employment statistics and labor turnover statistics for additional areas

Budget Bureau request, $309,000; allowed, none

These funds were requested to expand the cooperative Federal-State statistical programs to an additional 100 standard metropolitan statistical areas. The present cooperative program now finances series for 118 areas. BLS and BES were to jointly finance employment, hours, and earnings for 79 of the new areas, and BLS and cooperating State labor departments were to finance the series in the remaining 21 areas. Labor turnover programs were to be jointly financed by BLS and BES in all 100 new areas.

Current monthly area statistics provide an important measure of differential rates of growth and changing industrial composition. The statistics are needed to evaluate the effectiveness of area development programs initiated. Other major uses include market research and plant location studies. Widespread interest has been expressed by the BLS Business and Labor Research Advisory Councils, as well as other users of the data, in extending the program to these 100 additional areas.

Development work in labor force measurement

Budget Bureau request, $110,000; allowed, none

There is widespread concern with underemployment, particularly in rural areas; yet we have no satisfactory way of estimating the amount of underemployment that exists. The purpose of this project was to devise more satisfactory procedures for measuring underemployment in connection with the household survey. The present measure, based on hours worked, does not seem appropriate to the self-employed or to agricultural workers.

The changing structure of unemployment and worker mobility

Budget Bureau request, $501,000; allowed, $357,000

The original request included funds for a detailed study of the unemployment problems of Negroes, which had to be dropped. The study of Negro workers, who make up one-fifth of the unemployed, would have provided highly useful information on the extent to which their greater risk of unemployment reflects educational and occupational disadvantages that can perhaps be alleviated by future programs.

Cuts were made in the remaining projects including the study of youth employment and unemployment problems, which are the focus of much public concern.

Projections of occupational manpower requirements including development of essential occupational information

Budget Bureau request, $282,000; allowed, $200,000

The reduction will make it impossible to make major progress in developing a series of employment statistics for occupations. These statistics are needed

not only in assessing employment trends and outlook in each occupation but also in evaluating the effects of training programs in increasing the manpower supply in key occupations. Instead of taking a major step toward launching a successful statistical program, the Bureau will proceed more slowly in pilot studies. This will delay for at least a year the initiation of an actual program.

Extension of pricing for the Consumer Price Index item and outlet samples

Budget Bureau request, $621,000; allowed, $400,000

This increase was designed to provide prices for more outlets, items, and areas, which would assure greater accuracy in the index. The effect of the cut will be to reduce the precision of the revised Consumer Price Index by limiting the proposed increase in the number of price quotations. Since it is essential to expand the pricing to cover entire metropolitan areas for the revised index regardless of the availability of additional funds, and such an expansion will increase the collection cost per quotation, no more than a modest increase over the number of items priced and price quotations obtained for the present index can be achieved with the funds allowed. When we know more about the error in the revised index, it may be too large considering the very important purposes for which the Consumer Price Index is used. The reduction also may prevent obtaining information on what kinds of errors are contained in the sample. Such information is needed and would have been used as the basis for making more efficient use of resources.

Price and index number research studies

Budget Bureau request, $132,000; allowed, $105,000

The result of the reduction will be slower progress in finding satisfactory solutions to some of the more difficult and perplexing price index number problems. Very little has been done in this area for many years, and there is a rising chorus of criticism of methods now followed in adjusting price quotations for changes in the quality of goods and services, for example. Maintenance of public confidence in the official price indexes urgently requires that research on such problems be accelerated.

Standard budget research to revise the city worker's family budget and the retired couples budget

Budget Bureau request, $75,000; allowed, $50,000

The reduction will delay completion of the job of reviewing the concepts of the standard budgets and determining what changes should be made in the basis for these budgets in preparation for bringing them up to date. As a result, repricing of the standard budgets will be delayed.

Analysis of changes in consumer expenditure patterns and levels of living

Budget Bureau request, $147,000; allowed, none

Denial of this request will mean that an important tool for maintaining the Consumer Price Index on a current basis will not be available. One of the purposes of this proposal was to obtain some information by which the continued representativeness of the weighting factors for the CPI could be measured and interim adjustments of the factors could be made for new products and significant shifts in the things that consumers buy between comprehensive revisions of the index. Another purpose was to provide a minimum of information on the nature of changes in consumer demand resulting from such factors as interruptions to employment, the extent and nature of labor force participation by different members of a family, changes in income, and changes in family needs as a family goes through its life cycle from newly married to rearing of children to old age. Such information is essential to projections of employment opportunities in specific industries and economic growth in general. No information of this kind is now available.

Assistance to localities in maintaining consumers price indexes

Budget Bureau request, $177,000; allowed, none

The Bureau will not be in a position to provide assistance to localities which desire to maintain their own consumers price indexes.

When the revised Consumer Price Index is issued in 1964, 6 of the 20 large cities (Cincinnati, Houston, Kansas City, Minneapolis-St. Paul, Portland, Oregon, and Scranton) for which city indexes are now published will drop out. In addition, there are a number of other cities for which local authorities, or groups, find an important need for an index covering the local area. The Bureau will not be able to assist in supplying the weighting factors or technical assistance required for such indexes.

Prices of industrial services

Budget Bureau request, $82,000; allowed, none.

The result of the elimination of this item is that an important gap will continue to exist in the price information available. Industrial services such as equipment rental, commercial warehousing, and plant maintenance have been growing in importance and are of considerable significance in industrial costs. No official information on prices of such services is now available, and the lack of such information handicaps studies of industry cost-price relationships, input-output studies, and measures of productivity.

Survey of salary structures

Budget Bureau request, $112,000; allowed, $55,000

Since the proposed work was developed jointly by the BLS, the Bureau of the Budget, and the Civil Service Commission, the change reflected above actually represents a reconstitution of the original proposal in which BLS fully participated rather than a reduction by the Bureau of the Budget.

The proposed survey of salary structures will be made in calendar year 1963, including the last 6 months of fiscal 1963 and the first 6 months of fiscal 1964. The cost will be $55,000 in each of the 2 fiscal years. The original proposal submitted to the Bureau of the Budget called for a series of studies to be completed in fiscal 1963, including a less intensive study of salary structures than now proposed, studies of special supplementary pay practices relating to professional and scientific occupations and limited preliminary developmental studies of professional and scientific salaries in State and local governments and nonprofit institutions.

Employer expenditures for fringe benefits and the composition of payroll hours

Budget Bureau request, $177,000; allowed, $100,000

The proposed strengthening of the Bureau's program in the important area of employee compensation will provide for (1) the extension of the survey in manufacturing industries to include the increasingly important area of white-collar employment, (2) expansion of the manufacturing sample to permit the publication of separate data for some 35 industries for which productivity estimates are contemplated; and (3) reduction in the cycle (now about 12 years) for the study of nonmanufacturing industries to about 6 years. This study cycle will permit the study of manufacturing industries each 3 years and the nonmanufacturing sectors, such as mining and finance, at 6-year intervals.

The original request would also have permitted the study of each major nonmanufacturing industry group within a 3-year cycle. The study of the nonmanufacturing industries at a 6-year interval rather than a 3-year interval will seriously affect the underlying data available for the computation of unit labor costs and additional productivity measures. Moreover, it will mean that a very serious gap will remain in the currency of data available on supplementary employee remuneration practices that now account for a substantial portion of total employee compensation. The reduction of the study cycle from 12 to 6 years, as approved by the Budget Bureau, will represent, however, some improvement over the present program. It will provide over a period of 6 years a body of data now essentially nonexistent for a substantial segment of nonmanufacturing industries.

Industry wage studies

Budget Bureau request, $119,000; allowed, none

This proposal would have provided funds for the intensive study of five to six additional industries annually.

Detailed studies of occupational wages by industry are indispensable for analysis of the structure of wages in the United States. Moreover, they provide information for classes of occupations, typically in processing operations that are peculiar to individual industries (such as salesclerks in retail trade and weavers in textile mills) and that employ large numbers of workers. Funds for surveys in five to six additional industries annually would have meant that more current information would have been available for labor-management negotiations in selected industries by increasing the frequency of study. Industries typically are now studied only at 3- to 5-year intervals.

Union structure and technical assistance in settling labor disputes

Budget Bureau request $231,000; allowed, $80,000

This was originally two separate projects. The first was to undertake a series of studies of how unions are administered and governed, the nature and sources of authority exercised by union officials, the safeguards available to members, sources of revenue, and related matters; to prepare a Handbook of Labor Unions at 5-year intervals; to undertake more intensive work on union membership statistics and interunion relationships (jurisdictional disputes, etc.); and to assemble basic data on management organizations in collective bargaining, an area of interest about which there is virtually no public knowledge.

The second project involves a program of technical assistance to officials or agencies of Government, such as the Secretary of Labor, Federal Mediation and Conciliation Service, special factfinding boards or commissions, such as the President's Railroad Commission, in developing information for emergency or other dispute situations arising in collective bargaining. Reductions in the allowance for this program will mean that less technical service will be available, and assistance to the parties negotiating labor-management contracts will be greatly reduced.

Employee benefit plans

Budget Bureau request, $119,000; allowed, none

The Bureau proposed a continuing series of analytical studies of the benefit, administrative, and financial aspects of pension plans, welfare plans, and other types of employee benefit plans. These studies would be based largely, but not entirely, on the welfare and pension plans disclosure file. The Bureau is currently completing a comprehensive analysis of the administration and benefit structure of multiemployer pension plans. The proposal would have permitted the Bureau to continue the series of systematic analytical studies based on the documents filed under the Welfare and Pension Plans Disclosure Act. These studies would provide valuable information for use by both labor and management in negotiating and administering plans in the public interest, and would provide the Department and the Congress with essential insights into the content and administration of plans covered by the Disclosure Act.

Collective bargaining and industrial relations at the plant level

Budget Bureau request, $178,000; allowed, $50,000

The Bureau initially requested funds for two purposes: (1) To supplment the Bureau's present program of agreement analysis, which is restricted to agreements covering more than 1,000 workers, by studies of small agreements, particularly those covering fewer than 250 workers, in areas and issues where problems in small establishments are substantially different from those in large establishments; and (2) to inaugurate a continuous program of studies of labor-management relations at the plant level.

The amount allowed would permit a sound start on the second purpose listed above, but would not support the small agreement supplementation requested in the first item. This agreement analysis supplementation was proposed principally as a service to small businesses dealing with unions, and would have been useful to the extent that labor-management relations problems of small businesses differ significantly with those in the larger establishments. Such a program would advance general Government interest in the peaceful settlement of labor disputes.

Effects of technological change

Budget Bureau request, $308,000; allowed, $225,000

These funds were requested for conducting studies of technological outlook, including major innovations and major industries. The funds requested would have permitted us to study four major innovations and five major industries, or a total of nine studies per year. With the cut in funds, we will not be able to do more than six studies per year. For example, we may eliminate for the first year's program a study of the canning industry and of materials handling in trade. Significant technological developments are occurring in both areas.

Expansion of special industry studies program

Budget Bureau request, $214,000; allowed, none

Denial of the amount requested for expansion of the special industries studies program will force this program to continue operating at the restricted level of one industry study per year. It will prevent any improvement in the sampling or in the essential analytical detail presented in the survey reports. Most significantly it will force the Bureau to abandon plans for a comprehensive 5-year series of studies of the incidence and causes of accidents in the construction industry. These studies were planned to produce working information for accident prevention in type of construction and occupational detail, in accordance with strong requests from employers and the craft unions of the industry. Because of the wide coverage necessary to produce significant results in the study of an industry primarily composed of small operating units, such as construction, it will be impossible for the Bureau to conduct any part of the planned series of accident-cause studies in this industry with present resources.

Improvement of existing industrial injuries program

Budget Bureau request, $167,000; allowed, none

Elimination of the request for urgently needed funds to strengthen the existing programs of the work-injury statistics program will drastically limit the Bureau's efforts to maintain the technical quality of these surveys and will seriously restrict the planned efforts to modernize the collection, tabulation, and analysis of the basic national work-injury statistics. It will eliminate the possibility of presenting the data in greater detail as constantly requested by industry safety engineers. It will also eliminate the possibility of intensive analyses of the available data to determine the underlying factors which influence the seasonal, cyclic, and establishment-size variations in work-injury occurrence. It will prevent the development of significant State injury rates for the noncooperative States and will eliminate the possibility of adding any large industrial States to the State cooperative injury-rate survey program.

State services cooperative work-injury rate program

Budget Bureau request, $114,000; allowed, $50,000

Reduction in the amount originally requested for servicing the existing cooperative State injury-rate program means that the Bureau will be able to meet only a part of the cooperating States need for consultation and technical assistance. It will curtail the planned review of the materials collected by the various States to insure uniformity of these data when they are incorporated into the national totals. It will also eliminate any possibility of the Bureau entering into cooperative special studies with the States and the International Association of Governmental Labor Officials on particular aspects of injury occurrence which are of particular import to the State safety enforcement agencies. It will also eliminate any possibility of preparing a revised version of the Bureau of Labor Statistics Bulletin No. 667, "Manual on Industrial Injury Statistics," which for years has been the basic reference and instruction manual for both State and industry accident statisticians, but which is now entirely out of date.

Workmen's compensation statistics program

Budget Bureau request, $109,000; allowed, $50,000

Reduction in the amount requested for the establishment of a national clearinghouse for State workmen's compensation statistics will drastically curtail the amount of technical consulting service to be made available to the State

workmen's compensation agencies. This will sharply retard the development of comparable data across the country and will impose significant limitations upon the analyses of the assembled data. It will permit the Bureau to meet only in part the needs for the national summaries as expressed by the International Association of Industrial Accident Boards and Commissions and will limit the possibilities of special studies in cooperation with the association.

Labor in the Sino-Soviet bloc

Budget Bureau request, $125,000; allowed, none

The elimination of this item means a delay of another year in the commencement of research in a field which is important for public understanding of the critical international situation. To make wise decisions on current issues, the American public needs to know about the manpower potential of the Soviet Union, the East European satellites, and Communist China; the level of skill and professional competence, and the training programs in those countries; the standard of living of unskilled and skilled workers and professionals in the Communist countries; and related aspects of labor there.

Without this information, public officials will also be hampered, as the broad significance of isolated labor facts cannot be appraised unless they are put in perspective through expert analysis and synthesis.

Moreover, additional information on Soviet labor is vitally needed for coping with the increasingly militant Soviet challenge in the ILO. The U.S. delegations to ILO conferences need a much fuller briefing than hitherto on the actualities of Soviet labor.

The impact of foreign trade on domestic employment

Budget Bureau request, $150,000; allowed, none

The elimination of this item will slow down the research which has been begun on a crucial economic issue in the 1960's; namely, the domestic impact of foreign trade. This research covers (*a*) the number of U.S. jobs (grouped in various ways) which are dependent on exports; (*b*) the number of U.S. jobs (grouped in various ways) which may be correlated with competitive imports; (*c*) The subsequent employment history of U.S. workers displaced by competitive imports; and (*d*) the experience of other nations in trade adjustment programs.

The results of this research will be in increasing demand by the administration and the Congress as a factual base for the development or modification of U.S. trade and tariff policies in the coming months and years. Such policies, always intrinsically important, are becoming more so with the development and possible expansion of the Common Market, and with the new trade and tariff concepts implicit in the proposed Trade Expansion Act of 1962.

International comparisons

Budget Bureau request, $100,000; allowed, $50,000

The funds requested would be used for statistical analysis of wages, prices, productivity, unit labor cost, levels of living, and unemployment in other countries compared with those in the United States. These comparisons will throw light on such questions as—

Are recent increases in imports and exports caused by cost differences, and if so, to what extent?

To what degree is unemployment lower in European countries than in the United States and, if lower by a substantial amount, can any of their methods be applied in the United States?

Are real wages rising or declining in Latin American countries, and what impact has this had on social interest?

The results are important in deliberations and decision work—in the Government, in industry, and elsewhere—on foreign trade, on business expansion and location, on collective bargaining, and on other matters.

The reduction will slow the rate of progress in this broad and important field. It will force concentration on two areas (wages and unemployment) to the exclusion of other areas.

Foreign labor reports

Budget Bureau request, $200,000; allowed, $50,000

These published country studies are broad-gage, basic reports on all phases of manpower, productivity, skills, labor law, labor standards, labor costs, levels of living, etc., and are needed urgently by businessmen, labor leaders, and Government officials. In the past year the Bureau has had requests for such data from the Joint Economic Committee, the Senate Subcommittees on Internal Security and on Antitrust and Monopoly, the House Committee on Education and Labor and its Subcommittee on the Impact of Imports on American Employment. The increased emphasis of the present administration on improving the living and working conditions of workers around the world by such policies as the alliance for progress in Latin America makes this work indispensable.

The reduction will force the Bureau to spread this work out over a very long time for complete coverage of the countries of the free world.

Changing location of American industry

Budget Bureau request, $60,000; allowed, none

This project was designed to provide the Congress and the executive departments with a factual report on the changing location of industry and associated problems. As a beginning, special studies would be undertaken of situations where an industrial firm has closed a plant at some location and has opened up this same basic operation in another community. The objective would be to analyze the economic forces involved in the firm's decision to move, the impact of public policies, and the effect of the movement on the individuals concerned and on each of the two communities involved.

Additional regional offices

Budget Bureau request, $175,000; allowed, none

In the interests of improved efficiency in data gathering and public service, the Bureau has urgent need to reestablish regional offices in Cleveland, Ohio, and Dallas, Tex., and a branch office in Kansas City, Mo. Programs in virtually every area of the Bureau's work have expanded sharply since 1947 when these three offices were discontinued. More field agents are engaged on the regular programs than ever before, especially for the collection of prices and wage statistics. To have them cover such broad geographic areas as the 14 States in the Chicago region and 12 in Atlanta, is inefficient and the travel is costly. The addition of Cleveland and Dallas offices is required if we are to solve operating problems involved in supervision and coordination of our collection and service programs. It would facilitate training and orientation of employees. There would be a reduction in travel time of field agents and an increase in production time for field collection activities. This further decentralization would result in general improvement of the efficiency of our operations.

Further, the variation in economic trends in recent years has greatly increased the demands on our offices for information and consultation from labor, industry, and the public. There has been a sharp rise in requests for consultation on the use of data, such as in labor-management relations and plant location considerations. Requests for all kinds of data, wages, prices, industrial relations, productivity, and employment have advanced from 9,000 monthly in 1957 to 25,000 in the present time. Promptness in providing this information is essential. Adding to the staffs in Chicago and Atlanta is not the answer. Professional personnel must be stationed in these industrial areas; Cleveland, Dallas, and Kansas City.

Kansas City would be used as a branch of the Chicago office when data gathering operations would be controlled. The staff in Kansas City would be primarily engaged in consultation and in furnishing statistics.

In addition, most of the bureaus of the Department have regional offices in all three places, and the presence of a BLS office is important to service these bureaus.

Mr. FOGARTY. Mr. Denton?

Mr. DENTON. No questions.

Mr. FOGARTY. Mr. Laird?

NEED FOR MORE DETAILED STATISTICS ON UNEMPLOYMENT

Mr. LAIRD. Dr. Clague, on page 9 there is a request for $357,000 to conduct four sample surveys to examine the changing structure of unemployment. This is explained as being a more searching analysis of the existing body of data to determine how much of the unemployment problem would be solved by training programs and placement programs to increase the ability of workers to get jobs.

My question is: Why are they being used so much to express the urgency for retraining legislation if we don't know what the full picture of unemployment is, if we are not clear on these figures at the present time?

Mr. CLAGUE. Let me take that in two steps. One is, as far as the accuracy of our figures is concerned, we publish every month in our monthly report on the labor force the percentage of accuracy that we have. A lot of people have not understood this. We have tried to make it clear to them.

For example, we said the unemployment was 4,100,000; that was the estimate for December. Our estimate of accuracy on that—our sampling error, we call it—indicates that if we had counted the whole Nation, we would have arrived at somewhere between 4 million and 4,200,000.

In other words, there is a margin of error of 100,000 either way, but it wasn't 3.5 million, it wasn't 2.5 million, and it wasn't 5 million.

We explain all of that very carefully, that these figures are rough, but they are roughly approximate. I am not sure, Mr. Laird, that this is the question you asked, but in that sense we always explain, for any one of our figures, what the margin of accuracy is.

Generally speaking, for the employment, for instance, of 67 million, the accuracy is much greater. It is probably around 200,000 or 250,000, either way. But the total is approximately correct. That is one point I would like to emphasize.

The second point you raise is this, however: This study that we would be doing here would be to make a special study of a group of unemployed in order to find out more detail about them. We would ask them a great many questions concerning their unemployment. We would visit a sample of the unemployed and get the details of why they were out of work, at least why they thought they were, what their training and experience has been, et cetera.

We want to find out, for instance, what has been their work record over the past year.

Mr. LAIRD. We have heard a lot of figures used to try to show that this training program would solve the unemployment problem. When I read over this justification, I came to the conclusion that you aren't so sure about that; that you have to restudy this whole structure of unemployment.

Mr. CLAGUE. I think it is true, Mr. Laird, that some of these workers laid off are much more trainable than others. The experience in several European countries——

Mr. LAIRD. How sure of that fact are you? Are these people who need the new training in the unemployment figure?

Mr. CLAGUE. I can certainly say I am sure, that some of those in the unemployment group are trainable.

Mr. LAIRD. Is it a large factor or a small factor?

Mr. CLAGUE. That I couldn't tell you. That is what we need the study for.

Mr. LAIRD. We have heard figures used up here that purport to show that it is a large factor, but you don't know. You don't have figures that would prove that?

Mr. CLAGUE. No. In fact, you will see we have several studies here pointing toward this. One is to find out, to project into the future, the demand for labor, the growth in the skills that will be needed.

That is one dimension of the need for training—what demand is there going to be? The second factor is to study the unemployed themselves to see what their potentials for training are. Actually we happen to have published another article, I remember at the moment, just recently, in which we analyzed what happened within four concerns which had done training for workers in connection with some technological changes that they had made.

We found out what their experiences were. It is a rewrite of what they had done, a special study done by the University of Michigan, I believe, or Michigan State University.

In this area I think you will find that some of these workers are very difficult to retrain. In fact, perhaps they don't want retraining. It is very difficult to do much with a coal miner beyond the age of 45 except in coal mining or in roadwork or in jobs of that sort.

On the other hand, there are many workers in their thirties and forties who would not think of taking apprenticeships, who wouldn't think along those liens, but who could be trained. Right now, among the unemployed as such, we don't know what those proportions are.

Mr. LAIRD. So the figures we see referred to are merely "guesstimates"?

Mr. CLAGUE. Most of those figures you see referred to don't include all the unemployed, I am sure. They probably relate to a fraction. As I mentioned, there are 4 million unemployed there. There are 2.5 million drawing unemployment benefits.

Certainly among that group there are a good many that will be retrainable, and the size of that is determined by some of these studies.

There are some of them that obviously are not qualified for retraining. They can't read and write, for example. It is very difficult to do much training of a man for a white-collar job if he can't read and write.

TRAINING FOR FUTURE DEMAND

Mr. LAIRD. Your request for $200,000 on this project to study the occupational manpower requirements to meet the future needs of the economy, on page 10——

Mr. CLAGUE. Yes; that is correlative for the future——

Mr. LAIRD (continuing). Seems to me to be in the same area as the project outlined on page 9.

Mr. CLAGUE. No. Page 9 is looking at the unemployed. That is the supply, who have we got on our hands. Page 10 is looking at the demand, where will they be needed.

You talked here yesterday with the Secretary. What is the use of training for jobs that don't exist? Our answer is, it is very de-

sirable to train for jobs that we think will exist, or that we think we can safely project will exist.

So these are the two sides of the equation: The demand for labor, and then analyzing the trainability of the supply—or the potential, I should say.

TECHNICAL ASSISTANCE TO FEDERAL MEDIATION SERVICE

Mr. LAIRD. On page 17 you outline a request for $80,000 for the creation of a small staff to provide technical assistance and services which will involve the Labor Department, the Federal Mediation Service, public factfindnig boards, and for legislative purposes.

It seems to me that this type of a study would dissipate the strength of the Mediation Service in supplanting some of its activities and would be another factor that could eventually lead to the complete control by the Labor Department over this service.

Mr. CLAGUE. No, Mr. Laird, I don't think so. I think the Federal Mediation and Counciliation Service would be delighted to have this. We are an analytical group who get up these facts on wages and fringes and prices. No, we have been called upon frequently for this work by the Secretary of Labor in the cases he has taken up. We are being called on now all the time.

We were just trying to make it more orderly and more regular, so that we would have a staff who could devote their attention to this. As it is now, I have to take our regular staff and put them to work on it.

Mr. LAIRD. Do these requests come to you from the Federal Mediation Service?

Mr. CLAGUE. They come to me, of course, from the Secretary of Labor. But I think I could safely say that the Director of the Federal Mediation Service would welcome it. He doesn't do any work like this in the Federal Mediation Service. He does mediation and conciliation work.

I know he welcomed our surveys, for instance, of the provisions in contracts, collective bargaining contracts. He is always getting our latest report on the practices—on paid holidays and grievances and vacations with pay and all of those things, which he uses in his work. His conciliators are very great users of our data.

I think he would welcome this kind of a staff to put this into logical form.

PURPOSE OF FOREIGN LABOR REPORTS

Mr. LAIRD. The chairman discussed with you the reports that you are making, so-called foreign labor reports. I had a little difficulty in following the real purpose of these reports.

Are these reports being prepared to help the U.S. labor unions' moves to establish an international minimum wage?

Mr. CLAGUE. No, they don't have any connection with that. We are now in a great——

Mr. LAIRD. I am just asking this to find out. I didn't think the answer you gave the chairman was really a very good answer. What are you using them for? Sending them to people who are going to these countries?

Certainly the labor attaché ought to be able to give these people a pretty good briefing. He certainly is writing up the material on these countries. That is why he is there.

What is the purpose of publishing these pamphlets on all these foreign countries? How many are you going to do? Are you going to take 100 countries? Are you going to take 50 countries, 25 countries?

I know there are efforts being made to establish an international minimum wage. Personally, in this area of trade, I think that this is one of the problems we face. Is this the purpose of these reports?

Mr. CLAGUE. No. I would say "No," and I don't think they would be useful for that purpose. These are to survey—one on Honduras, for instance. We are going to do work in South America now in connection with the alliance for progress. This report is on the labor law and practice in Honduras.

Mr. LAIRD. Is this being used by industry so that they know where they can find cheap labor?

Mr. CLAGUE. Basically these reports are being done for the service of officers of the U.S. Government who are going there. This is a summary in brief form.

Labor leaders go down there, as you indicated. Perhaps they have a good will mission to the country involved. They will find that reading one of these documents would be very helpful to them. Businessmen, of course, who are interested in that country would find them interesting, too. There is business support with this kind of activity.

In general, the local labor attaché has a great deal of information currently at his disposal in a variety of ways, but it is never brought together in this way. He doesn't write up a summary statement which would analyze the labor force in that country, the cost of living as shown by indexes. Our report gives depth and synthesis to what is being done.

STATISTICS PREPARED JOINTLY WITH DEPARTMENT OF COMMERCE

Mr. LAIRD. Mr. Michel referred to the work of the Department of Commerce on statistics relating to labor. Do you have an agreement between the Labor Department and the Department of Commerce?

Mr. CLAGUE. That is correct. We pay them to do the survey of the families and the tabulation of the data, and then it comes to us. We analyze the data in connection with our own payrolls, hours, unemployment insurance, and put out the monthly report.

Mr. LAIRD. Prior to 1960, as I recall, there was a combined set of statistics published.

Mr. CLAGUE. Yes. This is the way that was. Years ago they used to be issued separately. The Department of Commerce and the Bureau of the Census gathered this household survey. We gathered the reports from employers in our Federal-State system; and the unemployment insurance was also in our Department.

Those reports were issued separately, and sometimes the public got interpretations that just didn't seem to fit. Then the Joint Economic Committee of the Congress got busy and the Bureau of the Budget, the Office of Statistical Standards, they decided we should have a joint report.

So at that period of time—and after 1954, I believe—we set up a system to put these out at the same time and issue them jointly. So it appeared under the name of the Secretary of Labor and of the Secretary of Commerce, and that is the joint program you refer to.

Then in 1959 it was decided that it would really be simpler if they transferred the whole operation to the Department of Labor as far as the analysis and interpretation of the results are concerned.

We lost our housing statistics, which were transferred to the Census. So they shifted between our Bureau of Labor Statistics and the Bureau of the Census to give them the housing statistics, while we took over the interpretation and analysis of these figures. But we buy the services of the Bureau of the Census in conducting the field surveys.

So now you have one report issued by us in the Department of Labor covering all three of these programs.

I may say that our cooperative relationship with the census is excellent. We work very well together. These studies that you see here, that you mentioned—the survey of the unemployed—we did through the Census Bureau. We have been working with them right now on the questions to be asked and the sample of families to be selected.

Mr. LAIRD. When Mr. Michel was asking those questions I thought that there was a time that this was put out under the auspices of the Secretary of Commerce and the Secretary of Labor.

Mr. CLAGUE. That's right.

Mr. LAIRD. And that was changed in 1960 or 1959?

Mr. CLAGUE. 1959: the summer of 1959.

Mr. LAIRD. And that was because of this division that you agreed upon?

Mr. CLAGUE. Yes. They made those agreements at the housing statistics, home building, which we had pioneered way back in 1920. They thought they would shift that to Commerce and they thought it would be better if one department analyzed these employment and unemployment data.

The former system didn't work too badly. It was cumbersome. We had to get agreement with the Secretary of Labor, the Secretary of Commerce, and the Census staff. Now it is all done by ourselves as interpreters.

ADDITIONAL FUNDS FOR INTERNATIONAL STUDIES

Mr. LAIRD. We have here the summary of new positions on page 39, activity No. 6. The overall request for an increase in this area, I believe, is $102,577, which takes into consideration the other work which I mentioned before.

Mr. CLAGUE. Yes, $50,000 is for foreign labor reports. Then for international comparisons we have another $50,000.

Mr. LAIRD. I should like you to explain to me a little bit the value of this work. In my mind I have a question about this. I don't think it has been justified very well.

Mr. CLAGUE. You mean the whole international comparison field?

Mr. LAIRD. Yes, as a responsibility of the Bureau of Labor Statistics.

Mr. CLAGUE. First of all, we get a tremendous number of letters from Congressmen, for example, on what are the wages in all these different foreign countries. That is one of the jobs we do regularly—gathering that information.

We are now at work trying to get some information on the comparative fringe benefits and the cost of those fringe benefits in those countries as compared to in this country.

Mr. LAIRD. Mostly letters from Members of Congress that you have to answer? Is that it?

Mr. CLAGUE. You are concerned, of course, in the whole foreign trade area on the question of imports and exports. We are the ones who are providing the analysis of the employment in the United States related to exports, and also the employment that may be displaced by imports.

Mr. LAIRD. Are you doing a lot of work for the Tariff Commission in this area?

Mr. CLAGUE. No, not doing it for the Tariff Commission. We are doing it for the executive department. We are doing it in response to the funds you gave us last year to look into this whole subject of employment generated by exports and displaced by imports.

Mr. LAIRD. We gave you money last year, but you are in here now for an increase. What are some of the reports you published last year with the money that we gave you in this area? I am talking about this increase. What did you do last year?

Mr. CLAGUE. I don't recall at the moment.

Mr. LAIRD. I want this increase justified. I want to see what you were doing last year. We gave money for this particular work. Now you are back here for a sizable increase this year. I can't believe really it is just to answer the mail from Members of Congress. There must be something else.

The Tariff Commission must be making some requests or something.

Mr. MYERS. Can I say a word on this? I should point out, in the first place, that we haven't had money earlier to carry on this specific activity, to provide general foreign labor reports for the use of Government and business, but have made some of these reports——

Mr. LAIRD. Last year we gave you funds in this area.

Mr. MYERS. Not for this purpose.

Mr. LAIRD. What was it for last year?

Mr. MYERS. The reports we have issued are published by financing from other agencies—ICA and one or two other agencies—who are interested in this. Some are classified.

Mr. LAIRD. Who wants it? What are the classified agencies who want it?

Mr. MYERS. CIA and Army. Those are the agencies.

Mr. LAIRD. And they do not reimburse you?

Mr. CLAGUE. We are reimbursed for those reports as we put them out, but those are for very special uses and to some extent not available for public distribution.

NONGOVERNMENTAL DEMAND FOR INTERNATIONAL STATISTICS

We have a great many requests from businessmen who go into these countries, and they are very much interested in knowing, if

they are going to start a plant, for example, in a given country, what are the labor conditions there, what kind of labor law are they going to operate under.

Mr. LAIRD. How much cheaper is the——

Mr. MYERS. How much wages are they going to pay, what fringe benefits, and related information which is set up in considerable detail and very reliably in these reports, and is not available from any other source.

The proposal we are making here is to extend this work on a very small scale; I think we will be able in the first year to cover only about five countries. These will supplement the reports we are able to make available by use of other resources.

Mr. MICHEL. In the justifications you say: "The project will cover all the significant countries of the free world." The two we see are Honduras and Sudan. What is the basis of the priority?

Mr. MYERS. The studies that we are contemplating for this small amount of funds we are requesting this year would be for the larger industrial countries which are not of interest to the ICA, for example. None of the work that we are carrying on now is in the larger countries, where we would set out what the labor law is, what the fringe benefits are which are required by law and by tradition, what wages are legally required, et cetera.

This is not available anywhere else. This year we are going into the larger countries which are not of interest to the ICA.

Mr. LAIRD. Now we are doing work for industry and giving them information on wage rates. We are giving them every tax advantage we possibly can under our tax laws. We are making everything easier for people to invest abroad. We have got a problem in central Europe because of the large amounts of money that are going into central Europe and other areas of the world—U.S. capital.

Here the Department of Labor is trying to find where the wage rates are the lowest so that industry can operate at a lower cost. I really can't follow that.

Mr. MYERS. This is strictly an information service. We don't set out to find out where wages are lowest. We find out what are the facts. These are needed by the Government administrators, by business, by labor leaders who want to know what the competition is, and by Congressmen.

We have a constant request for this kind of information, and this is certainly the most efficient and the most effective way that we can make it available.

EFFECT OF WAGE RATES ON TRADE

Mr. LAIRD. What did you do last year with the money we gave you to study this question of wage rates and its effect on trade?

Mr. CLAGUE. We have a survey underway now.

Mr. LAIRD. How much of the money that we gave you will you have expended on that survey by the end of the year? Or is that one of the things you dropped out this year?

Mr. CLAGUE. No, we didn't drop it out. It is postponed in the sense it is not through at this time. But we are on that now.

Mr. LAIRD. Will it be through by the time the reciprocal trade hearings are held by the Ways and Means Committee?

Mr. CLAGUE. The survey will be available. Part of it is ready now. We are not ready on the rest of it. It is designed to be ready as soon as we can finish it up.

Mr. FOGARTY. Mr. Michel?

THE OCCUPATIONAL OUTLOOK HANDBOOK

Mr. MICHEL. On page 8, on the "Occupational Outlook Handbook," the cost of $27,000 for printing: How many copies of that publication do we get for that sum?

Mr. JONES. A thousand copies. The rest are sold by the Superintendent of Documents. We get a thousand copies.

Mr. CLAGUE. We get a thousand copies for ourselves, of course; but the Government Printing Office prints about 40,000 copies. I think our last printing sold 60,000. It is a best seller in the Government Printing Office.

Mr. MICHEL. Where do most of your requests come from?

Mr. CLAGUE. What we do is put it in the libraries throughout the country. I think there are 700 depository libraries. We give it to them, and people who request it—other Government officials. I believe the Employment Service buys a couple of thousand copies to give to the employment offices throughout the country. The Veterans' Administration uses it, and so forth.

Mr. FOGARTY. Don't you have one here, Mr. Clague?

Mr. CLAGUE. Yes, here it is. The new edition is just out.

Mr. FOGARTY. It is an excellent publication.

Mr. CLAGUE. This document has been so useful that there have been discussions from time to time as to whether or not Congress wouldn't want to have an appropriation to distribute it to every high school in the country.

Mr. FOGARTY. I think every Member of Congress should get one.

Mr. DENTON. We get one of those. We did last year.

Mr. CLAGUE. We can't give you all one. There are 537 Members of Congress, and we get only 1,000 copies. Seven hundred to the libraries. We watch these copies like hawks. It is too bad that it can't be more widely distributed. It is too bad every high school in the country isn't able to have one.

Mr. FOGARTY. I think that would be a good idea for every high school in the country to have it, and I think every library in the country ought to have it.

Mr. CLAGUE. That involves your making a congressional appropriation.

Mr. FOGARTY. How much?

Mr. CLAGUE. You could get it, Mr. Chairman, cheaper. This costs $4.50. This is a tragedy; it is an expensive booklet as it is printed now—$4.50. If you ordered it in 50,000 copies, which I think is what you would need for this purpose, I believe the Government Printing Office would do it for half that price. So the price would come down, but of course it would be free.

Mr. FOGARTY. I think we asked you last year how many it would take to cover every high school in the country. Did we ask you about every library?

Mr. CLAGUE. About 11,000.

Mr. FOGARTY. Get the figures on how much it would cost and put it in the record.

Mr. CLAGUE. All right.

(The requested information follows:)

Approximately $75,000 in addition to the request you now have for $27,000. This would provide a free copy each for high schools, public libraries, and their branches, colleges, and Members of Congress.

Mr. MICHEL. So actually this $27,000 then covers the printing of precisely what?

Mr. CLAGUE. That is what we have to pay to print this, to get our 1,000 copies. This is the original setup costs that the Printing Office charges us to print this booklet. Then they sell the rest, at $4.50.

What I would like is to get that $27,000 back. If they make any profit on it, that goes to the Treasury. That is the system. We pay in our appropriation for the printing. Of course the Government comes out all right on it. If they make a profit on it, it goes into the U.S. Treasury.

Every second year we put a new edition out. You appropriate the money for us to make the basic printing.

COUNTRIES COVERED BY FOREIGN LABOR REPORTS

Mr. MICHEL. Just one final question on these foreign labor reports. Would you supply for the record these countries for which a report has been made, and those for which you contemplate making a report this coming year.

Mr. CLAGUE. Yes.

(The requested information follows:)

FOREIGN LABOR REPORTS

The request for funds for foreign labor reports would permit the Bureau to prepare and publish for general use basic information on labor conditions, labor law, social institutions, and other aspects of the labor situation in a number of foreign countries. Up to the present the Bureau has had no appropriation for such reports.

There is wide demand for such information from Government, business, labor, and the public. Within the Government the major users are the Bureau of International Affairs in the Department of Labor, the Department of State, AID, and the Department of Defense. Material is frequently prepared to serve other special needs; for example, a study of price and wage controls in Western European countries was prepared some months ago for the use of the President's Advisory Committee on Labor-Management Policy. Such information is also sought by congressional committees, as illustrated by the following requests received during the past year:

Committee	*Subject of inquiry*
House Committee on Education and Labor.	Method of settlement of labor disputes in Scandinavia, Italy, France, and the United Kingdom.
Joint Economic Committee	Unemployment rates in Canada, France, the Federal Republic of Germany, Sweden, the United Kingdom, and the United States.
Senate Subcommittee on Antitrust and Monopoly.	Export price indexes and unit labor costs.
Senate Subcommittee on Internal Security.	Information regarding British court cases involving the British Electrical Trades Union.
Subcommittee on the Impact of Imports and Exports on American Employment (House Committee on Education and Labor). Senate Subcommittee on Antitrust and Monopoly.	Information on employment, earnings, etc., in the United States and foreign countries.

In addition, the Bureau provides such information on request to many individual Senators and Representatives. There is wide demand from business and labor groups, which are interested in analysis of market conditions, the appraisal of foreign competition, the nature of social legislation and working conditions abroad, etc.

Preparation of such information exclusively on the basis of special requests is wasteful of staff resources and the information provided fails to reach many persons to whom it would be highly useful. The present proposal would enable the Bureau to assemble data on a systematic basis and give it wide distribution. The proposed budget of $50,000 would permit preparation of reports for five countries each year, beginning with the major industrial countries, and would enabled the Bureau to keep up with the rising volume of special inquiries relating to countries not yet covered.

The Bureau has had experience in the preparation of such studies under contract for other agencies. It has been possible to publish a few of these studies and, although these have sometimes been limited to special aspects of the labor situation, the demand for such studies has been very substantial. For example, the following numbers of individual requests have been received for three recent studies: India, 2,550; the Sudan, 1,365; and Honduras, 727.

The proposed studies will differ from those done under contract for other agencies in that they would be broader in scope and would refer to major industrial countries instead of the underdeveloped countries.

BUDGET BUREAU RESTRICTIONS RESULT IN PROGRAM CUTS

Mr. FOGARTY. Do you have anything else you would like to say, Mr. Clague, before you go? In your professional opinion, did the Bureau of the Budget allow you enough funds?

Mr. CLAGUE. I just want to say we use efficiently, I think, every dollar we get; and we could use a great deal more. There isn't a single project in my list here before you that wasn't cut in some degree from what we asked the Bureau of the Budget for—every single one of them.

Mr. FOGARTY. You asked for $18 million.

Mr. CLAGUE. Yes.

Mr. FOGARTY. Could you use any more than $18 million effectively?

Mr. CLAGUE. No; not this year.

Mr. FOGARTY. You don't think you could?

Mr. CLAGUE. No. But I could have used more than $15 million. I want to say to you I lost some very valuable projects. If you will give me 1 minute, I will even mention one.

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In the field of industrial accidents, the biggest field is construction. The labor unions in that industry joined with the employers in that industry and asked if we would make a comprehensive survey such as we made once before back in 1950, on a continuing basis of accidents by occupation, by the different kinds of occupations in construction.

It was a joint recommendation of labor and management committees in construction, joined by the major organizations in both groups. I had that project in for consideration.

Mr. FOGARTY. How much?

Mr. CLAGUE. $214,000. It was cut out.

Mr. FOGARTY. If you were able to make such a survey, project that into what it would save the builder and the contractor and the insurance carrier as far as workmen's compensation is concerned, and all of the other factors.

Mr. CLAGUE. I have a little exhibit here for you of this kind of cause study we have made in the past, and what happened to the accident rate in those industries surveyed.

I think I recall one from memory—concrete cement products. Clay construction was the one I was thinking of. When we made the survey, the accident rate, the frequency rate, was 40. We made the study in 1959.

Every time we make a study like this, the industry goes to work on a prevention program. In 1960 the accident rate was 32—a 20-percent reduction.

I have a number of others. I could put it in the record, if you would like, to show that these accident-cause studies do produce results.

What I am going to do, Mr. Chairman, is to take our accident cause money, the little amount that I normally have on this—which is $10,000 or $20,000—and I am going to dedicate it to this construction project. I am coming back for the full program next year because I think this is a good project.

I can use enough money to keep the project alive. We will nurse it through until next year, and then I hope that the Bureau of the Budget will let it through.

I hope this is an illustration of the valuable projects that we were unable to get into this year's budget.

Mr. LAIRD. It sounds to me, Mr. Chairman, as if that project is much more worthwhile than some of these I have been asking a few questions about.

Mr. FOGARTY. We will give Mr. Clague an opportunity to supplement his remarks on this project and tell us what he thinks it would save the building industry, the contractor, the insurance carrier, and everyone else concerned by the reduction in accidents.

Mr. CLAGUE. It would have to be an estimate.

Mr. FOGARTY. It would be an estimate, yes.

Mr. CLAGUE. I could try a guess as to what this might mean to these people.

(The requested information follows:)

WORK INJURIES IN CONSTRUCTION

At the direct request of the joint industry conference (composed of employer and union representatives of the construction industry) and on similar requests from individual employer groups and from the Building Trades Department of the AFL–CIO, the Bureau of Labor Statistics has prepared plans for a 5-year series of studies of injury incidence and accident causes in the various segments of the construction industry. The complete series would consist of from 15 to 20 separate reports, each covering the experience of a particular kind of construction activity and including occupational details within that activity. The analyses would present measures of the relative level of injury occurrence in the various construction activities and occupations, the kinds of hazards prevailing in each activity, and the primary causes of accidents in each activity. These data would pinpoint the high-hazard activities of the industry in which safety efforts need to be concentrated and would identify the particular hazards which need to be eliminated. They would serve as guides to industry and State safety engineers in planning safety programs and as instruction manuals for the unions in promoting safety consciousness among their members. They would also promote interest in safety among the many small contractors who are not currently aware of the magnitude of the accident problem prevailing in their industry.

Plans to extend the studies over a period of 5 years were necessitated by the large number of significantly different types of activity in the overall construction industry and the great number of individual contractors in each type of activity. The average size of the contracting firms is relatively small and comparatively large reporting samples would be necessary to provide adequate data for the detailed analysis contemplated.

As a preliminary pilot study to explore the degree of detail which can be developed in these proposed studies, the Bureau has this year started a study of injury incidence in highway and heavy engineering construction—a very small segment of the industry. This pilot study will yield only information on injury incidence with no reference to the hazards or accidents which led to the injuries. In the absence of additional funds it will be impossible to extend this study to cover the latter items or to undertake further detailed studies in other construction activities.

The high interest in obtaining detailed working data for the promotion of safety activities in construction stems from the fact that this is known to be one of our most hazardous industries. All available information indicates that the overall injury frequency rate for contract construction averages about three times as high as the all-manufacturing frequency rate and that the average severity of construction injuries is about 50 percent higher than in manufacturing.

In 1961 approximately 209,000 construction workers experienced disabling work injuries. These included 2,300 deaths, 200 permanent total disabilities, 5,600 permanent partial disabilities, and 200,900 temporary disabilities which prevented the injured persons from working for a full day or more. These injuries resulted in a total of 22,500,000 days of disability, a tremendous loss to the injured persons and their families, their employers, and the national economy.

Assuming, conservatively, an average wage for these workers of $113 per week, this lost time has a dollar value of nearly $362 million, less than half of which will be reimbursed to the injured workers through workmen's compensation. If we accept the uniquely comprehensive data on Wisconsin workmen's compensation payments as typical, the total medical and compensation payments on account of these injuries probably will amount to at least $130 million. Similarly, if we accept the H. W. Heinrich formula which specifies that medical and compensation costs represent only one-fifth of the total cost of accidents to the employer, we can assume that these injuries actually cost the construction industry approximately $650 million, all of which ultimately must be charged to the consumers of the industry's products.

Past experience in connection with studies of the type proposed for the construction industry has indicated that in other industries the injury rate has almost invariably declined immediately following publication and circulation of the survey report. The improvements frequently exceed 10 percent within 2 years as safety activities are intensified. If similar results were to follow the

construction surveys, we might expect a reduction of at least 20,000 construction injuries per year with savings of $83 million per year to the employers and employees of the industry. Obviously, no evaluation of the relief from pain, suffering, and worry to these persons who avoid injury can be made. Nor is it possible to estimate from available data what savings in rehabilitation costs would result from such a reduction in injuries although it is certain that these savings would be substantial.

COMPARISON WITH BUREAU OF LABOR STANDARDS

Mr. FOGARTY. How would this compare with the work of the Bureau of Labor Standards in the field of accident prevention?

Mr. CLAGUE. The Bureau of Labor Standards is an operating bureau. I think in the Department of Labor we are well set up from this point of view. We do the statistical studies. We get the facts concerning the situation.

We make these facts available to the industry and, since we have to get the cooperation of the industry to make the study anyway, generally speaking, the industry itself immediately sets in motion a program of prevention and improvement in the accident situation.

Labor Standards would use these studies to go out into the States to help develop prevention programs. They work through the States. By the way, the States use these studies of ours, too.

Mr. FOGARTY. They train State inspectors.

Mr. CLAGUE. That's right. Labor Standards tries to draw up a set of model standards in safety prevention, and thus eliminate some of the major causes of accidents.

Mr. FOGARTY. We think they have done a good job. Do you have anything else you want to say?

REGIONAL OFFICES

Mr. CLAGUE. One more word. I would like to test you out on regional offices—another program we had proposed—we have only five regional offices; and that means that Atlanta covers everything from the Atlantic coast to New Mexico. Chicago covers everything from North Dakota to West Virginia.

We would have liked to have two regional offices—one in Dallas and one in Cleveland—and a branch office in Kansas City. But I lost that money, and I just can't finance the offices without additional funds.

There is some overhead involved in a regional office. As soon as we put in a phone, hundreds and thousands of inquiries come in. It isn't just a matter of shifting some of the wage agents and some of the price agents, which we can do, to a new city. But it is a matter also of having a regional director and his secretary and an inquiry service that would provide answers to the public.

Mr. FOGARTY. How would that benefit the people or the economy of our country?

Mr. CLAGUE. I think it would be of immense benefit to the people in those regions. They would get service, for instance, that they do not now get because the regional office is so far away, the only place they can come to is Washington.

I think we would reach a lot of labor people, management people, and the general public.

Mr. LAIRD. Is this to offset the postal increase?

Mr. CLAGUE. No. I didn't get this money, so it is not in here. But I am going to try again next year. I was just trying to sound you out as to whether you wouldn't be sympathetic to our Bureau being located in more places.

Mr. LAIRD. Insurance companies and many other businesses are doing away with their regional offices because they feel, with the good communication systems we have, they are not needed.

Mr. CLAGUE. We are more grassroots. People will call us on the phone to get help and assistance. I wish I could show you the letters that we get, even from people who have tried other agencies of Government, and who come to us to get answers.

I think we have a very efficient public service.

Mr. FOGARTY. Thank you very much.

BUREAU OF INTERNATIONAL LABOR AFFAIRS

WITNESSES

GEORGE L–P WEAVER, ASSISTANT SECRETARY OF LABOR
HARRY WEISS, DEPUTY ASSISTANT SECRETARY OF LABOR
EDWARD C. SYLVESTER, ASSISTANT TO THE ASSISTANT SECRETARY OF LABOR
LEONARD R. LINSENMAYER, DIRECTOR, OFFICE OF INTERNATIONAL ORGANIZATIONS AFFAIRS
JAMES F. TAYLOR, DIRECTOR, OFFICE OF INTERNATIONAL PERSONNEL AND MANAGEMENT
ANTHONY L. TRIOLO, ADMINISTRATIVE OFFICER
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY OF LABOR
CHARLES D. CARLSON, ADMINISTRATIVE OFFICER

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1961 actual	1962 estimate	1963 estimate
11	Personnel compensation: Permanent positions	301	405	620
12	Personnel benefits	22	32	48
21	Travel and transportation of persons	18	20	45
23	Rent, communications, and utilities	6	6	30
24	Printing and reproduction	10	15	27
25	Other services	5	4	13
	Services of other agencies	4	6	136
26	Supplies and materials	6	8	16
31	Equipment	6	4	15
	Total obligations	378	500	950

Personnel summary

	1961 actual	1962 estimate	1963 estimate
Total number of permanent positions	36	50	79
Average number of all employees	32	48	77
Number of employees at end of year	40	50	77
Average GS grade	10.1	9.1	9.0
Average GS salary	$8,970	$8,251	$7,876

Program and financing

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
1. International organizations affairs	120	135	185
2. Foreign labor policy development	115	164	210
3. Labor and manpower technical services			300
4. Administration and management services	143	201	255
Total program costs—obligations	378	500	950
Financing: Comparative transfers from other accounts	−378		
New obligational authority (appropriation)		500	950

BACKGROUND OF MR. WEAVER

Mr. FOGARTY. Mr. Weaver, before you begin, will you give us your background? We generally ask every new man that.

Mr. WEAVER. Sir, I was appointed on July 21, 1961, as the Assistant Secretary, with the responsibility of the international activities. I had been serving since January 7 as a special assistant to the Secretary.

I was born in 1912, May 18, in Pittsburgh; was educated in the elementary and secondary schools in Dayton, Ohio, where my parents still live; and attended the YMCA College in Chicago and Howard University Law School in Washington.

I started out in the labor movement during my college days as a redcap in the Chicago & Northwestern Station and became a member of the national CIO staff in 1941.

Except for a leave of absence during the Korean war, I served in several capacities in the national staff of the CIO and then the AFL–CIO after it was merged, until the beginning of my Government service at this time.

I served on the national staff of the CIO as assistant to the secretary-treasurer. Also, I directed the civil rights program. I became involved in international work and in 1951, during my Government service, I served as assistant to the Administrator of both the NSRB—now Senator Stuart Symington, and with him at the RFC.

I worked in the area of critical commodities with NSRB, and when we transferred over to the RFC I worked on the tin program, which caused me to have several assignments abroad, first in Bolivia and then the Far East, in the tin-producing areas in the Far East.

Upon my return to the labor movement at the end of the Korean war I found myself spending more and more time in international problems. I think it fair to say that I spent the best part of the last 10 years working in the international area.

Approximately the best part of 4 of those years I was on loan to the ICFTU directing the regional office in Singapore. I have worked in every country in Asia, with the exception of Communist China.

I also had several assignments in Europe. I served as a worker delegate to the ILO in 1957 and 1958; and served as the IUE member of the Executive and Central Committee of the International Metal Federation up until the beginning of my most recent tour in Government service.

Mr. FOGARTY. Go right ahead now.

General Statement

Mr. Weaver. I welcome this, my first opportunity to discuss with you the international activities of the Department. Because this is our first formal and official meeting together, I wish to let you know where I stand on several basic principles before discussing the specific requests contained in our budget.

We fully recognize that our job is to support—and not to supplant—the Department of State. We consider it imperative that, in today's complicated world, there be unified policy direction, by the Secretary of State, for all U.S. international activities. This fundamental principle underlies everything we do.

It is equally imperative that the specialized and technical resources of the Department of Labor be intelligently mobilized for the effective use of the U.S. foreign affairs agencies.

If we fail to do this, either our Nation will fail in respect to the labor and manpower aspects of foreign affairs or it will be necessary to build duplicatory specialized labor staffs within each of the foreign affairs agencies. Neither alternative seems acceptable.

Work With Foreign Affairs Agencies and International Organizations

Within the Department of Labor, it is the job of our Bureau to provide competent advice to the foreign affairs agencies concerning labor and manpower aspects of foreign policy and to mobilize the Department's specialized resources to help implement the policies laid down by the President and the Secretary of State.

Our budget was consciously shaped with these considerations in mind and, in all of our relationships with the foreign affairs agencies, we are guided by these principles.

This year our budget is broken down into four principal activities. Three of these—activities 1, 2, and 4—are not new. For these we are requesting relatively small increases.

Activity 1 includes the work we do in respect to the International Labor Organization and other U.N. agencies; and our work in respect to foreign economic policy—tariffs, trade, et cetera. We are requesting two new professional employees under this activity. One will devote his full-time attention to assisting the State Department in respect to U.N. agencies, other than the ILO, where to an increasing extent there are important labor and manpower factors to be dealt with. The other is needed to strengthen our work in respect to tariff and trade matters.

Activity 2 includes our geographic area specialists who play a crucial role in developing and implementing concrete foreign policy plans and programs for the specific countries abroad. Here we need two additional assistant area specialists.

Activity 4 includes the staff in my immediate office for executive direction; the Bureau's administrative office; and our activities in respect to labor attachés and other Americans on labor assignments abroad. Here we are requesting three junior level professionals to strengthen the Bureau's internal administration.

Activity 3 is new and represents the largest part of our requested increase. I wish, therefore, to deal with it in more detail. These remarks also relate to the other things we are doing and will give you some idea of our general thinking.

PROBLEMS IN RESPECT TO UNDERDEVELOPED COUNTRIES

Needless to say, our Nation faces grave problems in respect to the underdeveloped areas of the world. This is partly because we are prosperous and successful in a world where poverty still abounds. Whether we like it or not, we are immersed in a competitive struggle to win the friendship of masses of people whose overriding goal is to achieve decent living standards. In a very real sense, our ability to maintain our own way of life depends upon our ability to give these people hope that they can achieve decent standards and, at the same time, retain their freedom. They need to see a light at the end of the tunnel.

Our task is more difficult than the Communists'. Their program is simple: "Put yourself in bondage to us; we will take from the rich and give it to you."

In the face of this we have the difficult job of persuading these people that we are genuinely concerned with their plight, and that there are workable alternatives to the panacea offered by the Communists. This cannot be accomplished through reassuring phrases. It requires concrete and specific plans that will yield some swift and tangible results.

To have a chance of success, these plans (1) must be consciously geared to the particular cultural, economic, political, and social environment of the specific country and (2) must embody techniques and methods, either old or new, which can be expected to meet the peculiar needs of the country concerned.

Our new activity 3 is focused on this target but so, in a more general way, is everything we are doing. To achieve the broad objective as it relates to the labor and manpower field, this government needs to know appreciably more than it does, on a country-by-country basis, about the specific problems, personalities, ideological and philosophical currents, and organizational institutions which are molding the future of the countries concerned.

It is equally necessary that we know more than we do about the specific methods and techniques which might succeed in yielding progress in the labor and manpower fields in each specific country.

This program thus would be pointed toward the development of a fund of labor and manpower knowledge based upon a comparison of worldwide experience. This knowledge would be invaluable to Government, business, the trade unions, educational institutions, and the public. The request includes the services of seven professional staff members in the bureaus of the Department, but at the same time all existing facilities, resources, and information now available in the Department would be fully utilized.

The activity will also provide for staff in our Bureau who will provide departmentwide leadership for the program and carry on the necessary interagency relationships.

I appreciate this opportunity to meet with you and will be happy to answer your specific questions.

LABOR ATTACHÉS

Mr. FOGARTY. Thank you, Mr. Weaver. I think you were present yesterday when I complimented the Secretary of Labor on calling a meeting of labor attachés in Rome last summer, which I had the pleasure of attending and in which you played a very important part.

I think it was a very successful meeting and very well run and very informative. I think one should be held every year in all sections of the world.

Do you share my thinking in that regard?

Mr. WEAVER. Yes, sir, I share your thinking. I think it is very important. We had planned at the beginning of the year to secure an agreement with the State Department to hold one in each region. However, they ran short of funds and we have not been able to hold this kind of conference in any other region.

We had a partial conference in Lima in conjunction with the Ambassador's conference in Lima.

I addressed a letter to Secretary Harriman yesterday setting forth the detail of format for one in Asia the latter part of December 1962, in the next fiscal year. More regional labor attaché conferences are our objectives. We are going to try to—at the end of the ILO conference again this year—to pull the labor attachés into Geneva, a closely related place. We are hopeful the Secretary will be able to get to Geneva this year.

We believe this is one of the most effective means of not only exchanging experience but of keeping the labor attachés up to date on the thinking, programs, and plans and objectives here in Washington.

Mr. FOGARTY. I thought it was an excellent meeting and was very worthwhile.

Your appropriation for 1962 is $500,000, and your request for 1963 is $950,000. That is a sizable increase; but most of it—$300,000 and 15 positions—is in this new area you spoke about.

BUDGET PROPOSALS TO THE BUREAU OF THE BUDGET

What did you request of the Bureau of the Budget?

Mr. WEAVER. Sir, we requested the Bureau of the Budget for a total of $2,479,000, which represented 330 positions. The Bureau allowed us $950,000, including 79 positions.

Mr. FOGARTY. They really did a job on you then, didn't they?

Mr. WEAVER. Yes, sir.

TRAINING OF TECHNICIANS FOR AID

Mr. FOGARTY. You asked them for $2,479,000?

Mr. WEAVER. Yes, sir. We sought the concurrence of the Bureau of the Budget to place before you a new program. In their judgment—and the weight of the argument, I think, was on their side—that this should be a contract program between the Department of Labor and the new AID which we are in the process now of discussing with them. Much of the program involved the training of labor and manpower technicians that would be utilized primarily in the AID program.

Mr. FOGARTY. Give us a breakdown for the record of what these 330 positions were for and what new programs you asked for.

Mr. WEAVER. It is a program that was designed—and I can place in the record the total program—to train manpower and labor technicians to serve in the AID missions in conformity with the new requirements in last year's AID legislation.

(The additional information requested follows:)

BUREAU OF THE BUDGET REQUEST, FISCAL YEAR 1963

	Man-years	Total salary	Nonlabor	Total
International organizations affairs	28.6	$231,600	$83,600	$315,200
Country program affairs	25.7	206,200	69,900	276,100
Labor and manpower technical services and reserve (personnel)	135.0	1,080,000	420,000	1,500,000
Administration and management services	39.0	288,700	99,000	387,700
Total	[1] 228.3	1,806,500	672,500	2,479,000

[1] The submission to the Bureau of the Budget provided for a lapse of 101.7 man-years of which 97 were in activity No. 3, labor and manpower technical services and reserve (personnel). The 330 positions represented program proposals for fiscal years 1963 and 1964. The 228.3 man-years represented proposed program implementations for fiscal year 1963 and took into consideration the problem of recruitment of highly qualified personnel.

PROGRAM DESCRIPTION

Activity 1. International organizations affairs (1962, $135,600; 1963, $315,200)

This activity is concerned with U.S. participation in the International Labor Organization, the United Nations, and other international organization activities and programs; with the conduct of exchange programs for foreign visitors and supervision and coordination of exchange and aid programs in the various bureaus of the Department; and with responsibility for the Labor Department's work in foreign economic policy field.

Activity 2. Country program affairs (1962, $163,700; 1963, $276,100)

This activity is concerned with the development and implementation with the Department of State of country labor and manpower programs designed to promote economic development and assist the attainment of U.S. foreign policy objectives.

Activity 3. Labor and manpower technical services and reserve (personnel) (1962, 0; 1963, $1,500,000)

This activity, represented a new program for fiscal year 1963, which would have provided labor and manpower technical services for the Department of State, the AID Agency, USIA and others, and would have provided for the recruitment, training, and maintaining of a labor and manpower technical staff corps for assignment abroad with U.S. agencies and international organizations. The staff corps of technicians was to be readily available for user agencies, with planned rotation among oversea assignment, stateside staff assignments and training.

A sum of $1,500,000 was requested for fiscal year 1963 for a departmentwide program to provide labor and manpower technical services and to train and maintain a reservoir of labor and manpower technicians for employment overseas with both U.S. agencies and international organizations. This proposal represented an interbureau budget including salaries, expenses and funds for training to be allocated to participating Bureaus by the Assistant Secretary of Labor, International Affairs.

Of the $1,500,000 requested for fiscal year 1963, $1,200,000 for providing labor and manpower technical services for the AID Agency, Department of State, USIA and others was disallowed. The $300,000 allowed by the Bureau of the Budget provides for elements of this activity directly related to Department of Labor responsibilities. The Department of Labor and the AID Agency are now discussing an agreement which would require the Department of Labor to provide the technical services and development of a technically trained labor and manpower reserve for the AID program.

Activity 4. Administration and management services (1962, $200,700; 1963, $387,700

This activity concerns executive direction by the Assistant Secretary of Labor, International Affairs, and his deputy of the overall activities of the Bureau of International Labor Affairs, and the exercise of policy guidance, coordination and direction of the Department of Labor's activities in international affairs. This activity also includes responsibility for the overall management of the Foreign Service as provided in the Foreign Service Act of 1946; recruitment of Americans for oversea labor positions with the Foreign Service and other Federal agencies, the International Labor Organization and the United Nations and other international organizations; the servicing of labor officers overseas; the internal management of the Bureau of International Labor Affairs; and on a departmentwide basis, for guidance and consultation in fiscal areas in connection with international programs.

LABOR AND MANPOWER TECHNICAL SERVICES

Mr. FOGARTY. Don't these other agencies have training programs of their own?

Mr. WEAVER. They have training programs, sir, but not the kind that we are convinced must be engaged in if we are to realize the kind of intelligent labor and manpower planning that is needed to establish proper priorities in our AID program.

Mr. FOGARTY. I wish you would give us a more specific example of what you are going to do with these new labor and manpower technical services. Your statement was pretty general on it.

Mr. WEAVER. This new activity, sir, that deals with labor and manpower technical services is based on our premise that we believe we must provide leadership in the development of labor and manpower programs if these programs are to make the maximum contribution to our foreign policy objectives.

In this new program we propose to develop methods and techniques designed to meet the needs of any society, regardless of its level of industrial development or social and cultural environment.

This program would utilize the information developed by the Bureau of Labor Statistics for their foreign labor reports on specific countries. There are many needs and there are many uses. This represents a very valuable research source for our program.

I might say, sir, we supported that activity and it was developed in coordination with our Bureau. We utilize and seek to utilize to the maximum possible extent all of the services in our Department that are coordinated under our direction.

RELATIONSHIP TO BLS STUDY

Mr. FOGARTY. You listened to the exchange between the committee and Mr. Clague. Is there anything you want to add to that?

Mr. WEAVER. Yes, sir; I would like to add to it. These studies are very valuable. They provide us with a systematized method for developing the specific kind of information that the labor unions need in their thrust to equalize pay.

A long-term program of the labor unions working through the ICFTU and working through the Trade Secretariats is the urging of the free labor movement in other countries to bring up their standards.

It has been my experience that technical information, a most valuable tool originates in our own Bureau of Labor Statistics.

I can give you specific illustrations.

Mr. FOGARTY. Give us a couple.

Mr. WEAVER. It was through the prodding of the International Metal Workers' Federation, based on material primarily provided from American sources—the bulk of which has come from the BLS—that we were able to push the Germans 2 years ago now into moving toward a 40-hour week. This was the first basic breakthrough that the German metalworkers—particularly steelworkers—had made in almost 10 years.

This, of course, helped narrow the gap and put their costs and prices into a more competitive position with ours.

Mr. FOGARTY. Can you give me any examples in Japan?

Mr. WEAVER. Yes, we can. I was personally involved with this when I was with the IUE. The Japanese had a collective-bargaining contract with a prominent American company, in the United States. Through the International Metal Workers' Federation, of which the Japanese metalworkers are a member, at the beginning of negotiations in Japan with the American company, the Japanese turned to us for information on wage rates and productivity, output per unit-hour, which we provided for help in their collective-bargaining negotiations.

Their negotiations reached a stalemate and they went out on strike. The representative from the International Metal Workers' Federation came to the States. We accompanied him to the American company's office in New York and we intervened with as much pressure as we possibly could in order to help gain a more advantageous settlement for the Japanese workers.

I am convinced, without the help and the intervention of the electrical workers here in the United States, that their settlement would have been about 10 percent less than what it was.

Each one of these gains helps to narrow the gap between the wages and the cost of production in foreign countries and the cost of production here.

Mr. FOGARTY. Where was this equipment manufactured?

Mr. WEAVER. The equipment was manufactured in Japan by a subsidiary corporation of the American company.

Mr. FOGARTY. By an American concern or a local concern?

Mr. WEAVER. By a Japanese concern, but in which the American firm owned about 14 percent of the stock—virtually a controlling interest. We have this problem with many of the American companies now that have established subsidiary plants abroad.

The problem may be partially met through the exchange of information—and we are in a very fortunate position because our techniques are more advanced. The Bureau of Labor Statistics has a worldwide reputation for objectivity and for thoroughness. Their findings are quickly accepted.

Mr. FOGARTY. Do you have any other specific examples of how you have been able to help some of these groups in foreign countries to get their wages raised? We are always in favor of helping other countries to get their standard of living raised, not only for their own benefit but also to help ourselves to do something about unfair competition because of cheap wages.

Mr. WEAVER. The Steel Workers, for example, who are members of the International Metal Workers' Federation, have two staff people who are constantly on this work, primarily in Latin America. As a result of their recommendations, the Steel Workers assigned a research technician to the bauxite miners in the Caribbean area, who is working directly with them in helping them prepare their collective-bargaining demands and educational programs, which I am convinced will result in enabling them to improve their benefits.

I can give you two dramatic, specific illustrations that come to mind.

Mr. FOGARTY. I think we had better recess until 1:30 and then continue.

AFTERNOON SESSION

Mr. FOGARTY. The committee will come to order.

Now, Mr. Weaver, when we broke for lunch, I asked you to give us some specific examples of cases where you have been able to help raise the wages in some of these low-wage countries.

ASSISTANCE IN RAISING THE STATUS OF LABOR IN JAPAN

Tell us about Japan and I would like to know if you have any examples in South America also.

Mr. WEAVER. Yes, sir.

Mr. FOGARTY. So do you want to start with Japan?

Mr. WEAVER. Yes, sir.

Mr. FOGARTY. The main reason I mentioned Japan is that some of my industries are being hurt by the imports from Japan. I would like to do what I can to see that their wages are raised, if possible.

Mr. WEAVER. Well, sir, to give you another specific example regarding Japan, early this year the president of one of the labor federations Zenro is friendly to us and he, Mr. Minoru Takita, is also president of the Textile Workers in Japan.

Mr. FOGARTY. I met him over there and I met him again when he was here. He is a very able man and he is also very anti-Communist.

Mr. WEAVER. That is right.

Mr. FOGARTY. Yes.

Mr. WEAVER. Well, during his visit here, they were in preparation for beginning collective bargaining, if I remember correctly, a 3-year agreement, and we counseled with him in regard to some of the practices and principles contained in our collective bargaining agreements. and we feel that he benefited and profited tremendously from this visit.

Shortly after going back, he entered into negotiations with the industry and he came out with about a 30-percent increase, which quite obviously narrowed the gap between the wages in Japan and the wages here.

RAISING STATUS OF LABOR IN LATIN AMERICA

This is one of the important functions of our Bureau in working with the Secretariats and the ICFTU is providing them a constant stream of information on the developments in America, which is utilized as a basis for collective bargaining.

Probably one of the most encouraging examples in Latin America is in Venezuela. I was in Venezuela in April. In examining the agreements, three struck me; I was amazed and surprised; the agree-

ments of the steelworkers, the oil workers, are comparable to ours, including money wages.

In the agreements in the retail field, several were superior to ours. The Sears, Roebuck agreement, for example, was superior to ours.

Well, here is another example where we can directly trace the advances that they make to the technical assistance provided them by the American labor movement.

Much of the information is collected, pulled together by our Bureau, drawing upon the other resources in the Department.

This, I think, is one of the important functions of our Bureau.

Another example, our mission in Peru is in the process of developing the country program to be submitted to our AID agency under the requirements of the new AID legislation. The Ambassador and the mission director requested our Bureau for help. We sent a technician down who counseled with them in terms of their labor and manpower needs. He also met with officials of the Ministry of Labor of Peru. In conference with the Minister of Labor of Peru the needs of the Ministry in building up their statistical reporting section, vocational training, and the labor standards factor were discussed. We were very pleased with the results. We got a very warm response from our mission.

He also met with the trade union leaders there and one of the recommendations he made was for the creation of a labor-management committee utilizing those elements in ours which are most applicable to Peru.

We agreed to provide them the background and information on how the current President's Labor-Management Committee is functioning.

Now, this is all a part of the stream which we believe is absolutely necessary if the unions working with the governments and industries of these countries are to be successful in increasing productivity, and, what is very important to us—that this increased productivity is shared better than it has been in the past by the average worker.

We are convinced, of course, that one of the most effective and efficient way to accomplish this end is by development of strong free trade unions in these countries.

WORK OF OTHER BUREAUS OF THE DEPARTMENT

Mr. FOGARTY. What about the foreign labor reports of the Bureau of Labor Statistics that we were talking about this morning?

Mr. WEAVER. Well, another——

Mr. FOGARTY. How do the two work together, or do they work together?

Mr. WEAVER. Well, yes. Under specific reports that were under discussion this morning, the Bureau of Labor Statistics has been engaged in this kind of study, I gather, for some time.

Our Department—the Department is organized in such a way that our Bureau is responsible for the coordination of the international activities of the other bureaus. Those working on a continuous basis are BLS, the Women's Bureau, Labor Standards, BES, and BAT.

And in reviewing these studies before the presentation which was made to the Budget Bureau, or here, we saw how these studies could

become a very valuable tool in the work that we are charged with doing in developing country programs.

Now, there are uses that can be made of these studies. And most of the emphasis this morning was on the service to business and industry. But the other side of the coin is the service to the international labor movements.

Of course, we work with the international labor movements primarily through the AFL–CIO, in providing them with the kind of information and the areas where they should concentrate upon in terms of raising the living standards.

They are also an invaluable tool to us in our helping the AID mission as well as the Labor Ministry in these countries, in strengthening and improving their programs, which is one of the ultimate objectives of our AID program.

And I can say very freely that we enjoy a very good cooperative relationship with the departments and other bureaus, who are working in this field, and they work primarily under our direction in terms of the kind of studies they engage themselves in, and we seek to coordinate as well as possible to prevent any duplication.

Mr. FOGARTY. Was not the question raised this morning about the two or three examples that were given being low-wage-rate countries?

Mr. WEAVER. This is true. And this is where much of our emphasis is—the low-wage countries, because this is where we are concentrating.

And then there is a very important political reason for concentrating on these countries, because the two that were mentioned—Honduras and Sudan, are two countries where I think, as a result of this interest, that we have been successful in preventing the Communists from taking over the labor movement.

EFFECT ON FOREIGN COMPETITION

Mr. FOGARTY. Has it not also helped to establish businesses in these countries, in these low-wage areas?

Mr. WEAVER. Well, that is true.

Mr. FOGARTY. And that will bring on competition.

Mr. WEAVER. That is one result of it. It brings us more competition, that is true, but it also builds up the productivity of the foreign country, which is, I think, one of the prime requisites if we are going to be successful in defeating communism.

Now, it has been also our experience with the exception of the textile industry, that the most highly productive industries in America with the highest wage rates are the ones that compete most successfully wih foreign competition.

Mr. FOGARTY. What about jewelry?

Mr. WEAVER. Well, jewelry, sir, is a specialized industry and one where our technology has not kept pace with the technology abroad, particularly in Japan, which is one of the greatest targets. In redeveloping Japan and helping them to build up after the war, they got a tremendous jump on American industry; the plants are more modern, the automation in many, many instances is much further advanced than our own industry, which points to one area of need for American industry in order to become more competitive.

ILO—LABOR MANAGEMENT RELATIONS

Mr. FOGARTY. Briefly, tell us about how you got along with labor and management at your last ILO meeting in Geneva.

Mr. WEAVER. Well, at the meeting last June, this was a new delegation. It was the first time for both the leader on the Government side and on the industry side; Richard Wagner, the new president of the chamber of commerce, was the employer-delegate.

I am advised that it was one of the most successful meetings in terms of the cooperation of American delegations that we have ever had before. For the first time in many years, the Government, employer, and labor delegates and their advisers met together regularly in breakfast meetings, not less than twice a week. And as a result of this kind of cooperation, we were in agreement in every political issue that came before the ILO.

It has result in the kind of cooperation and collaboration that I think represents a new milestone in the American participation in the ILO. Mr. Wagner had some differences with the NAM, the other large employer organization that heretofore has gone to make up the American delegation.

However, from all indications, it seems as if he is succeeding in this regard. I notice that among his advisers for this June's conference, that there will be two industrialists who have been more identified with the NAM in the past than with the Chamber of Commerce.

I think it is a very fair and conservative statement to say that we had a most cooperative and effective delegation. And it was a great pleasure to lead the delegation this year.

CONTRIBUTION OF ILO TO FOREIGN AND DOMESTIC POLICIES

There is another aspect of the ILO's work, I think, that should be brought before this committee—and that is that the ILO is taking on increasing importance as far as the implementation of our foreign and economic policy is concerned. It has grown like the other United Nations agencies. The peculiar characteristic of the ILO which makes it, I think, very valuable to the United States, is its tripartite character, the fact that, in addition to Government, workers and employers both have a voice.

Now, in the newly——

Mr. FOGARTY. That is not so far as Russia is concerned. There is nothing tripartite about the Russian delegation.

Mr. WEAVER. I agree. I would exclude the bloc countries.

But as far as the newly emerging countries or newly developed countries are concerned, the ILO represents for some of these countries their first experience with international bodies, their first experience outside of their countries.

And we can, and I think we have in the past, influenced a good many of these leaders, through the ILO machinery.

For example, in 1957, I served as chairman of the Worker's Group on the Plantations Committee. And Mr. Adoula, who is now the prime minister of the Congo, served on our committee. He was there as an observer delegate for Belgium. I think he learned a good deal. I know that the initial contacts he made at this meeting of the ILO

helped him considerably as a trade unionist in the intervening years and provided a contact, provided an opportunity of communications that has proved of great value to our country in the last few months. And you can duplicate this example in any number of instances.

Mr. FOGARTY. All right.

LABOR ATTACHÉS

Mr. DENTON. Now, these labor attachés in the foreign embassies are employed by the State Department, not by the Labor Department, are they not?

Mr. WEAVER. Yes, sir.

Mr. DENTON. And do you select them?

Mr. WEAVER. Well, we do the initial screening, sir, and the initial processing and recommend them to the State Department.

FOREIGN AND DOMESTIC LABOR PRODUCTIVITY COMPARISONS

Mr. DENTON. Maybe I should have asked the question of the Bureau of Labor Statistics, but do either you or they make any survey as to the productivity of foreign labor as compared with productivity of American Labor?

Mr. WEAVER. The Bureau of Labor Statistics is constantly making these studies, and I think they hope to increase them. I think they are seeking an increased appropriation, an early increase, next year.

Mr. DENTON. Do you have any idea how the American labor productivity compares with that of foreign countries?

That is a pretty general question, I know.

Mr. WEAVER. I would say, generally, sir, American labor productivity is much higher with the possible exception of certain industries in the Japanese economy.

Mr. FOGARTY. And Germany.

Mr. WEAVER. And Germany.

Mr. DENTON. Japan and Germany; you think they would compare with us in productivity?

Mr. WEAVER. In certain industries; yes, sir.

Mr. DENTON. Certain industries. I think that is all.

Mr. FOGARTY. Mr. Michel.

CRITERIA FOR SELECTING FOREIGN COUNTRIES ON WHICH TO REPORT

Mr. MICHEL. Mr. Weaver, you said in your testimony that the work of your group was not to supplant but to supplement work of the State Department in this particular field or in this matter of reports, that we have been talking about. Who makes the determination as to what country ought to have a report made?

Mr. WEAVER. The determination is finally made, sir, within this coordinated staff meeting. And I have a major voice in the final determination of who makes the study.

Now, this will be based upon the requests that we receive from the several agencies operating in foreign policy, and on the basis of the political factors at any given time.

Mr. MICHEL. For example, the one on Sudan, what would have been the determination to make a report on Sudan, rather than Somaliland.

Mr. WEAVER. Well, I cannot answer that question with precision; this was before my time.

But I do know, as a matter of general knowledge, during the period since I have been in office, when the political situation in Sudan was of a very touch-and-go nature—now, I do not even want to imply that this was the reason—I am advised by one of my colleagues that the Defense Department requested the study.

Mr. MICHEL. Yes.

Mr. WEAVER. Now, they have been doing, as it came out in the testimony this morning, they have been doing these studies for the CIA.

Now, we have, and this data is available to us, though it is classified; and we can also, and do quite often, make determinations of an expansion of the raw data that is developed, the studies for them, that can be used in another area. It would be of value to the AID program; but, moreover, of great value to the State Department.

And you see, we now have a very close and cooperative relationship with the State Department. For example, our bureau is represented on the Vietnam Task Force, on the Okinawa Task Force. A study was just completed on Okinawa. Our Department was used very extensively. We have a representative on the task force.

We are included now in the meetings, the series of meetings that have been held, series of meetings to brief ambassadors.

So it is on the basis of this continual flow of information and knowledge that we glean from working with the other departments who are working with the international community, that we make determinations on these matters.

RECRUITMENT OF AREA SPECIALISTS

Mr. MICHEL. Now, these seven people that you are going to want in category 3, where are they going to be recruited from?

Mr. WEAVER. Well we would recruit from—well one of the major sources of our recruitment in the manpower area has been in the State agencies, on the Government agencies, from business sources, universities, and labor unions.

Mr. MICHEL. You mean a State agency; would they be particularly qualified to move out into this much broader field?

Mr. WEAVER. Well, there is a surprising number, though nowhere near enough; for example, most of the requests that we receive from the ILO, for technicians, we draw upon the State agencies. And this is one of the reasons why we made the initial request. And we are discussing with AID now the need for a considerable stepped-up training program in order to provide a larger pool of technicians in the manpower and labor area that can be drawn upon.

We get—how many requests have we got that we could not fill from the ILO last year?

Mr. TAYLOR. Sixteen in the last 3 months.

Mr. WEAVER. Sixteen in the last 3 months that we have not been able to fill. And it is very apparent the great value of recruiting if we can fulfill these requests—these are for stated periods. A man comes back with much broadened experience and knowledge.

And most important, when he is on these temporary requests, he is promoting, even if it is an unconscious matter, the American techniques and our ideas and philosophy.

Mr. MICHEL. You have really at this particular time no people specifically in mind that you feel qualified to accept these seven spots that you are asking for here?

Mr. WEAVER. Oh, yes; yes, we would have no difficulty whatsoever. We have much—we have enough backlog and applications that we could get started and get started as fast as the security process would allow us to proceed.

Mr. MICHEL. That is all.

EFFECT OF DENIAL OF REQUESTED INCREASES

Mr. FOGARTY. Mr. Weaver, if you did not get these increases, what would be the effect on your program?

Mr. WEAVER. Well, it would be very damaging, sir.

To give you a specific example, in order to implement the aid program in as rapid a manner as possible, an interdepartmental committee was created, representatives of the Secretary referred to yesterday, of the State Department, AID, USIS, CIA, and Labor. We have agreed upon a series of programs. Much of the work of developing and implementing these programs falls on the Labor Department, because we are the only technical resource in Government for the manpower and labor activity.

And I have been rather unpopular with some of my colleagues in the other bureaus in borrowing people to do this function and trying to borrow people to do this function. We would feel it immediately.

Mr. FOGARTY. For the record, you can give me a couple of specific examples; you can supply that.

(The information requested follows:)

STATEMENT OF PROGRAM IMPACT WHICH WOULD RESULT IF THE REQUESTED INCREASE IS NOT APPROVED

ACTIVITY 1

Disallowance of the requested increase (two professional and two clerical employees) would make it impossible for the Department to—

(*a*) Do an adequate job in providing technical support in respect to the ILO.

(*b*) Provide minimal support and coverage of the many other U.N. agencies which, to an increasing extent, are involved in labor and manpower matters.

(*c*) Do the necessary staffwork to assure that domestic labor interests are fully considered in the tariff and trade field.

ACTIVITY 2

Disallowance of the requested increase (two assistant area specialists and two clerical employees) would make it impossible for the Department to—

(*a*) Strengthen U.S. policies, as they relate to labor in Africa and Latin America.

(*b*) Do the staffwork necessary to assure that State Department and other foreign affairs agency officials concerned with Africa and Latin America receive maximum access to the Labor Department's specialized resources.

(*c*) Assure that the Department's international activities, as they relate to Africa and Latin America, are closely geared to U.S. foreign policies and local labor conditions and problems in these countries.

ACTIVITY 3

Disallowance of the requested increase (15 professional and 14 clerical employees) would make it impossible for the Department to—

(*a*) Effectively mobilize the technical resources of the bureaus of the Department to support and improve U.S. foreign policy and operations in the labor and manpower fields.

(*b*) Provide effective assistance to American labor, business, and foreign affairs agencies in an integrated and coordinated manner to attain U.S. foreign policy objectives.

(*c*) Provide a nucleus of a competent and immediately available reservoir of fully trained technical labor and manpower experts to fill oversea ILO and State Department technical labor positions.

ACTIVITY 4

Disallowance of the requested increase (three professional and three clerical) would make it impossible for the Bureau to—

(*a*) Adequately handle its internal management and fiscal control functions.

(*b*) Provide for maximum development and utilization of its employees and effective inservice training programs for its staff.

(*c*) Improve the recruitment, selection, training, and servicing of the expanding corps of labor attachés.

Mr. FOGARTY. Is there anything else you would like to say?

Mr. WEAVER. No, sir; I think I have finished.

Mr. FOGARTY. All right, thank you very much. I think you are doing a very good job.

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. FOGARTY. Before the committee we now have Melvin J. Maas, Colonel—now it is General. I used to know you when you were a Colonel; that goes back quite a while, does it not?

Mr. MAAS. I have been a general over 10 years, 12 years.

Mr. FOGARTY. We are glad to have you with us. What do you like to be called, Congressman or General?

Mr. MAAS. Mel. What you used to call me when I was a Congressman.

Mr. FOGARTY. Well, we served many years on the Naval Affairs Committee during the last war.

Mr. MAAS. We made many trips together on which we paid our own expenses, too.

Mr. FOGARTY. That is right.

Mr. MAAS. I understand Mr. Laird is here.

Mr. FOGARTY. Yes, he will be; he is talking on the phone to his office right now; he will be back in just a moment.

Mr. Denton is here, Mr. Laird, Mr. Michel and myself.

Mr. MAAS. I was going to say, tell Mr. Laird that I am very happy I am going out to Wisconsin next week to present an award to one of his constituents—a company that has been outstanding in employing the physically handicapped.

Mr. FOGARTY. He will be glad to hear that, because I am sure you will not forget him when you go out there.

Mr. MAAS. No, indeed.

And I am also very happy I am going up in your district, Mr. Chairman. In June we are holding a regional meeting in Providence. And I am going to present you with an award for the outstanding service you have rendered the Committee and thereby to the handicapped of the country.

Mr. FOGARTY. Mr. Laird is here now. Why do you not tell him directly?

Mr. LAIRD. How are you?

Mr. MAAS. Very well, thank you.

I just want to say, Mr. Laird, I am going out in your district next week to present an award to one of your constituent companies—the Employers Mutuals of Wausau, for their outstanding record in giving jobs to the handicapped, and I will not forget you when I am out there.

Mr. LAIRD. I will appreciate that.

GENERAL STATEMENT

Mr. FOGARTY. General, we shall place your prepared statement in the record and you may proceed as you please.

(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, it is good to be back up here again with so many old friends of the handicapped, but it is hard to believe that a year has passed since our last visit to the Appropriations Committees of the House and Senate. So much has been done in the past 12 months and so much cooperation has been obtained, that it is extremely difficult to summarize recent developments.

Most significant was the action taken by the Executive Committee in November to request the President to delete the word "Physically" from the title of the Committee. I have made such a request and a revised Executive order is being prepared to accomplish this result. It is also anticipated that changes will be made increasing the authorized membership of the Executive Committee by 10, increasing the Vice Chairmen to 3, adding the Secretary of Agriculture to the Advisory Council, and including specific instructions to the Committee relative to international cooperation in the field of rehabilitation and employment of the handicapped.

The complexity of the various problems facing the Committee and the increase in the number of national groups anxious to make substantial contributions to our work has made an increase in Executive Committee membership imperative. We plan to establish new committees for religious groups and for women's organizations this year and will be working much more closely with workshop groups and with those in the architectural field, to name only some which should be represented.

The release recently of new building standards by the American Standards Association brings to a successful completion the first phase of our attack on architectural barriers. As a result of the combined labors of a top-level sectional committee of the American Standards Association, we now have a fighting chance to see that handicapped persons in wheelchairs or with ambulatory problems will no longer be barred from all buildings and structures, including Federal, State and municipal buildings, libraries, museums, churches and synagogues, and office buildings and other workplaces. I respectfully request inclusion of a summary of the new standards at the end of my prepared statement. President Kennedy and members of the administration, including the Administrator of the General Services Administration, have promised to help implement this most important project. We naturally will devote considerable attention to it in our publicity efforts this year and in the years to come.

With the addition of the Secretary of Agriculture to our advisory council, it is our hope that we can make a major step forward in a better understanding of the role of the handicapped in the agricultural environment, both in the field of safety and in the field of rehabilitation and employment of qualified handicapped persons.

It goes without saying that religion is a vital factor in our national life and we hope to capitalize on the fine work done by religious groups informally and without too much coordination by the committee up to now. We also have ambitious plans to get the women of America more involved in the handicapped program in a more organized and directed manner.

We also are becoming more involved with the safety side of our economy and are participating in the National Health Council's 1962 Forum at which five of the nine sectional meetings in the industrial safety area will deal with the subject "Employ the Handicapped, Safely." This is a most important new development.

We will hold five regional meetings in the next 6 months in addition to our annual meeting here on May 10–11, a feature of which will be a simulated congressional hearing on the rehabilitation and employment of the handicapped and a play featuring the employment of the mentally recovered worker. Since our major increase last year was to implement the Committee responsibility in the mentally retarded and mentally restored area, a more complete summary is in order. The highlights follow:

The committee now publishes a Newsletter on Tips and Trends in Employment of the Mentally Handicapped which has grown in circulation from 1,000 to nearly 10,000. It serves as a clearinghouse of effective and imaginative placement activities for the mentally handicapped and, according to comments, is serving a definite need.

The Committee has established close working relationships with the National Association for Mental Health, the National Association for Retarded Children, the President's Panel on Mental Retardation, and other organizations of like nature. One result of these relationships has been the preparation of a Job Placement Guide for the Mentally Retarded—first of its kind—written for the President's Committee by the NARC. On the basis of an outline alone, more than 50,000 requests for copies have been received.

At the Committee's request, the Veterans' Administration has conducted a landmark study of jobs held by mentally restored veterans. The entire field of mental health is awaiting publication of this document in early 1962.

The subject of jobs for the mentally handicapped has been treated in depth at the President's Committee annual meeting in 1961; will be treated again at the annual meeting in 1962; is being given full treatment at regional meetings. The annual meetings and regional meetings bring together professional workers in the fields of rehabilitation and employment of the handicapped; employers; union officials; officials of mass media; and other "opinion makers." By bringing the message of job equality for the mentally handicapped to these persons, we go a long way in reaching our goals.

Three special reports on various phases of job equality for the mentally handicapped have been prepared by the Committee; more are planned. Also in the planning stage are TV filmed spot announcements; a TV panel discussion; and a TV feature film.

A major accomplishment of the current fiscal year was the release on September 6 of a White House statement signed by the President titled "Policy for Employment of the Physically Handicapped." This was directed to heads of all Departments and Agencies and has been most helpful. I should like a copy of the brief statement appended to my remarks.

It would take longer time than we have available here today to recount the full extent of the cooperation given the Committee by Governors of the States, by the member Departments and Agencies of our Advisory Council as well as by dozens of other agencies who have assisted with promotional and informational efforts both here and in the field. The stepped-up Government-wide interest in the coordinator program of the U.S. Civil Service Commission as well as the increased involvement of the Commission under Chairman John Macy in many fields as is most significant. Another major breakthrough is the Veterans' Administration study, begun under Sumner Whittier and continued under General Gleason, of the successful work experiences of a sizable sample of mentally restored disabled veterans.

The Bureau of Employment Security of the Labor Department last month issued a new program letter to the field reemphasizing the importance of

stepped-up service to the handicapped. The Veterans' Employment Service, also, is working very closely with our Committee on Disabled Veterans. We are working on a day-to-day basis with an Office of Vocational Rehabilitation on several projects, including a major emphasis on rehabilitation at our 1962 annual meeting. Commerce is providing increased cooperation in the International Trade Fairs field. It shall be my pleasure to share with Appropriations Committee members and their staffs a report shortly of the December meeting of our Advisory Council at which time significant progress reports were submitted; reports of action taken and action promised.

In mentioning the International Trade Fairs promotion, I am reminded of the tremendously increased involvement in international activities by the Committee staff and by cooperating local and State committees, the latest being a possible project submitted to us by the Department of State which would involve wives of ambassadors in voluntary efforts for the handicapped all over the world.

It seems that one of our finest exports has been the work we have done with and for the handicapped in our own country and the people-to-people contacts we have made overseas with persons interested in knowing more about this work. It is our intention to continue to do all that we can in this field not only in cooperation with the Federal agencies, but also with such private efforts as the International Society for Rehabilitation of the Disabled, the People-to-People Committee for the Handicapped, the Goodwill Industries, and National Rehabilitation Association International committees and the international committee of the International Association of Personnel in Employment Security.

With your continued understanding, support, and encouragement, we shall press forward on all the old-established fronts, while breaking trail in the new areas mentioned in this statement.

Supplement, Congressional Hearings for the President's Committee on Employment of the Physically Handicapped, 1962

There are many facets to the problem of creating acceptance of handicapped workers. Employer resistance is merely one of the barriers that must be surmounted. Other obstacles that loom persistently in the path of handicapped persons, to slow down or halt their movement into the labor force, are the barriers which unwittingly have been built into the factories, plants, and offices where jobs are located.

Architectural barriers, such as flights of steps, too narrow doorways, inaccessible rest rooms, and other insurmountable obstacles which prevent a person in a wheelchair, or with a leg brace or crutch, from entering and working in the buildings, have repeatedly thwarted the program of the President's Committee. The problem is equally frustrating to rehabilitation personnel. The finest programs of employment assistance, vocational rehabilitation, education or recreation are unavailable to the disabled if entrance steps and other barriers deny them access to the buildings they need to enter to use these services.

Through the stimulation of the President's Committee and the assistance of the National Society for Crippled Children and Adults, a set of building design specifications was approved and issued by the American Standards Association on October 31, 1961. The publication of this standard culminates over 2 years of intensive groundwork by a sectional committee of 40 other organizations vitally interested in this problem. Implementation of this standard by architects, contractors, planners, and building code officials will help to open up places of employment for millions of ambulatory handicapped and older workers. It will also make available to all disabled persons the civic, educational, religious, commercial, and cultural buildings and facilities which are closed to a great many of them.

The President's Committee intends, during the second half of fiscal year 1962 and all of fiscal year 1963, to make one of its major projects the wide acceptance of this building standard. The Committee will be encouraging and promoting the adoption of this standard by architectural, engineering, and contracting groups, and intends to reach every related professional organization in the country. The Committee intends also to enlist the support of the Governors and local committees, government and civic leaders, and other individuals influential in community affairs, to urge the use of this standard in new public construction or in remodeling existing structures.

Mr. MAAS. I shall be very brief.

Mr. FOGARTY. You go right ahead.

Mr. MAAS. There is one thing, Mr. Chairman, you can always be sure of when you call me as a witness. I do not read my statement.

I would just like to say, first of all, I could not possibly begin to catalog all the cooperation that we have had from Federal agencies, State and local committees, and the various health organizations and the like in the country. The progress has been great during the past year—and it hardly seems a year since I was before you—but so much has happened and so many things have taken place.

As chairman, you and several Members of the Committee a number of times have asked me why we retain a limitation to the "physically" handicapped, and I told you we would study, several years ago, going on to expand our activities into the mentally handicapped.

We have done that in the past year we have been engaged in working for job opportunities for the mentally retarded and mentally restored, as well as the physically handicapped.

CHANGE IN NAME

And I have asked the President to change the name to just the President's Committee on the Employment of the Handicapped. And an Executive order to carry this out has been prepared and has been making the rounds of the various interested bureaus.

AGRICULTURAL WORKERS

There are several other changes that I am asking for in that same Executive order to bring it up to date. One of them is to make the Secretary of Agriculture a member of the Advisory Council of the President's Committee, which at present is made up of the Secretaries of Labor, Welfare, and Commerce, and the Chairman of the Civil Service Commission and the Veterans' Administrator.

We feel that we can open up a whole new field that needs very badly to be opened up in this country, and that is among agricultural workers. We find it is a field that is almost completely neglected. There is practically no safety program for them and there is almost no program of vocational rehabilitation, nor job placement.

We believe that there are three major jobs to be done in this field, and I have talked with Orville Freeman whom I have known for years. He was both a marine and Governor of Minnesota, and he agrees and would be very happy to go on the Advisory Council.

But there are many agricultural workers who are hurt—and, incidentally, they constitute the second largest source of crippling accidents in the country. There are many of these agricultural workers who could be rehabilitated and go on either with the job they were doing or some other agricultural work, if given vocational training for it.

There are some who could never go back to farming but who could be given vocational training and could work in industry or business.

There are other groups who are industrially injured so badly they could never go back to industry, but there are kinds of jobs on farms that they could do if they were given vocational training and job placement. And we hope to open up that sort of opportunity.

STANDARD BUILDING CODE

One of our major projects during the year has been—well, we have been carrying it out for several years, but it came to fruition this year—is changing the building standards throughout the country. And through a task force of some 40 organizations sponsored by the President's Committee and jointly by the National Society for Crippled Children and Adults, the American Standards Association conducted this study for us and have adopted as standard new codes for buildings. The Government itself has already adopted this, and now will endeavor to modify existing buildings—where it can be done without additional expense, or very little expense—to make it possible for those in wheelchairs and with braces or on crutches to have work, or occasionally to go into these buildings.

It is pretty cruel to give vocational rehabilitation to a handicapped person and then find that he cannot get employment because he cannot get in and out of a building to which his training has suited him for employment.

So we feel this has been a great step forward.

And I would like at the end of my prepared statement to have a brief summary of these standards included.

Mr. FOGARTY. All right, we will put them in the record at the conclusion of your statement.

Mr. MAAS. Thank you.

COOPERATION IN THE INTERNATIONAL FIELD

Now, we have cooperated in the international field because we have had so many requests to do so, and I think the finest export that this country has is its attitude toward the individual as distinct from the totalitarian attitude toward people as a whole. And this is nowhere better exemplified than in what we do for our handicapped.

Nothing in my experience—and I have been all over the world since I have been blind and in this work—has been so impressive to people in the Asian and African world as the intense interest in this country given to rehabilitation and the placement of the physically handicapped. It shows that we really base our entire philosophy of democracy on the dignity of the individual, and that we demonstrate by helping, as they say, the least among us the cripples.

So that we have been very happy to cooperate with organizations that are in the international field. And it works two ways: we get as much benefit out of it as they do.

None of ours is a giveaway program in any sense of the word. We give out nothing but knowledge, information and advice.

We did have one project where we collected surplus and secondhand limbs and braces that were no longer needed and no longer used, and veterans themselves collected them for us, and the American Trucking Industry transported them for us for nothing. So it cost the Government not a cent.

There are some 5,000 or 6,000 of these prosthetic devices which have been distributed in some 16 countries. And it has been one of the finest projects we have ever had, and made a tremendously favorable impression.

Now, we get benefits by learning. For instance, in India, among village industries, where most of their industry is at present, we learn a great deal that we can adapt to our homebound handicapped, in turn. We have a tremendous homebound handicapped population who want to work just as much as anybody else in the country. They are not able to get out to factories or stores or offices, but they can do some work. And these village industries have given us many, many tips on what we can do in our homebound program, among the crafts and so on, which adds tremendously to the morale of these people, as well as their productivity. It is no small thing to add, in the total.

ACTIVITIES WITH WOMEN'S ORGANIZATIONS

Now, just very briefly, we are organizing this year as one of our major activities the women of the country. We feel that they exert enormous influence on public opinion, on the opinion of employers and fellow workers and, as you know, one of our resistances is not only from employers but from fellow workers. There is a tendency of many workers to resist, rather than having a handicapped worker beside him, on the fear, they say, that handicapped workers may cause an accident. Well, it never happens.

But there is that unnamed fear. So, that if we can get the public opinion as expressed by women, we feel that we will advance our cause tremendously.

This has got to be a national movement, not just among employers or labor unions. They are well along in their side of it.

Another is the clergy. We plan on organizing the clergy of the country behind this movement. We find that many clergymen ask us for material for sermons. Because they find such a high moral text in what we are doing for our handicapped, they find a great example of Christianity and Judaism in practice.

And so we will endeavor to organize them as we will the women. We have never had the women organized. We have had great help from many women's organizations, but on an organized basis, we think it will be a tremendous advance.

Now, I would like to also append to my statement—I am not going to take any more of your time, gentlemen—append to my statement a letter of instruction from the President which is very revealing and I think——

Mr. FOGARTY. We have it here: To the heads of executive departments and agencies, dated September 6, 1961.

Mr. MAAS. Fine.

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

(The matter referred to follows:)

THE WHITE HOUSE,
Washington, September 6, 1961.

To: Heads of executive departments and agencies.
Subject: Policy for employment of the physically handicapped.

Utilization of physically handicapped persons in productive employment is sound and necessary, both for the contribution handicapped citizens can make to our national productivity and for the sense of independence and well-being which they can derive from doing a job.

It is fitting that Government, as an employer, should lead the way in selective placement of physically handicapped persons so as to utilize their skills and abilities, and I therefore reaffirm the established employment policy of the executive branch, as follows:

(1) Physical standards will be fair, reasonable, and adapted to the realistic requirements of jobs.

(2) An opportunity will be provided for a fair appraisal of pertinent qualifications of physically handicapped applicants and employees.

(3) Physical abilities of handicapped persons being considered for examination, appointment, or reassignment will be appraised in relation to the essential physical requirements of jobs.

(4) Employees who acquire disabilities as the result of work injuries, off-the-job accidents or disease conditions, will be given full opportunity in reemployment or in transferring to other more suitable jobs.

(5) Recourse to unduly prolonged or permanent benefits under the Employees' Compensation Act should be avoided whenever possible. Disability retirement should be considered only after every feasible effort at reassignment has been made.

I ask that all levels of administration and supervision in the executive branch take part in the implementation of this policy. Federal agencies should take such action as is necessary to bring about an understanding and application of the policy by all appointment officials and others who have responsibility in hiring or reassignment of employees. In addition, agency management should make a periodic review of the manner in which the policy is being carried out.

The Civil Service Commission will continue to coordinate all phases of this program and will prepare periodic reports of agencies' accomplishments in affording increased employment opportunities to those who are handicapped.

JOHN F. KENNEDY.

Mr. MAAS. Thank you very much, gentlemen. If there are any questions I will be glad to answer them.

Mr. FOGARTY. I think that was an excellent presentation on behalf of the handicapped of the country. I think you are doing a real good job, and I have always thought that your executive secretary has been doing a good job too.

Mr. MAAS. He does the work for which I get the credit.

INITIAL REQUEST TO THE BUDGET BUREAU

Mr. FOGARTY. Well, I think you make a good team.

Now, what are you asking for this year?

Mr. MAAS. You mean what is the budget allowing me to ask for.

Mr. FOGARTY. Well, I will get around to that. Do not worry about that. I was going to ask you that question anyway.

Mr. MCCAHILL. $278,700.

Mr. FOGARTY. Just the same as 1962. What did you ask the Bureau of the Budget for?

Mr. MAAS. Well, Mr. Chairman, as long as you asked me—and I must answer you——

Mr. FOGARTY. That is right.

Mr. MAAS. $300,000.

Mr. FOGARTY. $300,000. What would you have used the other $21,300 for?

Mr. MAAS. Well, for some very necessary clerical help. But mostly to carry on our international program, not projects—we do not give anything away at all. It would be mostly spent in this country. It is not money that would be spent abroad.

But we have been working through such organizations as the International Society for the Rehabilitation of the Disabled, International Jaycees, International Goodwill, and organizations of that kind, and the People-to-People Committees. And we find that we can help them tremendously with our know-how, and they can spread this word around the world, which is, we find, doing so much good, not only

for the handicapped but for the morale of other peoples in the world, and give a better understanding of America.

Mr. FOGARTY. The Bureau of the Budget cut your request $21,300.

Mr. MAAS. Yes, sir.

Mr. FOGARTY. How much of that $21,300 do you really want?

Mr. MAAS. Twenty-one thousand and three hundred dollars.

Mr. FOGARTY. You want it all?

Mr. MAAS. I could use it profitably to the benefit of the United States, Mr. Chairman.

Mr. FOGARTY. All right.

How will that be broken down? Do you want Mr. McCahill to answer that?

Mr. MAAS. I will ask him to, yes.

Mr. MCCAHILL. Mr. Chairman, that will be broken down to three positions—one GS–11 and one GS–5, for what we hope will be a small international section; and one GS–4 which we badly need right now in our information shop. And the balance of the money would be spent in additional money for printing, reproduction, $1,000; and $2,000 in rent, communications, and utilities. And the balance would be in the small items like equipment. We need a couple extra desks and personnel benefits; a thousand dollars there.

So actually, the reason for the $300,000 as you know, is that that is at the present time our ceiling. We are not permitted to go over that.

Mr. FOGARTY. I know. That was raised a couple of years ago.

Mr. MCCAHILL. Yes, sir; in 1959.

Mr. FOGARTY. Yes.

And you think this would be beneficial to the handicapped people?

Mr. MCCAHILL. Oh, I know it would be, Mr. Chairman.

Mr. FOGARTY. You think it is necessary?

RETURN ON GOVERNMENT'S INVESTMENT

Mr. MAAS. Well, in my own personal opinion, it is. It is certainly most highly desirable and I think the Federal Government gets far, far more of its money back from this Committee, because the assistance this Committee gives in getting people jobs and the income taxes they pay far, far offsets the appropriation—many times over.

Mr. FOGARTY. I am sure it does because in the field of vocational rehabilitation, we have been told for 15 or 16 years, to my knowledge, that for every Federal dollar we put up, they get $10 back.

Mr. MAAS. Yes. And, of course, the secret of rehabilitation is that they are getting a job after they are rehabilitated. That is where we come in.

Mr. FOGARTY. That is right.

Mr. DENTON. No questions.

Mr. FOGARTY. Mr. Michel.

Mr. MICHEL. No questions.

Mr. FOGARTY. Mr. Laird.

Is there anything else you would like to say, Mel?

Mr. MAAS. Well, I would just like to close, Mr. Chairman, with this observation—that the President's Committee has become accepted and recognized as one of the typical American institutions. It is part of America now. And hiring the handicapped is rapidly becoming accepted and recognized as a way of life in this country.

These two things, I think, are making a tremendous impression, not only on our own people but all over the world. I think it is leaking even behind the Iron Curtain.

Mr. FOGARTY. Thank you, sir. We think you are doing a good job. Thank you.

Mr. Laird, do you have any questions?

Mr. LAIRD. Mr. Chairman, I would just like to compliment the general on doing a very fine job. I think for a very small appropriation, more good has been accomplished than in many agencies of the Government where we have made many times as much available. I have watched some of the television programs that they have cooperated in producing and some of the other activities in public relations which they have carried out, and I think they have really stimulated a lot of interest and done a lot of good.

I am glad that the general is going out to the Seventh Congressional District of Wisconsin. I know of the fine work the Employers Mutuals of Wausau is doing. And I hope that he will become part of the Wausau story while he is visiting in that fair city.

Mr. FOGARTY. Mr. McCahill, do you have anything further to say?

Mr. MCCAHILL. I would just like to say for the benefit of Mr. Michel we have not forgotten Illinois. We are going to have an employers meeting there in April and we will have the top employers in America at the Paraplegic Manufacturing Co. And for Mr. Denton, we are planning to have the new secretary of the Indiana Governor's committee attend a training meeting arranged by the committee.

Mr. FOGARTY. Thank you very much.

Mr. MAAS. Thank you.

Mr. FOGARTY. It has been nice to see you again.

AREA REDEVELOPMENT ACTIVITIES

WITNESSES

DR. SEYMOUR L. WOLFBEIN, DEPUTY ASSISTANT SECRETARY OF LABOR
MISS MARGARET E. THOMAS, DIRECTOR, MANPOWER DEVELOPMENT
EARL T. KLEIN, DEPUTY ARA COORDINATOR
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY OF LABOR
CHARLES D. CARLSON, ADMINISTRATIVE OFFICER

EXPENSES

Object classification

[In thousands of dollars]

		1961 actual	1962 estimate	1963 estimate
25	Other services		4,000	5,041
41	Grants, subsidies, and contributions		10,000	10,000
	Total obligations		14,000	15,041

Program and financing

[In thousands of dollars]

	1961 actual	1961 estimate	1963 estimate
Program by activities:			
1. Occupational training		3,400	4,500
2. Retraining subsistence payments		10,000	10,000
3. Administration:			
(a) State		340	454
(b) Federal		60	87
Total program costs—obligations		13,800	15,041
Financing:			
Unobligated balance lapsing		200	
New obligational authority (appropriation)		14,000	15,041

Mr. FOGARTY. Mr. Wolfbein, you are appearing in a different role this year, I see. Something has been added to the Labor Department.

Mr. WOLFBEIN. After all the years, I have changed.

Mr. FOGARTY. You have been here before, although you are assuming a new job. We know of your good work in the past.

What are you going to talk about first?

Mr. WOLFBEIN. Would you like me to start with area redevelopment?

Mr. FOGARTY. The first on the list is "Automation and manpower."

Mr. DENTON. I would surely like to hear about the area redevelopment.

Mr. FOGARTY. All right, let us hear about the area redevelopment.

Mr. WOLFBEIN. They are, of course, related.

GENERAL STATEMENT

On area redevelopment, Mr. Chairman, I have a statement which I hope I can file.

Mr. FOGARTY. We shall put that in the record.

(The statement referred to follows:)

STATEMENT BY SEYMOUR L. WOLFBEIN, DEPUTY ASSISTANT SECRETARY OF LABOR

Mr. Chairman, the Area Redevelopment Act (Public Law 87-27) enacted by the Congress during its last session and signed by the President on May 1, 1961, provides some new tools for dealing with chronic unemployment in certain areas of the United States. These are areas which have experienced high rates of unemployment for substantial periods of time or in which there is substantial underemployment and hence income levels are considerably below the national average. They have been designated as "redevelopment areas" by the Department of Commerce in accordance with the act and at present include about 800 urban and rural areas.

I am happy to have this opportunity to appear before you and to tell you of our activites under this act directed toward helping the residents of these areas become employed and thus improve their economic conditions. This is the first opportunity we have had to discuss the redevelopment program with you, since the 1962 appropriation was processed as an amendment to the Department of Labor 1962 budget and hence, not acted on by this committee because the hearings on the regular budget had been concluded.

While the Department of Labor has other responsibilities in this program, I shall be discussing specifically the provisions relating to occupational training and retraining of the unemployed and the underemployed and the payment of retraining subsistence, covered by sections 16 and 17 of the act, respectively. These are the sections of the act for which appropriations are made directly to the Department of Labor. Appropriation requests for other responsibilities of

the Department, including the State employment security agencies; e.g., fact-finding for the designation of areas and participation in the development of overall economic development plans for areas, are submitted through the Department of Commerce, which has overall responsibility for the redevelopment program.

Sections 16 and 17 of the act give specific responsibilities to the Department of Labor to provide to residents of redevelopment areas the means of acquiring new or refurbished skills which would lead to their gainful employment. To accomplish this, the Department makes use of its own resources and those of the affiliated public employment service system in the States as well as the facilties of the Department of Health, Education, and Welfare, Office of Education, and the State vocational educational agencies. Other agencies are also involved, such as the Department of Agriculture in connection with training programs in rural areas, the Department of the Interior for Indian reservations, the Area Redevelopment Administration, and State and local economic planning groups.

Under this act, we have new responsibilities, new challenges. What is new in this program is not any essential difference in the basic functions of the agencies involved, but in applying them in a closely coordinated package of services that relates worker capabilities in the area to job needs, gets the worker trained and sustains him while in training, and finally assists him to become suitably employed. The Department of Labor must determine the occupational needs of the area; determine through interviewing, counseling, and testing, the job skills and potentials for training of its unemployed and underemployed citizens; establish through HEW the needed training programs and facilities; select and refer the trainees to the proper training courses; pay benefits to them while in training; and finally, find suitable jobs for them after they have been trained. The Department of Health, Education, and Welfare and the State vocational education agencies are responsible for carrying on the instructional program.

As with any new program, much preparatory work had to be done in developing the procedures and working out relationships with other agencies at Federal, State, and local levels. While appropriations for 1962 were not available until the first of October, this, in itself, has not been a particular disadvantage in getting the program underway. In addition to the usual problems of tooling up for a new program, there is the additional factor that the act stresses local community initiative and action in obtaining the various benefits provided by the act. A training program cannot actually get underway until there has been compliance with a series of procedural steps prescribed in the act. I should like to outline briefly what these steps are before an unemployed or underemployed worker can actually be selected for and start his training program.

First, the Department must get the labor market facts upon which the Department of Commerce can determine that the area is a redevelopment area as defined in the act. In connection with the designation of rural areas and Indian reservations, the Department works closely with the Departments of Agriculture and Interior, respectively.

Second, the ARA Administrator in the Department of Commerce must, on the basis of our recommendation, decide whether he will designate the area, and hence, establish the initial basis for qualifying for any benefits under the act.

Third, the local community must then prepare an overall economic development plan and have it approved by the ARA Administrator before it can be eligible for any benefits including occupational training. However, this does not imply that such benefits will flow automatically to the area.

Fourth, in the case of occupational training, the local community must take the initiative in determining the occupations in which workers are needed and the number required in identifying the potentials of unemployed and underemployed persons to acquire the skills represented by the shortage occupations, and in establishing training programs to meet the occupational deficits.

Fifth, the Department of Labor, in cooperation with the Department of Health, Education, and Welfare, must make an assessment of the availability of the facilities and services in schools or plants in which the training courses can be conducted. If other than public educational facilities and services are needed, the Department of Health, Education, and Welfare would have to contract for them with private educational institutions through their State vocational education agencies.

This procedure, though time consuming, is essential to insuring that training programs are meaningful and that the individuals to be trained are capable of acquiring the knowledge and skill in the training program and that there is reasonable presumption for employment upon completion of training.

Over and above establishing the procedural steps themselves, there has been a tremendous job of communicating and interpreting to the public the intent and provisions of this new legislation before there could be any practicable application of initiative at the local level.

We want to express our appreciation to the many Members of Congress who have arranged for meetings in the communities which they represent for the purpose of explaining the provisions and benefits of the act and the steps that communities must take to qualify.

As communities have gained a better understanding of the area redevelopment program and as agencies have begun to systematize their procedures for processing training proposals, there has begun a flow of training proposals from communities throughout the Nation. Training projects for 17 redevelopment areas in 7 States had been approved as of January 5, 1962, and in 3 areas training was actually going on. The approved programs cover some 45 occupations and involve approximately 3,500 trainees. The table on page ARA–9 of our accompanying justification lists the 17 projects, by area, and gives some facts about each. In addition, 46 more proposals had reached Washington and are now under consideration by our Department, HEW, and others as appropriate. The State employment services have reported that over 50 additional training proposals are in various stages of preparation in the local communities. We have every reason to believe that as knowledge of the area redevelopment program and the benefits to be derived spreads, the volume of activity will increase sharply, particularly as the loans and grants provisions of the act become operative and result in the creation of new job opportunities.

We in the Department strongly feel that the experience and insight gained in the development of even the 17 area projects already approved have demonstrated forcibly the potential value of occupational training. Even in areas where, by definition, large surpluses of labor exist, there are jobs going unfilled for the want of people with the necessary skills. At the same time there are unemployed workers who already possess some of the attributes necessary to these jobs with the capability of acquiring the balance. These occupational deficiencies can be translated into meaningful training terms and training can be carried out. Finally, the newly trained worker and the job can be brought together with all the resulting benefits to the individual and to the Nation. Beyond doubt, training is one of the manpower tools to be used in achieving a better manpower balance.

Of equal importance, these first few projects give leads to the range of industries and occupations where occupational training has potential and to the wide variability in types and extent of training that is called for. Agricultural workers in Mississippi and New Jersey will receive training as farm equipment operators. In manufacturing industries, electronic technicians, machine tool operators, woodworking millmen, sheet metal machine operators, aluminum sash and doormakers, ship electricians are among the occupations for which training has been approved in West Virginia, Pennsylvania, and Connecticut. Ward attendants and nurses aids, automobile mechanics, electrical appliance repairmen represent some of the occupations for which there are training programs in the service field; and stenography and typing in the clerical field.

With respect to types of training activities approved, in Wilkes-Barre, Pa., there is a training program for welders of the "add-a-skill" variety intended to provide already experienced welders with know-how on the latest welding techniques such as heliarc welding. In a rural county of West Virginia, another program is designed to train workers having essentially agricultural experience and skills, in aircraft riveting, hence providing them with a new skill and a better means of earning a living through employment in a new aircraft plant. In Providence, R.I., a refresher program in typing and stenographic work will yield brushup training for those whose skills have become rusty and dulled by extensive periods of unemployment.

In many instances, the training programs are geared to providing introductory skills and orientation since most training is of relatively short-term nature and was so contemplated under the act. However, the Department of Labor's Bureau of Apprenticeship and Training will make an active followup effort through its regular program with industry to assist employers to establish inplant

programs, outside ARA, which will upgrade the skills of workers trained under ARA after they are on the job.

Great stress has been placed in the act on making maximum use of existing training resources and facilities. This has resulted in resourceful and imaginative use and scheduling of existing school buildings and equipment. Daytime as well as early and late evening classes have been scheduled under many programs to get full use of the facilities. Round-the-clock operation of some schools has already been entertained.

In one program, surplus machine tools owned by the Department of Defense are being loaned with only the cost of transporting them to be paid under the ARA. In some instances, training classes will be conducted in industrial plants because the machinery and equipment are already there and not available in the vocational schools. In such instances, the classes are conducted in accordance with the standards and under the supervision of the State vocational education agency.

Already there is a wide variation in the number of weeks provided in different training programs, ranging from 3 to 16 weeks depending on the nature of the occupation and the availability of training facilities. The number of persons to be trained in each occupation varies from 10 to 1,200. Generally, programs for less than 10 people would probably not be practicable from a cost standpoint.

Although the reports are still fragmentary, we have some indication of the characteristics of the trainees who are being selected for these training programs. Some of the training provided will include women who in many instances, especially in rural areas, are important wage earners in the family unit. Very often these wages will augment the low incomes provided by the male members of the family through subsistence farming. Likewise, there is a considerable spread in the ages of trainees, from the early twenties to well above middle age. Equally important is the fact there is represented in the training programs individuals of all races as well as residents of urban and rural areas.

As I complete this review of the initiation of the occupational training program under the Area Redevelopment Act, word has just reached us of the completion of the first training program in Huntington, W. Va., on which we have as yet only the barest details. Nevertheless, I think the committee will be interested. In Huntington, a training course for nurse's aids was set up because of a continuing shortage of such persons for their local hospitals. Local officials, working in close cooperation with the hospitals, set up a 100-hour course, and the local employment office selected and referred 16 women. All 16 began and completed the course. Upon finishing, three women were at once employed by one of the hospitals, and immediately following, two more were employed by a second hospital. The remaining 11 have already referred for openings, and we understand that they will all probably be offered employment very shortly. An interesting development, we think, is also worth noting. Three of the women taking the course have become interested in going on as soon as possible to obtain training in practical nursing, thus increasing their skill and their opportunity for employment in a better paying job.

Hence, while a single example is no measure of a program or its potential, we believe that some of the ingredients for success are indicated in the Huntington situation. A great many people, starting at the community level, tackled a problem. By putting together the services and facilities of a number of agencies, some individual human beings in need of work were given an opportunity to qualify for jobs that needed being done. Some of these people now have jobs and the prospects are bright for the others. We think this is the meaning of occupational training under the Area Redevelopment Act.

I hope this thumbnail sketch of the characteristics of these very first occupational training projects to be approved under the Redevelopment Act and the example of the final step of employment in the Huntington situation will give the committee some idea of the scope of the program and will suggest some of its future dimensions. We believe the act's provisions for occupational training generally provide considerable flexibility in adapting to the needs and conditions found in a variety of communities and situations, although we already foresee some practical difficulties and possible limitations to which I would like to refer in connection with my next comments regarding the appropriation request for 1963.

I would like to point out, initially, that the increase proposed for 1963 is not really an expansion of program as normally envisaged. Actually, enabling legislation in section 17 sets a limitation of $10 million on the amount which can be used for subsistence payments for trainees. Obviously this limits the

number of trainees. At the same time section 16 of the act sets a limit of $4,500,000 for occupational training. Lacking any realistic operating experience to date, we are accordingly requesting funds for 1963 in the full amount set by the legislation, plus funds for the processing of the subsistence payments based on current cost estimates which include higher State salaries. By far the larger portion of the increase of $900,000 over 1962, which would bring the section 16 authorization up to $4,500,000, is estimated for the actual conduct of the training courses; that is, for educational facilities and services.

If it turns out that the two fund limitations established by the act represent an unrealistic relationship, our present judgment is that the funding provisions for training would be the inhibiting factor. In other words, more people could be paid training subsistence than could be trained. In the initial phases of this program, more training courses of shorter duration than originally envisaged may be the best means of geting unemployed workers back on a job. Until more experience has developed, however, it would be imprudent and not in the best interests of the overall objectives of the program to forecast.

You will note a proposed change in the appropriation language, requesting that there not be any limitations on how we allocate the total between sections 16 and 17 of the act, other than what is prescribed by enabling legislation. The reason, as shown above, is to provide flexibilities within the act. This would in no way override the legislative limitations of the two sections, but would give us the capability to act within the two without exceeding either.

We believe the occupational training program will gain great momentum in the coming months as more and more communities complete their overall plans for economic development and turn to the specifics of program implementation. The numbers of communities which will eventually submit training plans, the numbers of people to be trained, the specific occupations, and the needs for supplemental or new vocational training facilities are not easily foreseeable. In a few instances, communities with training programs already approved have even now identified other needs and have submitted supplemental proposals. We would expect that this situation might occur frequently as more communities find that occupational training can contribute to improving employment in the area.

We in the Department of Labor will try to administer this new program with all the imagination and creativity that we can command in order to help mitigate the adverse effects of automation and other technological changes which have in many instances been mainly responsible for the present unemployment situation in these communities. We sincerely believe these occupational training programs can contribute to achieving a better manpower balance for the community and the Nation, and to greatly improving the welfare of the individual worker and his family.

I shall be glad to answer any questions the committee may have.

Mr. WOLFBEIN. As the committee knows, under the Area Redevelopment Act of 1961, there are sections 16 and 17 which put the responsibility on the Labor Department for carrying out the provisions on training and retraining: I think it would be helpful, very briefly, to go over the steps so you folks will know what we have been up to for the past several months.

Mr. FOGARTY. Go ahead.

Mr. DENTON. I would like to know what you are up against on area redevelopment.

Mr. FOGARTY. This could be controversial, so you take your time and make a good record now.

Mr. WOLFBEIN. Well, there are basically seven steps that we have to go through. I will go over them very, very briefly.

Mr. FOGARTY. All right.

Mr. WOLFBEIN. Because I think that will be the proper background.

In the first place, of course, areas have to be designated as redevelopment areas; you know, areas of substantial and persistent unemployment under the act.

Our Labor Department is responsible for the work looking toward the designation of many of these areas. And perhaps you would be interested to know that, since we began in May—the act was passed May 1, 1961, through December 1961—we had done the work for 446 areas, which the Administrator, Mr. Batt, for the Department of Commerce subsequently designated as redevelopment areas.

Now, in terms of our workload, just parenthetically, let me add that in 325 of those 446 areas we had never been in before, this does represent, for the Bureau of Employment Security and the relevant States, an additional workload.

CRITERIA FOR A REDEVELOPMENT AREA

At any rate, this is the first step. An area has to be officially designated a "redevelopment area."

The second step is for an area to file an overall economic redevelopment plan showing what it would hope to do and how it would help in bringing more jobs to the community. This is also laid down under the act. And for our purposes in the Labor Department, our local Employment Service people help in the development of these plans, to date providing assistance to nearly 400 groups. Our local BAT people also help in the development of these plans.

And all in all——

Mr. FOGARTY. Your local what people?

Mr. WOLFBEIN. Bureau of Apprenticeship and Training.

Mr. FOGARTY. I see.

Mr. WOLFBEIN. Because the development plan also wants to look forward to what role training and retraining plays, see, in helping the development of the area. They have, as a matter of fact, at BAT alone, participated in something like 100 of these overall economic development plans in different areas.

Now, once there is this background in an area, and it is designated a "redevelopment area," and it has had approved an overall economic development plan, then the area can come in with a training plan. This perhaps is one of the most important things to say about the training and retraining business. Before the training program can be approved in an area, it has to meet four very important criteria. And I think this is really what makes the difference in these training programs, and I think is the major reason why we have been so successful so far, at least.

SURVEY OF TRAINING NEEDS

In the first place, the locality has to make a survey of the training needs in the community: Are there training needs in the community to begin with?

And our local employment offices have made more than 200 of these skill surveys.

Mr. FOGARTY. When you say "Are there training needs?" what do you mean, "training needs"?

Mr. WOLFBEIN. Really what I meant to say is: Are there any occupations for which training can be given?

Mr. FOGARTY. Oh, I see.

Mr. WOLFBEIN. And folks can get a job.

Mr. FOGARTY. Go ahead.

Mr. WOLFBEIN. The second thing the localities have to assess and tell us is: Are there unemployed people around with the capibility for taking the kind of training that is needed which would fit them to work in those occupations where jobs are waiting to be filled?

Mr. FOGARTY. I told the Secretary the other day that this committee found a great deal of fault a few years ago with vocational eduaction of people in certain areas of distributive education; like tombstone salesmen, training people to work behind a soda fountain in a drugstore, and, I believe, also to pump gasoline. I understand that this is one area that you train people in.

Mr. WOLFBEIN. Yes.

Mr. FOGARTY. Gasoline station attendants.

Mr. WOLFBEIN. Plus some other skills of helping in making minor auto repair.

Mr. FOGARTY. Well, the only reason I raised the question is that these are areas that opponents of this kind of legislation pick up and make a mountain out of a molehill.

Mr. WOLFBEIN. Yes.

Mr. FOGARTY. If you know what I mean.

Mr. WOLFBEIN. Yes; yes.

Mr. FOGARTY. I thought it might be well if you reviewed that.

APPROVED TRAINING PROGRAMS

Mr. WOLFBEIN. Well, so far we have not approved any training programs in that area of the kind you mentioned, Mr. Chairman. We have a list of the occupations which we have approved.

Would you like to see them now? You might like to have them in front of you so you will get an idea here.

Mr. FOGARTY. How many occupations are there?

Mr. WOLFBEIN. There are 25 different occupations represented so far in the 27 programs that we have approved. They involve auto mechanic work, and so on.

Mr. FOGARTY. Yes, we shall place that in the record.

(The information referred to follows:)

Area redevelopment training activities—Number of trainees and occupations for which training is provided, State and area—27 approved projects, Jan. 19, 1962

State	Area	Occupations	Number of trainees	Project approval date
Connecticut	Ansonia	Machine tool operator	100	Nov. 27, 1961
		Sewing machine operator	100	
	Bristol	Machine tool operator	45	Jan. 18, 1962
		Electronic assembler	50	
	Danielson	Electrician, ship	90	Jan. 2, 1962
		Chemical operator	16	
		Machine tool operator	45	
Maryland	Cumberland	do	25	Jan. 11, 1962
	Hagerstown	do	120	Jan. 4, 1962
		Electronic mechanic	120	
Massachusetts	Fall River	Machine tool operator	32	Jan. 18, 1962
	Lowell	do	16	Do.
	New Bedford	do	100	Do.
	North Adams	Stenographer	14	Do.
Mississippi	Delta	Tractor operator	1,200	Jan. 3, 1962
New Jersey	Atlantic County	do	25	Do.
Pennsylvania	Johnstown	Draftsman	50	Jan. 5, 1962
	Pittsburgh (Donora)	Aluminum sash and door-maker.	10	Dec. 22, 1961
	Pittsburgh (Washington)	Ward attendant	100	Dec. 1, 1961
	Pottsville	Sheet metal machine operator.	40	Dec. 22, 1961
		Maintenance mechanic	20	Do.
	Pottsville (Ashland)	Automatic transmission specialist.	16	Jan. 19, 1962
	Scranton	do	48	Do.
		Machine tool operator	120	
		Electronic mechanic	48	
	Sayre-Athens-Towanda	Machine tool operator	80	Dec. 22, 1961
	Wilkes-Barre-Hazleton	Welder, combination	40	Do.
		Stenographer	50	Do.
	Wilkes-Barre-Hazleton (Pittston).	Welder, combination	24	Do.
	Wilkes-Barre-Hazleton (Kingston-Nanticoke).	Machine tool operator	80	Jan. 15, 1962
Rhode Island	Providence-Pawtucket	Typist	80	Nov. 9, 1961
		Auto mechanic	32	
		Machine tool operator	66	
Tennessee	La Follette-Tazewell-Jellico.	Automobile mechanic	16	Jan. 9, 1962
		Machine tool operator	22	
		Radio and TV service and repairman.	25	
		Welder, combination	15	
		Millman, woodworking	32	
West Virginia	Harrison County	Automobile mechanic	20	Dec. 22, 1961
		Machine tool operator	15	
		Typist	25	
		Stenographer	15	
		Nurse aid	40	
		Riveter, aircraft	250	
	Huntington	Automatic transmission specialist.	30	Oct. 11, 1961
		Electrical appliance repairman.	40	
		Route salesman	30	
		Nurse aid	60	
		Waiter and waitress	45	
		Stenographer	60	
		Typist	60	
	Grant County	Farm mechanic	20	Dec. 13, 1961
		Typist	25	
		Stenographer	25	
		Sewing machine operator	60	
	Mingo County	Auto mechanic	15	Do.
		Electrical appliance repairman.	15	
		Machine tool operator	15	
		Nurse aid	20	
		Typist	25	
		Stenographer	25	
		Millman, woodworking	45	

Mr. FOGARTY. Go right ahead.

Mr. WOLFBEIN. Now, before the training program which is submitted to the Department is approved, it is reviewed not only by us, of course, but by the Department of Health, Education, and Welfare, because a very important part of the program is the question: Are there training facilities available? Is this the right kind of training you ought to give for this occupation? They, of course, are the experts in this field.

SELECTION OF TRAINEES

After this is done and the program is approved the trainees themselves are selected. The local employment office tests the relevant people and find out what their background is, to see if they can fit the bill and be trained. Then they are referred to the training program.

We pay training allowances to the people who are taking the training. As you know, this is equal to the average unemployment insurance payment in the State.

Mr. FOGARTY. For how long a period?

Mr. WOLFBEIN. This is up to a maximum of 16 weeks.

Mr. FOGARTY. Sixteen?

Mr. WOLFBEIN. Yes, sir.

This does not mean that there cannot be training programs more than 16 weeks.

And if I may say so, at the present time it happens in your jurisdiction in Providence. We have approved a training program for 20 weeks. Now, we will pay only up to 16, but the program does call for 20 weeks.

What delights us, at any rate, is the fact that these people are willing to go to this training program and take the 20 weeks and only be compensated for 16.

I think it is one indication, Mr. Chairman, that there is not only a willingness to take training but we have met the acid test. People are in training for a program which takes them beyond the 16 weeks.

Now, at the same time, of course, through the Department of Health, Education, and Welfare which acts as our Department's agent, payments are made for instructional costs, any costs of equipment that are necessary, and so on.

Then, finally, comes the real acid test, where we have just begun—placing the people who have gone through the training.

These are the steps in which the Labor Department is involved.

PLACEMENT OF RETRAINED WORKERS

Mr. FOGARTY. All right, let us take the last one first—placing the people that have been trained. The Secretary mentioned that yesterday.

Mr. WOLFBEIN. Yes.

Mr. FOGARTY. Many people have complained about this program on the basis that we spend all this money retraining people and there are no jobs. But he told us yesterday that that is not so, that people that have been retrained are finding jobs. Do you want to expand on that just a little?

Mr. WOLFBEIN. Yes.

Mr. FOGARTY. Because that is one of the complaints I have heard about the program.

Mr. WOLFBEIN. Yes.

Let me hark back to one point in the background. Before we approve a training program, we first survey the training needs in the community: Are people needed when they finish training; are there people around who can be trained to fill these jobs, you see?

Mr. FOGARTY. Yes.

Mr. WOLFBEIN. Now, using those two criteria improves greatly the prognosis for placing people after they finish their training.

We have graduated just a handful of the people. We are at the very beginning of this, as you know. But so far, as perhaps you expect, in view of the criteria that we insist on, we have placed just about everybody who has graduated.

Mr. FOGARTY. I notice in Rhode Island you are training auto mechanics.

Mr. WOLFBEIN. Yes.

Mr. FOGARTY. And it seems to me I read about the shortage of auto mechanics in a recent magazine article, and that, I guess, would be true all over the country, would it not?

Mr. WOLFBEIN. Just about.

Mr. FOGARTY. More automobiles are being sold every year, and there is a real shortage in this area.

Mr. WOLFBEIN. That is right.

Let me give you another example which illustrates another point along the line you mentioned.

We approved a program for auto mechanics in Huntington, W. Va., as we did in Providence and a number of other places. We found the reason training was needed is because there are a lot of unemployed auto mechanics who do not have the ability to work with the new power equipment you know, the power steering, the power transmission and so forth.

So we approved a training program, relatively brief, of course, in Huntington, W. Va. We wanted to build on the skill that these auto mechanics already have, just to bring them up to the point where they can also work with the more sophisticated equipment.

SUMMARY OF BUDGET

Mr. FOGARTY. Your appropriation for 1962 was $14 million and the request for 1963 is $15,041,000.

Mr. WOLFBEIN. Yes, sir.

Mr. FOGARTY. For an increase of $1,041,000.

Mr. WOLFBEIN. Yes, sir.

Mr. FOGARTY. What limits are placed on appropriations by the basic legislation?

LIMITATIONS ON AMOUNT FOR TRAINING

Mr. WOLFBEIN. Under the original act, the Area Redevelopment Act of 1961, section 1.7 says that you may spend no more than $10 million for the training allowances for people who are taking training. As you will see in our request, that stands at $10 million.

Mr. FOGARTY. Yes.

Mr. WOLFBEIN. Section 16 of the act says that you may not spend more than $4½ million for all of these functions that I have indicated; selecting and testing, training and placing and doing the skill surveys, and so on.

EXPLANATION OF INCREASE FOR 1963

Now, you will notice that in fiscal 1962 we obtained $3,600,000. We are asking to go up to the statutory figure.

The $3,600,000 figure, if you remember, is based on the fact that one-quarter of the fiscal year was gone before we went into operation. So that what the $4½ million does is bring this back to a full fiscal year basis. And that is $900,000 for the bulk of the increase.

Mr. Chairman, you might be interested also in the breakdown of that increase of $900,000. $750,000 would go to the Department of Health, Education, and Welfare for the States, for the training, equipment, and so on; and $150,000 to the State employment security agencies to do the job we just outlined.

Then the only other increase there is for State administration, also all to the States, from $340,000 to $481,000. That is to administer the training allowances or subsistance benefit payments.

EFFECT OF LEGISLATIVE LIMITATIONS

Mr. FOGARTY. Now, your justifications indicate the relationship between the limitations is not very realistic.

Mr. WOLFBEIN. Yes.

Mr. FOGARTY. What is your explanation for this?

Mr. WOLFBEIN. We have a problem in this fiscal year, and I suspect next, too.

You see, the way the act reads in sections 16 and 17, we cannot spend more than $10 million for the training allowances themselves, and we cannot spend more than $4½ million for all costs for HEW and Labor—for the determination of training needs, selections, and so forth, and the actual training itself.

Now, we are finding that we are getting very, very close to the limit on section 16, while we still have a very substantial amount of money left under section 17. May I give you an example of that?

Mr. FOGARTY. All right.

Mr. WOLFBEIN. It will save a lot of words.

APPROVED PROGRAMS

We have approved so far 27 programs. Do the committee members have copies of that?

Mr. FOGARTY. Well, we will put that——

Mr. WOLFBEIN. Will you put that in the record?

Mr. FOGARTY. We will put those 27 programs into the record at this point.

(The matter referred to follows:)

Summary of redevelopment area occupational training projects approved through Jan. 19, 1962, for training to be initiated in fiscal year 1962

State and area	Number of trainees	Number of courses	Number of training weeks	Estimates of local project costs			
				Additional education facilities	Subsistence payments		Employment security services
					State rate	Total	
Connecticut:					$37		
Ansonia	200	2	1,100	$15,700		$41,000	$9,985
Bristol	95	2	560	15,300		20,720	6,635
Danielson	151	3	964	31,140		35,668	7,675
Maryland:					31		
Cumberland	25	1	400	6,950		12,400	4,665
Washington County	240	2	3,840	35,128		119,040	14,670
Massachusetts:					37		
Fall River	32	1	512	17,203		18,944	4,990
Lowell	16	1	256	11,003		9,472	4,245
New Bedford	100	1	1,600	42,105		59,200	8,160
North Adams	14	1	224	4,190		8,288	4,150
Mississippi: Yazoo Delta (16 counties)	1,200	1	9,600	205,256	24	230,400	46,400
New Jersey: Atlantic County	25	1	400	8,060	33	13,200	4,665
Pennsylvania:					32		
Johnstown	50	1	800	15,326		25,600	5,830
Pittsburgh (Donora)	10	1	60	1,860		1,920	3,830
Pittsburgh (Washington)	100	1	400	5,400		12,800	6,540
Pottsville	60	2	960	27,650		30,720	6,290
Pottsville (Ashland)	16	1	256	11,401		8,192	745
Sayre-Athens-Towanda	80	1	1,280	15,678		40,960	7,230
Scranton	216	3	3,456	48,600		110,592	13,565
Wilkes-Barre-Hazleton	90	2	1,290	17,189		41,280	7,490
Wilkes-Barre (Kingston-Nanticoke)	80	1	1,280	16,640		40,960	7,230
Wilkes-Barre (Pittston)	24	1	190	6,838		6,144	4,360
Rhode Island: Providence-Pawtucket	178	3	3,240	75,230	30	105,000	12,320
Tennessee: LaFollette-Tazewell-Jellico	110	5	1,760	32,610	24	42,240	8,630
West Virginia:					23		
Harrison County	365	6	1,670	51,305		38,410	14,885
Huntington	325	7	3,000	50,000		69,230	15,675
Grant County	130	4	935	11,795		21,505	8,010
Mingo County	160	7	1,580	33,419		36,340	9,640
Total, 27 projects	4,092	62	41,613	812,976		1,200,225	248,510

Mr. FOGARTY. Go ahead.

EXTENT OF PARTICIPATION IN APPROVED PROGRAMS

Mr. WOLFBEIN. Now, the report shows that we have approved programs for about 4,100 employees. This has meant a certain expenditure of money on the part of HEW for the local educational or training costs on the part of labor for the local employment services, and for paying out money for subsistence allowances to the trainees.

We have pending right now in our office more projects, many more, which would call for the training of about another 6,200 people. When we project the costs of just those that are pending in the office—and of course we will be getting many more—we find that we will just about have used up the available funds under section 16, but still have several millions of dollars left in section 17.

It is not anybody's fault. There was no experience in how something like this was going to operate.

Mr. FOGARTY. Well, there is not anything this committee can do about that. It is a legislative matter.

Mr. WOLFBEIN. It is a legislative matter. We are now considering this, Mr. Fogarty.

BUDGET FOR TRAINING BENEFITS

We are asking, as I am sure you noticed in the appropriation language, that it simply says, in making available for this activity the amount we request, without the stipulation on the amount of training benefits of $10 million.

You see, we cannot spend more than $10 million on benefits, but it may be worth while to spend a little less.

Mr. FOGARTY. Do you want to strike out that $10 million limitation?

Mr. WOLFBEIN. No, the $10 million will remain. That is the most we can do.

Mr. FOGARTY. But you are striking out those three sentences beginning with—

* * * $14 million, of which $10 million shall be available for occupational training and retraining payments authorized by section 17 of such act.

Mr. WOLFBEIN. So that we can take some of this $10 million, if necessary, and use it, let us say, to HEW for training costs.

Mr. FOGARTY. But there is a limitation of $41½ million in the other part.

Mr. WOLFBEIN. That is right.

Mr. FOGARTY. You cannot go over that.

Mr. WOLFBEIN. You cannot go over it.

Mr. FOGARTY. So how is this going to help you?

Mr. WOLFBEIN. Well, what that says, Mr. Chairman—see if I am right, Margaret, is that, if we are granted the funds as requested, which brings us up to $41½ million for section 16 and $10 million for section 17, so far as this committee is concerned, that is all that you can do with the legislation.

Mr. FOGARTY. I was just wondering; how will this change in language help you? How does it help you in any way?

Mr. WOLFBEIN. If this committee grants the $4½ million and the $10 million and the expenses for making the training payments, then that is it.

Miss THOMAS. Yes.

Mr. WOLFBEIN. Language or not.

Mr. FOGARTY. But if you cannot spend $10 million, why should we appropriate $10 million?

Mr. WOLFBEIN. You mean for the benefits?

Mr. FOGARTY. Yes.

Mr. WOLFBEIN. Well, we are hoping that we will get more flexibility next fiscal year, which will enable us to do this, Mr. Chairman.

Mr. FOGARTY. Well, that will require a change in the law, and I would guess that you would then have to submit a supplemental request.

Now, on the current projections, how much do you think you will spend in 1963 of that $10 million?

Mr. WOLFBEIN. Well, for 1962, the current fiscal year?

Mr. FOGARTY. No; we are talking about 1963.

Mr. WOLFBEIN. 1963.

Mr. FOGARTY. We are talking about this language which pertains to the 1963 appropriation.

Mr. WOLFBEIN. With the present language?

Mr. FOGARTY. Yes, with the present law as is, how much of the $10 million do you think you will spend?

Mr. WOLFBEIN. Do we have information on that?

Miss THOMAS. We do not have much information because of the very genesis here, but on the order of $6 million. This is a function of the number of trainees per program——

Mr. FOGARTY. I understand. I understand this is a new program and you always have difficulty with these new programs. But would it be around $5 million or $6 million?

Miss THOMAS. Yes, $6 million to be spent.

Mr. FOGARTY. You could not use more than six——

Miss THOMAS. It would be difficult to say, possibly something more.

Mr. WOLFBEIN. This is hard to say because we only have 27 programs so far.

(The following was subsequently submitted to the committee:)

The legislation provides a $4,500,000 limitation in section 16 and $10 million in section 17. Both the Department of Labor and the Bureau of the Budget has construed the $10 million limitation as being solely for subsistence training benefits and that the administrative cost for paying the benefits would be in addition to the $10 million and derived from the general language of the act—section 23. So this is why it is possible for the estimate to add up to more than $14,500,000.

We have requested the maximum allowable under section 16 to administer the work required to get the unemployed person into a training program—$4,500,000. There are $10 million requested for subsistence payments to these people and $541,000 to administer the benefit payment program.

We have asked that the appropriation language for 1963 not contain any limitation other than the total dollars to be appropriated. Limiting language is not necessary since the basic act contains limitations for both sections of the act which give certain responsibilities to the Department.

Mr. WOLFBEIN. May I make one more comment on that, Mr. Chairman?

Mr. FOGARTY. Yes.

DISTRIBUTION OF BENEFIT PAYMENTS

Mr. WOLFBEIN. The benefit payments paid so far have been concentrated in the States like West Virginia, where the average unemployment insurance benefit is $23, you see. And we have one in Mississippi, recruiting the biggest number of trainees, where the average unemployment insurance benefits is $24.

Now, we do not know whether this is going to be representative, you see.

Mr. FOGARTY. What is Rhode Island?

Mr. WOLFBEIN. Rhode Island is $30.

Mr. FOGARTY. Thirty dollars.

Mr. WOLFBEIN. Yes.

Now, if we move into other States like Michigan and Illinois, in other States, you see, they will be higher.

Mr. FOGARTY. Yes. I understand.

Mr. WOLFBEIN. This is why I hesitated in making the projection.

Mr. FOGARTY. I understand.

Now, will you explain what responsibilities the States have and what each Federal department's duties are.

Mr. WOLFBEIN. Yes, sir.

DIVISION OF RESPONSIBILITIES

The two major Departments involved in occupational training are—we are requesting an increase from 3.6 to 4.5—are the Department of Labor and the Department of Health, Education, and Welfare.

Now, the Department of Health, Education, and Welfare is the responsible agent for us in first reviewing every training program from the point of view of the facilities available—what kind of equipment would be needed; is this the right kind of training costs for the occupation that is suggested?

This is, of course, a rather substantial problem, or job, before we approve any training program.

In addition, HEW will transfer funds through its regular vocational educational channels to the localities engaged in training, for a wide variety of services—to pay perhaps part of the instructional costs, if necessary, for any necessary rent, heat, and lighting in the places where training is going to take place, and for any costs of equipment that may be necessary when we are training people.

This is a rather substantial amount. It varies with the area of training.

In one area we were very lucky. The locality was able to get some machinery and equipment from the Department of Defense and all we had to do was pay for the transportation. We try to minimize the costs, of course. The educational costs—instruction facilities, sometimes equipment—is a large part of the costs. The programs approved and pending already indicate that that part of the program is going to move past the $2 million mark this fiscal year.

Now the other big chunk is the Department of Labor, especially the States and the local offices. They are the ones who have to make the skill surveys to answer this critical question, Are there jobs for

which we ought to train? Because we do not want to be in the business of simply training people who then become more highly educated unemployed. Not under this. These local employment office folks are the people who have to select and guide and test and counsel and refer all of these unemployed people for training. These are the folks who also have to place them.

Mr. FOGARTY. You have 27 programs in effect now.

Mr. WOLFBEIN. Yes, sir; approved.

Mr. FOGARTY. And how many people did you say have completed their program?

Mr. WOLFBEIN. So far completed—very, very few. Do you know the number? So far—check me and see if this right—this is 36, is it not?

Mr. KLEIN. Yes, enrolled.

Mr. WOLFBEIN. Thirty-two have graduated from the first two courses to be completed.

Mr. FOGARTY. Have the 32 received jobs?

Mr. WOLFBEIN. Let me see how many have received jobs.

Seventeen have received jobs, fourteen through the Employment Service; three through other channels. This is as of January 17.

One program was only just completed. I think I can say, Mr. Chairman, that these people are going to get jobs. But as I say, I would like to emphasize the fact that we do not approve of training programs unless there is a favorable prognosis——

Mr. FOGARTY. Yes, I understand.

Mr. WOLFBEIN. To get jobs.

Mr. FOGARTY. How many people are in training now?

PROPOSED EXTENT OF TRAINING PROGRAMS

Mr. WOLFBEIN. We have approved programs, of course, for 4,092 people, although not all have started training yet.

Mr. FOGARTY. How many do you expect to train in this fiscal year, 1962?

Mr. WOLFBEIN. This fiscal year our estimate was for 22,000.

Mr. FOGARTY. How many in 1963?

Mr. WOLFBEIN. Roughly, the same.

Mr. FOGARTY. Just the same, 22,000?

Mr. WOLFBEIN. Yes.

Now because of the financial difference we are having with sections 16 and 17, we may not reach 22,000.

Mr. FOGARTY. If you could get that straightened out, through legislation, how many do you think you could train?

Mr. WOLFBEIN. For the next fiscal year, sir?

Mr. FOGARTY. Yes.

Mr. WOLFBEIN. I think on the basis of our experience, we could up this a little.

Mr. FOGARTY. How much, 20 percent, 50 percent, 100 percent?

Mr. WOLFBEIN. No, no; it would be closer to 10–20 percent.

Mr. FOGARTY. I see.

What are you doing in Puerto Rico? What kind of jobs are you training people down there for?

Mr. WOLFBEIN. So far, I do not think we have had a proposal in from there.

But they, of course—some of the areas there are eligible. So far, we have had 9 States with these 27 approved programs.

Mr. FOGARTY. Mr. Laird.

RETRAINING PROGRAM IN MISSISSIPPI

Mr. LAIRD. Some of these projects are a little difficult to understand. Take this project in Mississippi where you are training 1,200 tractor operators. How many weeks' program is that?

Mr. WOLFBEIN. Do you wish to answer?

Mr. KLEIN. Yes. It is a 320-hour program, divided into two parts, 160 hours in the field, 160 hours in the classroom.

This, I think, runs for 40 hours a week, so that would be an 8-week program, 4 weeks in the field, 4 weeks in the classroom. And it involves learning how to operate a variety of farm equipment, the basic machine being the tractor, and being able to do preventive maintenance on such equipment, as well as the operation of it.

It includes not only harvesting equipment, but it also includes planting, cultivating, insect control, and other types of equipment through use on the farm.

And incidentally, this project covers 16 counties in the Yazoo Delta section of Mississippi.

Mr. LAIRD. Where are the classes held?

Mr. KLEIN. Classes are held in the vocational educational schools. In those counties the schools are fairly well equipped to conduct vocational agricultural classes. However, they have not been able to undertake a program of this dimension without the help of the Area Redevelopment Act.

Mr. LAIRD. And the survey showed that these tractor operators are needed?

Mr. KLEIN. Yes; this was very well substantiated, I might say. There was a thorough canvass made in the whole 16 counties as to what the employers' future and immediate needs were in all these areas of agriculture, starting with preparation of the soil and planting, harvesting, et cetera.

Mr. LAIRD. And these people are paid at the Mississippi rate, which is about what, $20?

Mr. KLEIN. It is exactly $24 a week.

Mr. LAIRD. $24?

Mr. KLEIN. Yes; that is the average weekly compensation rate for the last calendar year; that is the way it is figured. The last available year. It will be recomputed on the basis of 1961 on April 1.

Mr. LAIRD. Does Mississippi allow people on unemployment compensation to——

Mr. KLEIN. I do not believe Mississippi is one of the States that permits an individual to collect compensation when they are in training. There are some 15 States that do, however.

Mr. LAIRD. Are you promoting a change in State laws to allow them to draw unemployment compensation?

Mr. KLEIN. I will have to refer that to Mr. Wolfbein.

Mr. WOLFBEIN. We have recommended to the States that the other States go along with the 15 that already do; that they take steps if necessary through the State legislatures.

PROGRAM IN WEST VIRGINIA

Mr. LAIRD. What is this program in Huntington County?

Mr. WOLFBEIN. In West Virginia?

Mr. LAIRD. In West Virginia. I notice you have a program there to train route salesmen.

Mr. WOLFBEIN. Yes, sir.

Mr. LAIRD. Now, I have quite a few milk concerns and bakeries and other businesses that I think have splendid training programs for these people. In Huntington could you not get industry to train their own people for these jobs?

Mr. WOLFBEIN. We have found, Mr. Laird, that there is an enormous variation by area. You are perfectly right, in certain areas there are training programs available on the part of various industries. There are others where there are none, and this is a specific area, Congressman.

Mr. LAIRD. In Huntington, the bakeries and the dairies just refuse to train their people?

Mr. WOLFBEIN. I think the situation was that these are relatively small concerns, and they simply did not have the resources or the facilities. We had unfilled job orders from our employment office for this kind of job. We had unemployed who were trainable for it. There was no training being given in the area. We thought this was, again, a program which met the criteria, that there would be a job available when they graduated and——

GOVERNMENT TRAINING PROGRAMS COMPARED WITH PRIVATE PROGRAMS

Mr. LAIRD. But I cannot understand why the industry or the business concern involved would not train people for this kind of work, because you cannot train all the people that are needed for these jobs. Industry last year trained probably 2,750,000 people for various jobs. You are talking about training about 22,000, which is a drop in the bucket.

Mr. WOLFBEIN. That is right.

Mr. LAIRD. Could your funds not be better used to encourage these business concerns to put on a program of training?

Mr. WOLFBEIN. No.

Mr. LAIRD. Could you not get more people trained that way?

Mr. WOLFBEIN. We are very hopeful in this field to expand training facilities in industry and this is one of the programs that perhaps we will talk about under the automation and manpower, because it is very closely related——

Mr. LAIRD. It is related with this, too.

Mr. WOLFBEIN. Yes.

Mr. LAIRD. You are talking about a program you hope will reach 22,000 next year.

Mr. WOLFBEIN. Under this act.

Mr. LAIRD. And you feel that you probably will not be able to make that unless you have some legislative change?

Mr. WOLFBEIN. Yes.

Mr. LAIRD. This does not mean very much in the overall total.

Mr. WOLFBEIN. May I comment on that, Mr. Laird, just very briefly?

Mr. LAIRD. Yes.

Mr. WOLFBEIN. This program, of course, under the Area Redevelopment Act is permitted only in redevelopment areas—not across the board.

Mr. LAIRD. But that covers a pretty big area.

Mr. WOLFBEIN. Well, the redevelopment areas which have been designated by the ARA Administration cover a labor force of about 10 million people.

CRITERIA FOR REDEVELOPMENT AREA

Mr. LAIRD. It seems to me that every week or so one of the counties in my area is so clasified. It is not very difficult, is it, really?

Mr. WOLFBEIN. They have to meet very specific criteria. They have to have an unemployment rate which is 100 percent higher than the national average in the past 1 out of the past 2 calendar years; or a rate 75 percent higher than the national rate for 2 out of the 3 past calendar years; or a rate 50 percent higher thn the national average for the past 3 out of 4 calendar years. If they do not meet any of these criteria, they cannot be designated.

There is one other point, Mr. Laird. You raised a very good one about training programs in industry. We are dealing with depressed areas, so-called redevelopment areas, and we are dealing, Mr. Laird, with a lot of long-, long-term unemployed people.

I call your particular attention to what I think is one of the most heartening aspects of this program, which we just began, Mr. Laird. That 50 percent of the people whom we have selected to take training have been unemployed for a half year or more. In fact, one out of every three of the trainees now enrolled for these programs has been unemployed for 52 weeks or more.

There is a concentration also among the relatively older people. One out of every seven of our trainees is 45 years of age and over. In fact, as you know, from many of the want ads today, if you are over 35, you have a little bit of a rough time. And one-third of all our trainees are in that older age group.

You see, what is turning out, so far—and again, I am sure the Secretary has pointed it out at the very beginning—and I do not want to make an exaggerated statement—but to me is one of the most heartening figures in this, showing that in these depressed areas in West Virginia and Pennsylvania and some of those places, we have been able to get people to take training for occupations where there are jobs. The concentration of trainees is among the long-term employed and the relatively older part of the population, where I think this is really needed.

And you are right. This is a small program. This is not going to solve the unemployment problem in the United States. It is more of a rifle shot at specific problems—like Evansville, where you have specific occupations, a specific demand, and you have people available to be trained.

Mr. DENTON. Would you yield just one moment?

Mr. LAIRD. Yes.

Mr. DENTON. Take Evansville; there are a lot of apprentice trainees there; but vocational education does considerable training too.

Mr. WOLFBEIN. Yes.

Mr. DENTON. That is all.

Mr. LAIRD. Well, listening to you and reading over your justifications, it would seem to me that many of the things that you are considering are the same things that I hear discussed by my State director of vocational education.

He makes almost a continuous survey of the availability of jobs in all of the areas of Wisconsin and goes in to make recommendations on setting up new courses in the vocational schools from time to time. We think this is a pretty good program. It is one that is not new, though. He has been doing this for—well, I know it was in operation when I was on the joint finance committee of the legislature. I remember him justifying his budget in 1946, 1947, and 1948.

I amtrying to get clear in my own mind the difference between your program and his program.

Mr. WOLFBEIN. I think, basically—and perhaps my colleagues will want to pitch in—basically, Mr. Laird, I think the difference is that we are now focusing not on the young people, where vocational education programs, in distributive education training, and industrial education, in agriculture and so on—does focus on the young people, as they should.

Mr. LAIRD. Every one of these programs cover occupations that I know the established vocational education program covers, too. What I am trying to get clear in my mind is the difference between your work and his work.

Mr. WOLFBEIN. Let me say, of course, that he participates with us. I think every program that we have received so far has been signed by the State director of vocational education. He is part of this picture, lock, stock, and barrel.

Mr. LAIRD. But he goes into this so that he can pay these people, is that right?

Mr. WOLFBEIN. One of the major objectives of the training program under the act is to pay these people and support them by giving them, while they are undertaking the training, subsistence benefits.

Mr. LAIRD. Why could not this be under the Office of Vocational Education in HEW?

Mr. WOLFBEIN. The payments?

Mr. LAIRD. The whole authority to run this program.

Mr. WOLFBEIN. The act has placed the responsibility for this program in the Labor Department. We, in turn, Mr. Laird, have said when it comes to the area of vocational training, what kind of training courses, the content of the training courses, the instructors involved, the equipment involved, where it would take place; we would ask the Department of Health, Education, and Welfare to be our agents, and they would turn out to be the ones who do it. We give them the funds and that is part of this budget, you see.

Now, the umbrella, the context, is all within this question of where are the jobs, what jobs should we train for? The unemployed themselves, who among them should be trained?

Mr. LAIRD. Cannot you get that information from the State employment office?

Mr. WOLFBEIN. That is exactly where you do get it.

Mr. LAIRD. Well they are right there in each of the States.

Mr. WOLFBEIN. Exactly.

Mr. LAIRD. The department of vocational education in the States could easily get that.

What I am trying to figure out is why the Department of Labor needs to be in it. That is what I would like to get clear in my mind.

Mr. WOLFBEIN. Each of these training programs comes from the locality, you see, to us as a suggested training program.

Mr. LAIRD. You pass it over, transmit it to HEW then?

Mr. WOLFBEIN. For that aspect which involves the training and the facilities in the course content, and so on.

Mr. LAIRD. Do you issue the checks, then, to these people that take part in this?

Mr. WOLFBEIN. To the people who are taking the training, through our State and local employment offices, just like the unemployment insurance program.

Mr. LAIRD. Well you are not going to set up State and local offices on all of these programs, are you?

Mr. WOLFBEIN. We are going to use the on-going system to do that. They have had a lot of experience, the States and localities, in paying unemployment insurance benefits, not only for the regular group, but for ex-servicemen and Government workers, and so on.

Mr. KLEIN. Standard unemployment benefits.

PLACEMENT AFTER TRAINING

Mr. LAIRD. But take, for instance, this program which you describe on page 7 in Huntington where 16 women completed the nurse's aid course. Five are already working. Is this a good record?

Mr. WOLFBEIN. Let me take a look at which one you are referring to.

This is West Virginia, Huntington, nurse's aid?

The number enrolled was 20; we had 16 graduated so far.

Mr. LAIRD. Only five got jobs.

Mr. WOLFBEIN. But, you see, this program just ended. And I will be glad to submit to this committee the final results on this. You see, this program just ended.

Mr. LAIRD. It takes quite a while to get jobs after they complete the course, is that it?

Mr. WOLFBEIN. I will have to look it up and see.

Do you happen to know what date this was?

Mr. KLEIN. Well I do not think it was more than 2 weeks ago.

And customarily, you can figure that on a program like this, it might take a month to 6 weeks before everybody would be placed. Because specific openings would then have to be found and the people placed.

Now, I happen to know, in adidtion to the five, that three of the graduates of this nurse's aid decided to go into further training as practical nurses, which is a 1-year program. This they are doing outside of ARA. I think this is the kind of an example of that kind of thing that naturally follows ARA.

In fact, we have been urging the Bureau of Apprenticeship and Training within our own Department to follow up with employers so that those who get elementary and basic skills under the short-term ARA programs can further develop these skills either through apprenticeships or other forms of on-the-job training.

Mr. WOLFBEIN. In other words, to recap this very briefly, the first nurse's aid program in Huntington is finished—I have to look it up, but I think my memory is right—something like 10 days to 2 weeks ago. And one-third, roughly, have been placed. And I have no doubt the remainder will be shortly, because there is a very big demand in this kind of occupation, Mr. Laird.

MANPOWER TRAINING LEGISLATION

Mr. LAIRD. How is this type of legislation going to work in with the proposed manpower training legislation?

Mr. WOLFBEIN. Well the Manpower Development and Training Act, of course, is much broader and permits the training of unemployed persons as well as underemployed persons, in fact, as well as employed persons, whose skills are obsolescent.

The manpower and development training will also permit training up to a maximum of 52 weeks.

Mr. LAIRD. Will you disband this program then?

Mr. WOLFBEIN. Well this program, under sections 16 and 17 of the Area Redevelopment Act, which aims right at the so-called redevelopment areas, is part of the basic legislation.

Mr. LAIRD. Do you not think that other program is much broader, though?

Mr. WOLFBEIN. It is.

Mr. LAIRD. I would think the depressed areas would rather be under that program than this.

Mr. WOLFBEIN. I think the two are going to be related.

We have not yet thought through all the interrelationships between the two acts, you see. One good thing this Area Redevelopment Act does not do, of course; it leaves out certain groups and it only allows for 16 weeks.

There is one other relationship, of course, and that is that what we are doing now, even though we are practically at genesis, is giving us a lot of experience, which I think would be very, very helpful, if and when we do get the bill. I think it has shown pretty clearly, so far, that training needs can be determined and that people are willing to take this training.

I was remarking at the very beginning that, in places like Providence, where we have approved a program for 20 weeks, that people were willing to take this training program for the full 20, even though they would be supported only for 16.

Mr. LAIRD. That is all I have.

Mr. FOGARTY. Mr. Michel?

TRACTOR OPERATOR TRAINING PROGRAM

Mr. MICHEL. I just want to go back for a moment to these 1,200 tractor operators. I come from a pretty good agricultural area, too.

I, first of all, did not realize that the delta area down there was a depressed area. Is that what it is supposed to be?

Mr. WOLFBEIN. They are redevelopment areas, and they meet the definition. You are talking about Mississippi?

Mr. MICHEL. Yes.

Mr. WOLFBEIN. Those counties, yes, sir; otherwise, we could not have approved training.

Mr. MICHEL. That is a big cotton-producing area down there.

Mr. WOLFBEIN. The area itself—well, I think there is cotton in there.

Mr. KLEIN. Yes.

Mr. WOLFBEIN. But that is not the only agricultural product.

Mr. MICHEL. What would these people have done down there for tractor operators before this kind of a program?

Mr. WOLFBEIN. I think they would have had a rough time getting them.

Mr. LAIRD. We would not buy as much cotton under the CCC support program.

Mr. DENTON. They would have brought in braceros.

Mr. MICHEL. That is what I am getting at.

The other point is, what proportion are Negroes and what proportion white?

Mr. WOLFBEIN. We do not have the exact figures. My information is that somewhere between 80 and 90 percent of these people are Negroes. And I think it represents a real achievement in taking them off the unemployment rolls; many of them have been on for a long, long time.

Mr. MICHEL. You mean they are going to go back and work on family-sized farms or on big corporation farms?

Mr. WOLFBEIN. I would not want to generalize; I think it is going to vary.

But what they are going to be able to do that they are not able to do now is to be able to operate this equipment, be able to make some minor repairs on it, and get themselves a job.

And moving something like a thousand long-term unemployed Negroes off the rolls I think—again training is not the magic wand and does not itself solve the unemployment situation, but it sure makes a dent in this really difficult problem. Again, it is one reason why I think this begins to show that maybe we can be successful at this, Mr. Michel.

There is another one, too, in Atlantic City, N.J.

Mr. MICHEL. I know.

Mr. WOLFBEIN. It varies with the area, of course.

Mr. MICHEL. Smaller scale.

Mr. WOLFBEIN. That is right.

Mr. MICHEL. But there are so many other things in some of our other committees that tie directly to this kind of thing that it raises a real question in my mind as to how much we are going right around in a circle.

Mr. WOLFBEIN. Yes.

Mr. MICHEL. And I would be willing to wager that a good measure of it is a subsidy to some big corporate holders producing cotton for which we are subsidizing and paying storage.

That is all, Mr. Chairman.

Mr. DENTON. Could I just say one thing?

Mr. FOGARTY. Yes.

POTENTIAL OF THE PROGRAM

Mr. DENTON. I think this fine program has great potentialities. But what I object to is that you hold out a lot of hope to people and nothing happens. It would seem this program ought to be in better operation than it has by now.

Mr. WOLFBEIN. You see, the funds became available to us, Mr. Denton, October 1.

Mr. DENTON. That Evansville program, was that not all lined up when your funds came in, when the act passed?

Mr. WOLFBEIN. You mean the economic development plan?

Mr. DENTON. Yes.

Mr. WOLFBEIN. And that has been received and approved by ARA.

Mr. DENTON. Of course I think it has potentialities. I think training machine shop operators is a wonderful thing in Evansville. I think that is badly needed.

Mr. WOLFBEIN. Yes.

Mr. DENTON. I think there is room for training that class of worker, but my objection is it takes so long to get the thing going.

Mr. FOGARTY. Is there anything else you want to say now?

Mr. WOLFBEIN. That is all.

Mr. FOGARTY. Thank you. We shall move to automation and manpower.

OFFICE OF AUTOMATION AND MANPOWER

WITNESSES

DR. SEYMOUR L. WOLFBEIN, DEPUTY ASSISTANT SECRETARY OF LABOR

MISS MARGARET E. THOMAS, DIRECTOR, MANPOWER DEVELOPMENT

V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY OF LABOR

CHARLES D. CARLSON, ADMINISTRATIVE OFFICER

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1961 actual	1962 estimate	1963 estimate
11	Personnel compensation: Permanent positions			391
12	Personnel benefits			30
21	Travel and transportation of persons			22
22	Transportation of things			3
23	Rent, communications, and utilities			44
24	Printing and reproduction			55
25	Other services			6
	Services of other agencies			300
26	Supplies and materials			5
31	Equipment			44
	Total obligations			900

Personnel summary

	1961 actual	1962 estimate	1963 estimate
Total number of permanent positions			55
Average number of all employees			49
Number of employees at end of year			55
Average GS grade			9.4
Average GS salary			$7,973

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
1. Automation and manpower research			393
2. Manpower development programs			347
3. Administration and management services			160
Total program costs—obligations			900
Financing: New obligational authority (appropriation)			900

Mr. FOGARTY. Do you have a statement on automation, Mr. Wolfbein?

GENERAL STATEMENT

Mr. WOLFBEIN. Yes, sir, Mr. Chairman, we have a statement on automation and manpower. May I make a few comments?

Mr. FOGARTY. We will place your prepared statement in the record and you may proceed.

(The statement referred to follows:)

STATEMENT BY SEYMOUR L. WOLFBEIN, DEPUTY ASSISTANT SECRETARY OF LABOR

In January 1961, shortly after he assumed office, the Secretary of Labor requested of the Congress that the small sum of $70,000 be added to the Department's appropriation to enable him to "take a hard look" at the manpower implications of automation and other types of technological change. This sum was granted in the 1962 appropriations passed at the end of September. It made possible the addition of a few staff members to the Office of Automation and Manpower, which the Secretary had established within his office in April 1961. Accordingly, we have been taking the look Congress authorized and, on the basis of this, are recommending the program regarding which I am testifying today.

MANPOWER AND TECHNOLOGICAL TRENDS IN COLLISION

There can be no question that the automation and manpower situation is one of the most far reaching and critical domestic problems our country is facing. We are witnessing a head-on collision between two surpassingly important trends, which will continue to be with us in probably aggravated form for at least the rest of the 1960's. First, the American labor force is having an unprecedented growth. Between 1960 and 1970, a total of about 26 million new young workers will enter the labor force, bringing about a 46 percent increase over the decade in the number of workers under 25 years of age. There will also be a sizable 20 percent increase in the number of older workers—men and women 45 years of age and over—between 1960 and 1970, though not much growth in the central age group. Altogether, we will have to provide for a labor force increase 50 percent greater than occurred during the previous decade.

The second major development we are experiencing is the great and accelerating increase in automation and other aspects of technological change. On the farm and in the factory, new machines and new methods are generating many

employment opportunities but also reducing manpower needs in a wide variety of fields and drastically changing the occupational picture. Automation can be expected to intensify the trend toward higher skill requirements in many jobs, toward more and more education and training for ever wider areas of employment, and toward employment in white-collar occupations and service-producing industries rather than blue-collar jobs and goods-producing industries. Members of this committee who saw my presentation here 2 years ago of the Department's chart series on Manpower—Challenge of the 1960's will recall that these were some of the general conclusions which emerged from that report. They have been reaffirmed and sharpened by the exploratory work done by the Office of Automation and Manpower in recent months.

While frankly facing these problems, we cannot lose sight of the basic importance to our country's defense and welfare of continued and even accelerated progress in automation and other technological developments. That the United States is in a scientific race with the Soviet Union needs no emphasis. In addition, we face growing economic and technological competition from many other countries. If we are to maintain our industrial leadership in a rapidly industrializing world, American industry will need to make imaginative and effective use of new techniques—the same means by which it has successfully met competition in the past. At the same time, we must take whatever steps are required to minimize and mitigate the adverse effects of automation in temporary displacement of workers or in long-term unemployment.

THE DEPARTMENT'S AUTOMATION AND MANPOWER PROGRAM—ITS FOUR PATHWAYS

To insure that, while reaping the benefits of automation, we take the steps necessary to prevent a disruptive and potentially dangerous period of transition will require the cooperation of many groups throughout the country. Called upon for leadership in this national effort, the Department of Labor needs a comprehensive program which the appropriation here requested would enable us to develop and carry out.

In thinking about this program, we have had the expert assistance of the Advisory Committee on Automation and Manpower set up by the Secretary of Labor last April. This Committee—composed of leaders from industry, labor, education, and Government agencies—has considered the Department's program plans at length. Our plans have also been discussed with officials of trade associations, companies, trade unions, scientific and technical professions, and others having an expert knowledge of the field. From these discussions in many parts of the country, as well as the deliberations of the Advisory Committee, a consensus has emerged. There has been general agreement that, in its automation and manpower program, the Department should follow four major pathways, which may be denoted those of information, communication, prevention, and amelioration.

The Office of Automation and Manpower will be responsible for planning the steps the Department should take along each of these four, frequently intersecting pathways, and in evaluating the progress made in this field by the Department and the country. Since several of our Bureaus will also be involved in the program, I should like to say a little about what the Department as a whole needs and plans to do in each of the four areas—after which I will describe the role we expect the new Office to play.

(1) Information about automation and its current and future effects on employment is the essential foundation on which action programs can be built. We need, first, to develop an early warning system about impending technological changes and their effects on employment and unemployment. A start in this direction is being made this year through the initiation, by the Bureau of Labor Statistics, of a new series of technological outlook reports. The first reports will cover the introduction of numerical control in machining—a development that will have widespread implications for the job picture and the training of workers in metalworking industries; and the use of electronic data processing—a development already substantially affecting the white-collar field. This series of studies needs to be continued and expanded, to cover additional technological innovations, such as the use of control instrumentation and also the various industries of the economy. In addition, there is need for a local advance notice system, for which the State employment service offices affiliated with the U.S. Employment Service will be a most appropriate channel. We propose to set up a system under which these offices will explore with employers scheduled technological changes and potential effects on workers, to aid the employers, unions,

employment offices, and other interested groups to plan the steps which should be taken to ease the changeover for everyone concerned.

To keep track of the effects of technological changes on occupational requirements, it is also necessary to have, at regular intervals, information on the numbers of workers of different types employed in each major industry. The Department has made a beginning in developing a system of statistics on employment by occupation: the Bureau of Labor Statistics now collects and publishes annually data for scientific, engineering, and technician occupations in industry. We need to extend this program to other important occupations.

Another highly significant kind of factfinding is actual case studies of automation or other major technological changes, directed to such questions as: How can labor and management work together when a changeover is in prospect? What can be done to set up on-the-job retraining before automation takes place? How do management practices, such as reassignments and using turnover to carry out reductions in force, work out?

An example of such a study is the one now being made by the Bureau of Labor Statistics of the changeover to electronic data processing in the Internal Revenue Service. With the cooperation of IRS we are making an intensive study of measures taken to avoid displacement and hardship to the thousands of employees affected. We believe that the IRS experience in planning the personnel changes necessary to avoid layoffs and help employees adjust to new jobs should be of wide interest in industry as well as government agencies. The experience on this study also illustrates the relationships we are working out between the Office of Automation and Manpower and the various bureaus of the Department. The need for this study was determined, and the initial discussions with IRS conducted, by the new Office. Then arrangements were made with BLS to conduct the study.

The Department's automation and manpower program needs to include a carefully planned series of additional automation case studies, covering a variety of industrial, technological, and employment situations. We also need to expand or continue many other kinds of research and factfinding activities, and to provide for careful planning and coordination and frequent reevaluation of all our studies, to insure that they make the needed contribution to understanding of the automation and manpower situation.

(2) Communication is the second of our major pathways. If information is to be of help in solving our technological and employment problem, it must be communicated in an understandable and imaginative way to the places and people where it will count.

To accomplish this, we must have a carefully planned and varied series of publications, covering different aspects of the problem and aimed at different audiences. But we must also go much farther than this. It is essential to take advantage of the many modern tools and channels of communication, and to prepare materials designed to impart the results of our factfinding activities through these means.

In addition, the Department should set up a clearinghouse of facts, plans, suggested action programs which bear on the problems of automation and technological development and their varied effects on workers. This will be a source from which all who are interested may find out what developments are on the horizon and what constructive steps have been and can be taken in this field.

The Department also plans to sponsor actual demonstration projects in local areas, showing, for example, what Employment Service activities can do for employers as well as workers in helping reduce the shock of technological displacement. The U.S. Employment Service has already initiated such demonstration projects in a few areas. We need to go much farther along this line to provide the needed stimulus to cooperative community action—to encourage employers and unions to work together, and with employment service offices and other community agencies, in planning for retraining, reassignment of workers, and other adjustments.

(3) With respect to the third pathway, prevention, let me say first, and emphatically, that this does not mean prevention of automation but rather prevention—or at least, the minimization—of the future displacement impact of automation and other phases of technology.

Much progress can be made toward such prevention, provided the country takes full advantage of the fact that nearly one-third of the people who will be in the labor force in 1970 are now in school. It is essential that boys and girls be as well informed as possible about the changing outlook and rising edu-

cational and training requirements in many fields of work. The country's basic source of such information is the occupational outlook program of the Bureau of Labor Statistics. The Occupational Outlook Handbook and related publications, designed specifically for use in vocational guidance, are used in thousands of high schools, colleges, public employment offices, and other counseling centers and reach vast numbers of young people and adults. We need to strengthen this program and make possible the preparation, in connection with it, of estimates of future manpower requirements in important occupations (building also on the planned extension of the occupational statistics program to which I have already referred). Such information would aid in informing young people as to which occupations are expanding and contracting. It would also enable educational institutions and training organizations to plan expansions in their programs in the light of expected employment needs and opportunities.

Another way in which the Department will help to prevent dislocation of workers is through the promotion of broad training programs in industry. The Bureau of Apprenticeship and Training works with management and labor to organize training and retraining programs . We encourage industry to establish programs that emphasize broad preparation, rather than narrow specialization, since the worker who has mastered every aspect of his trade finds it much easier to adjust to technological change than the narrow specialist.

The Department will also continue and intensify its efforts to encourage young people to stay in school and to awaken nationwide realization that we cannot afford to go on permitting 30 percent of our youngsters to drop out of high school before graduation. With a Nation of well-educated workers, displacements resulting from automation—as well as changing markets, international competition, and other factors—cause only temporary difficulties; workers with a good basic education can be readily retrained for jobs in other fields. We will use all our channels of communication to get these facts across. We will also go on working with all interested agencies and groups of citizens in improving the Nation's schools and keeping children in school as the best way to insure, over the long run, that automation continues to be a benefactor of people.

(4) Our fourth pathway, *amelioration*, means immediate assistance for the hundreds of thousands of workers who already are or soon will be affected by technological change. These workers, many of whom are among the long-term jobless, have to be helped in at least two ways—to maintain themselves during their period of joblessness and to begin to endow themselves with new skills to meet the changing job needs of the new technology. We have already made a beginning in retraining of workers in depressed areas under the Area Redevelopment Act (as I will describe in my testimony on this program). However, there is need for further expansion and improvement in training facilities and programs. We must also reassess parts of our system which make it difficult for unemployed workers to receive training (for example, the ineligibility of those in training to receive unemployment compensation under some State laws).

Strengthening of State employment service activities in the fields of placement, counseling, and testing of displaced workers has also been achieved during the past year, as a result of increased funds made available to the Bureau of Employment Security. But continued progress is needed in these activities, which make a major contribution to the vocational readjustment of technologically displaced people.

We will also continue the series of special cooperative efforts to assist employers and workers affected by automation, conducted by the Bureau of Employment Security on a pilot basis in a number of localities during the past 6 months. Illustrative of these pilot projects is one in St. Paul, Minn., where a large brewery is automating its bottling and shipping operations and expects to release over 200 workers. The company, the St. Paul employment office, and the union involved are working together on the problem, with the local office making job analyses and staffing patterns to establish the performance requirements of the new jobs and the transfer possibilities and training needs that may exist; interviewing, testing, and counselling the laid-off workers to discover their best occupational potentials and the training they may need; and also conducting an intensive job-finding program.

This is one example of the kinds of demonstration projects the Department plans to promote, not only to meet immediate local needs but also to inform other communities about possible ways of dealing with their own problems.

ROLE OF THE NEW OFFICE

As these examples illustrate, the Department has taken some steps down each of the four pathways in our automation and manpower program, and we have done much thinking about what the scope and content of that program should be. We are still very far, however, from having the comprehensive, vigorous, imaginative, and well-coordinated program which is needed. To develop such a program and marshal and coordinate the resources necessary to carry it out will require greatly intensified leadership from the Office of the Secretary of Labor. This will be exercised through the new Office of Automation and Manpower.

This Office will take the lead in designing a comprehensive research program for the Nation in the field of automation and manpower. It will also undertake a continuous evaluation of the progress achieved.

In carrying out the program, the Office will make full use of the expert and experienced staff and other resources of the various bureaus of the Department. In a number of instances an increase in funds is being requested for the bureaus, which will enable them to enlarge their contributions to the Department's total effort in the automation and manpower field. The Chief of each bureau will testify in detail as to the nature of and reasons for these requests. The role of the new Office in relation to bureau activities will be one of leadership in determining, in consultation with the bureaus, how they can and should contribute to the Department's total research program, of keeping track of progress made, and of suggesting needed changes in or additions to programs. Our experience on the Internal Revenue survey, which I have already briefly described, illustrates the kind of relationship we anticipate. The Office's own limited research activity will be directed toward better ways to fit together the innumerable factors of policy and practice which determine the Nation's manpower situation and which involve considerations not in the purview of any one bureau. The total effect will be to give the Department, for the first time, a coordinated and carefully planned program of research and action in the automation and manpower field.

In addition, we plan to utilize the special skills of research workers and organizations outside the Department, since we believe—and the advice of our consultants confirms this—that this will be the way to get the best results in some areas. For this reason, our budget request for the coming fiscal year includes a provision for contract funds. In addition, we hope and expect to enlist the voluntary participation of research and other groups throughout the country, so that the total result may be in a very real sense a great national effort of manpower research directed toward preventive and ameliorative action.

The new Office will be responsible, in addition, for leading a nationwide program of communication. Here again we will seek and expect to obtain a great deal of help and cooperation from both public and private groups, but the staff of the Office of Automation and Manpower will be the focal point in what should be a great communications effort. The goal will be to achieve constantly increasing national understanding—extending to industry and labor, educators and students, parents and other concerned citizens, as well as Government agencies—of such matters as the interrelationships between education, training, and employment; the advantages of flexibility and consequences of immobility; the national importance both of rapid technological progress and of successful adjustments to it; and what must be done to achieve such adjustments.

In view of the vastness and complexity of the interlocking problems with which we are dealing, it is obvious that it will take time to achieve major progress toward their solution. But such progress is possible. This is one of the most important findings of the hard look at the problem we have taken this year. We regard it as of highest importance to move ahead as rapidly as possible on the whole complex of problems in the automation and manpower field—so as to insure that our country realizes its full potential in both technology and manpower, and does this with the least possible price in unemployment and other costs to the workers involved and hence to our democracy.

COMMENTS IN COMMITTEE REPORT

Mr. WOLFBEIN. Mr. Chairman, you will remember that this committee in reporting on our current appropriation said the following right at the start in this report. It said:

For the last several years, the committee—

that is your committee—

has encouraged, especially the Department of Labor to institute a really effective program for the training of men and women for industrial jobs. This is especially important in areas where automation, migration of industry, and other economic factors have raised unemployment to high levels.

Then you went on to say that—

While such a program is needed to relieve unemployment, the relief of unemployment is far from being the only factor involved. We have situations where large numbers are unemployed and at the same time there is a large unfilled demand for other people, skilled in certain industral activities.

EMPLOYMENT AND UNEMPLOYMENT SITUATION

Now, this report that you folks submitted around spring of last year, I might say, has been proven by every month's employment and unemployment returns. As you know, we have been announcing, month after month, record job levels in this country, as I think the Secretary indicated and Mr. Clague indicated in his charts.

At the same time, we have had to turn around and announce relatively very high levels of unemployment this spring.

Mr. DENTON. Would you speak just a little louder, please?

Mr. WOLFBEIN. Just this past month, for example, we announced the December figures; we announced a record total in December in the number of people employed. The biggest December figure on wage and salary workers, and hours of work passed the 40-hour mark and earnings were relatively very high. But at the same time we had to report, as you folks remember, that the long-term unemployed, for example, were up over the year to one and a quarter million.

Mr. FOGARTY. Those who have exhausted their unemployment benefits are going up.

Mr. WOLFBEIN. Yes. It is this kind of situation where you have growing numbers of jobs, yet at the same time—I mean for the total country—yet at the same time growing numbers of long-term unemployed. It seems to us that this underscores what you said last year in your committee report; and emphasizes, incidentally, the great importance of trying to make the best possible match through the jobs which are becoming available and the people who can latch onto them. Training and retraining, we think, is one very important device to do this.

Now, when one looks at who are these long-term unemployed, it becomes very clear. The big common denominator that ties into it is their lack of skill. The unskilled worker makes up 5 percent of the labor force of this country today. He makes up something like 13.5 percent of the long-term unemployed. The semiskilled worker makes up about 17 percent of the labor force; he makes up 30 percent of the long-term unemployed.

This is not true of the professional person, clerical person, and so on, where they have much lower rates of long-term unemployment.

Mr. FOGARTY. Do you have similar figures related to education?

Mr. WOLFBEIN. I think maybe the best way of saying this is that the highest unemployment rate of all, so much higher that there is not even—they are not even in the same ball park—is among the young people who do not finish high school. Their unemployment rate has been averaging about 22 percent. These are young people.

Mr. FOGARTY. Do you have a chart similar to the one you showed us last year?

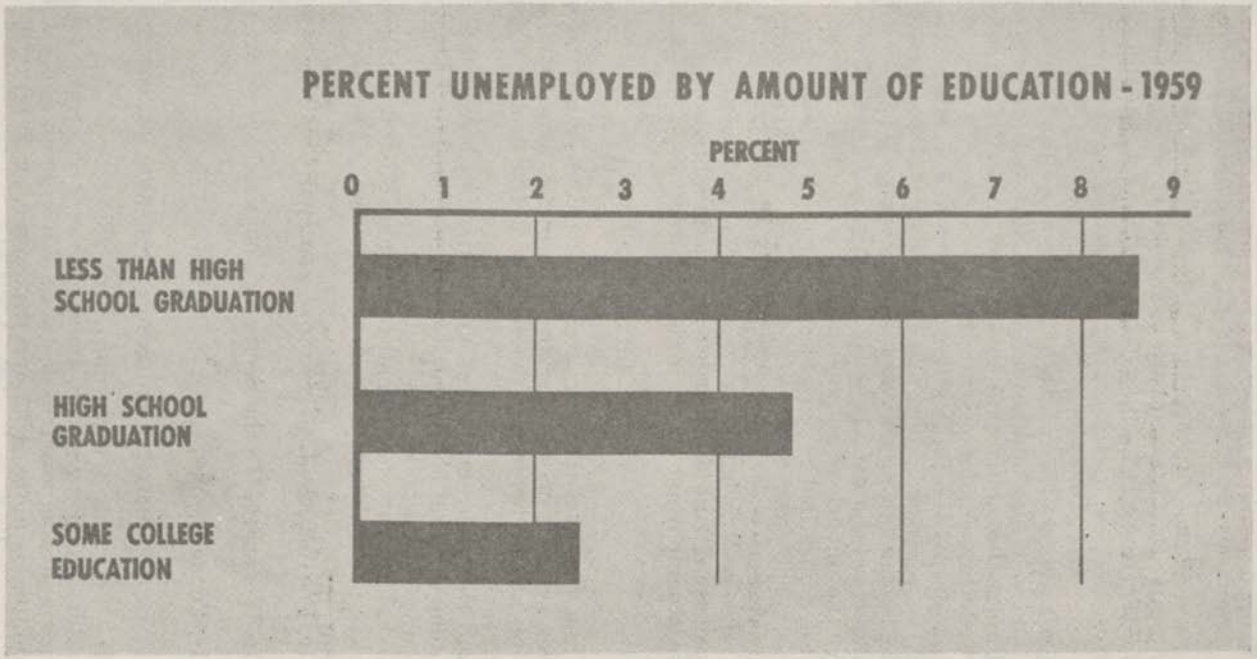
Mr. WOLFBEIN. Yes, sir. May we submit that?

Mr. FOGARTY. Yes.

(The chart referred to follows:)

The following chart, referred to by Congressman Fogarty and appearing on page 17, "Manpower—Challenge of the 1960's," shows the relationship between employment and education in 1959.

UNEMPLOYMENT IS MUCH HIGHER AMONG THOSE WITH THE LEAST EDUCATION



Comparable information for a later period is not available. However, preliminary results of a recent study show that in October 1961 nearly a half million youngsters in the 16- to 19-year age group who were in the labor force but not enrolled in school were unemployed. Their unemployment rate of 16.1 percent was more than three times that of the labor force 20 years of age and over. Many of these teenage unemployed are school dropouts who will probably never get additional education and can be expected to continue to have a higher rate of unemployment than their contemporaries who are continuing in school.

Mr. WOLFBEIN. You know, we are so concerned with an unemployment rate which has been hovering between 6 and 7 percent. Here is a group, a very large one, whose unemployment rate is about 22 percent. These are the folks who have not got the high school diploma and find it harder and harder all the time to latch onto these job opportunities becoming available. They all call for higher skill and more education and more training.

Now one of the things that apparently is cutting across this in a very, very overriding way is something that is again a very good trend, but something which causes problems. That is automation and technological change. It has been going on for some time; and again, under the impact of automation and technological change, the need for these unskilled people is becoming less and less—for better or for worse. That is the pattern that is going on and has been going on for many years.

And so really what we as a nation are experiencing, and as your committee report said last year, we are seeing a head-on collision between these two important things in this country:

INCREASED MANPOWER

First, the kind of manpower that is coming up—26 million new young workers in this decade—fabulously more than we ever had before, all in the face of accelerated automation and technological change.

And the program that we are submitting here under the heading "Automation and Manpower," which is related to the training aspect, of course, does it under this heading.

Now, last year your committee gave us $70,000 to take a hard look at this particular aspect of the problem. And the Secretary of Labor——

Mr. FOGARTY. Did we give it to you or did we give it to the Secretary?

Mr. WOLFBEIN. To the Secretary's office, which we are representing now.

Mr. FOGARTY. Yes.

COMMITTEE ON AUTOMATION AND MANPOWER

Mr. WOLFBEIN (continuing). To take a hard look at this. And Secretary Goldberg set up, under a general order, this Office of Automation and Manpower to do this. We were able to get an advisory committee on automation and manpower, made up of 23—I think it is fair to say, leading people in this field.

Mr. FOGARTY. Will you put their names and background in the record?

Mr. WOLFBEIN. Yes, sir.

Mr. FOGARTY. Not a biography, but who they represent or where they came from.

Mr. WOLFBEIN. Yes, sir. They include Mr. McMurrin, the Commissioner of Education; Alan T. Waterman, Director of the National Science Foundation; Mr. Astin, head of the National Bureau of Standards; some of our trade union people—Stanley H. Ruttenberg, Solomon Barkin, Otis Brubaker, Sylvia Gottlieb——

Mr. FOGARTY. Will you just submit it for the record?

Mr. WOLFBEIN. Yes, sir.

(The advisory committee list is as follows:)

ADVISORY COMMITTEE ON AUTOMATION AND MANPOWER

GOVERNMENT

Allen V. Astin, Director, National Bureau of Standards.
Sterling M. McMurrin, Commissioner, U.S. Office of Education.
Carlisle P. Runge, Assistant Secretary of Defense (Manpower).
Harold Sheppard, Deputy Assistant Administrator, Area Redevelopment Administration.
Alan T. Waterman, Director, National Science Foundation.

INDUSTRY

Roger Bolz, publisher, Automation magazine.
John Diebold, John Diebold & Associates, Inc.
John J. Grebe, director, Nuclear & Basic Research Department, Dow Chemical Co.
Emanuel R. Piore, research engineer, International Business Machines Corp.
John I. Snyder, Jr., chairman of the board and president, U.S. Industries, Inc.

LABOR

Solomon Barkin, research director, Textile Workers Union of America.
Otis Brubaker, research director, United Steel Workers of America.
Sylvia B. Gottlieb, research director, Communications Workers of America.
Joseph T. Kennedy, assistant to the president, United Mine Workers of America.
Stanley H. Ruttenberg, director of research, AFL–CIO.
Nat Weinberg, director of Special Projects Department, United Auto Workers.

EDUCATION AND INDUSTRIAL RELATIONS

Benjamin Aaron, director, Institute of Industrial Relations, University of California (Los Angeles).
Gordon S. Brown, head, Department of Engineering, Massachusetts Institute of Technology.
Walter Buckingham, director, School of Industrial Management, George Institute of Technology.
Robben Fleming, professor of law, University of Illinois.
Jean McKelvey, professor, New York State School of Industrial and Labor Relations, Cornell University.
Dael Wolfle, executive director, American Association for Advancement of Science.
J. R. Zacharias, professor of physics, Massachusetts Institute of Technology.

Mr. WOLFBEIN. Now, with the funds this committee made available and with the advice of this committee and many others, and in discussions with the various bureaus, we have come up with this particular program, Mr. Chairman, which we are submitting to you.

COMBINED ACTION ON AUTOMATION AND MANPOWER PROBLEMS

During this current fiscal year, we have begun this bringing together of the various bureaus. I am sure Mr. Clague has talked about his program. Mr. Goodwin and the others will talk about the individual bureaus. We were able, I am glad to say, to begin to bring the various bureau programs together, to fit into this general picture of making the best possible analysis of action in the field of automation and manpower. I think Mr. Clague may have mentioned to you the work they are doing for the Internal Revenue Service and what those folks are up to in their automatic data processing. This is representative of some of the studies that he is already carrying on.

As you will hear from Mr. Goodwin, the Bureau of Employment Security is beginning a program to get some advance notice on layoffs, and the Bureau of Apprenticeship and Training, as you will hear from Mr. Goshen, has also used some of its field personnel in critical areas where automation has been important.

Now, on the basis of this experience from the Advisory Committee and others, with the funds you gave us last year, and discussions with the Bureaus, this is the program that we would like to submit to you for the current fiscal year. Would you like me to go over it briefly?

Mr. FOGARTY. You are talking about 1962 or 1963?

Mr. WOLFBEIN. 1963.

Mr. FOGARTY. Well, what is being done in 1962 with this $70,000?

Mr. WOLFBEIN. With the $70,000, so far we have done, first, put a few people on our staff to bring together the work of the Department in this field to work with the BLS, BES, and BAT.

Mr. FOGARTY. All you have been doing this year is trying to get this program off the ground and coordinate the various departments affected?

Mr. WOLFBEIN. That is right. Plus one thing which I think is important to say: We have gone around to various places and talked to many, many groups asking their advice on what should we do and recommend to you for fiscal 1963. I will mention a few of them.

Mr. FOGARTY. All right, go ahead and tell us what you are asking for for 1963.

AUTOMATION AND MANPOWER RESEARCH

Mr. WOLFBEIN. Now, for fiscal 1963, very briefly, we are first requesting funds of $393,000 under the heading of Automation and Manpower Research.

I am on page AM–10. That would be activity I, Mr. Chairman, under Automation and Manpower Research.

Now, you will notice that this calls for about $393,000; $200,000 of this amount we are requesting for outside research, on which I will say just a few words. And the other $193,000 for our own work inside the Labor Department.

Now, on the outside here we have had experience, for example, in the school dropout surveys where we have found that some of the best materials we can get is by giving relatively small contracts to folks on the outside to do the work.

You may remember—it has been some time—but all this business with the dropouts really started when this Committee gave some funds a few years back to do the dropout surveys. And what we did was give a contract—you may remember—to the Providence school system—Mary Basso; and I think at Tempe State University of Arizonia and in Evansville College in Evansville, Ind. They did the work for us on that. Because they knew the situation best in the locality and in the regions and we got, as you know, terrific dividends on the story of the school dropouts.

Now, there are a number of——

Mr. FOGARTY. It is still a big problem.

Mr. WOLFBEIN. It is still a big problem; yes.

But at that time, Mr. Fogarty, as you recall, we could not point, with all the talk that had gone on, we could not point to evidence on the contrasting experience between those who did graduate and those who were dropouts.

Mr. FOGARTY. Yes.

Mr. WOLFBEIN. This was the first basic survey of its kind. And much of the material since then has come from that material.

Now, let me just mention a few items, then maybe you will have more questions on this one.

NEED FOR MORE INFORMATION ON AUTOMATED EQUIPMENT AND ITS IMPACT

As we began to explore with the funds you gave us for this fiscal year, we found things like this. We do not know in this country, Mr. Chairman, how many, and where this automated equipment is. A lot of people are talking about the computers, for example. At the present time, we do not know where these are and how many there are and what impact they are having on people.

We have made a number of case studies. I think we ought to make more on what happens when a computer is brought in or a new device is in.

When Secretary Goldberg and I went up to Canada recently, and went over their program, we found that they had gotten the information, how much of this stuff is there to begin with, and then they are keeping track.

We have been talking to John Diebold who is an expert in this, and we think we may begin to get in a systematic way, an organized way, maybe not across the board, but at least in some sectors: How much of this stuff is there around; how much is in view?

And when I look over——

Mr. FOGARTY. Do you promote any automation?

Mr. WOLFBEIN. So far, no. Well, apparently this is in the offing, more and more.

John Diebold, who happens to be an outstanding expert in this field and is a management consultant with many companies abroad, gave me a very brief report. I will not go over it in detail but people are now talking about first-generation computers and second-generation

computers. The first generation represents those which use vacuum tubes, the second generation are much more speedy—transistorized circuitry and so on.

The number of the second generation that are on order for the next 18 months—if this is anywhere near close to what is going to be—is going to have an enormous impact, and I would like to see if we can get some advance warning on this before it actually hits. Again we are not going to be able to do this across the board.

But in certain specific items, like computers, and numerical control machines, I think we ought to—well, it is high time we have got some of the basic facts in.

Now, how do you go about doing this? This is a very difficult thing. All sorts of different kinds of machines performing different kinds of jobs.

I would like to get an organization like Diebold's—I just mention him as an example—to lay out some of this. And if it is feasible, I think we would come back to you and say we ought to do it.

Now, I can go on. But let me stop there with a concrete example of what we would like to do.

EFFECT OF AUTOMATED EQUIPMENT ON EMPLOYMENT

Mr. FOGARTY. You and Mr. Clague talk about automatic computers. What other automatic machinery has a significant effect on throwing people out of jobs?

Mr. WOLFBEIN. Agriculture, of course, is perhaps the best example.

Mr. FOGARTY. I was thinking about industrial machines.

Mr. WOLFBEIN. Well, we have something called numerical control of machine tools, Mr. Fogarty, where you take a machine and you program that machine, which, in turn, tells the other machines what to do in sequence. And this is something we have to know more and more about.

Mr. Denton was mentioning the overall economic development plans that are coming in. And one of the things they tell us is: "Look, we may get a plant that will require so many people, but, you know, now we are not so sure." You can set up an aluminum plant somewhere and you would get a big surprise. Because sometimes you can walk down that plant and you hardly see any people. We do not know enough yet what are the manpower requirements when you really get a brandnew automated plant.

There is this whole business of information retrieval where you get bundles of information and package it in one place rather than have it all over the country.

I am sure you have read of the advances that are beginning to be made in medical diagnostic machines. And the lawyers are now talking about programing machines where, if you have a certain case, it will present you with all the precedents, without having law clerks going around looking up books.

Whether it is a factory like an aluminum plant or whether it is in a law office, or whether it is in the Internal Revenue Service, this is becoming more and more a major point.

I think it is really high time that we somehow set ourselves up, Mr. Chairman, in a systematic way to know what is going on.

Mr. FOGARTY. Go ahead.

Mr. WOLFBEIN. In activity No. 2—to go on quickly— you see an item of $347,000 under the heading of "Manpower Development Programs." And here a substantial amount of these funds, as you can tell from the detail, goes to the printing under "Things."

The main thing I would like to say here, Mr. Chairman, is that we have had one outstanding experience under our belts.

And I use this as an example to save time: You remember we came here a couple of years ago and made this presentation to you on "Manpower Challenge of the 1960's," and we are still doing it in many areas of the country. This represented taking the basic information that is available and putting it in such shape so that you communicate the story. And Miss Thomas will check me on this, but I think we have distributed something like a quarter of a million copies.

Miss THOMAS. Yes.

Mr. WOLFBEIN. Of that black book on "Manpower Challenge of the 1960's," and one-third of a million summaries and highlights of it.

We made innumerable presentations.

And while at least I am not, and I suspect you folks are not, completely satisfied that we have really gotten this thing across, we have gone a long way.

Now, I think what this proposal says is, "Let us take the whole field here of manpower, especially under the impact of automation, and start telling the story on the basis of all the information that is around."

We would like to get out a similar story on the skilled worker. There is a big demand.

We went to Kansas City several months ago, to the meeting of the American Vocational Association, and they have asked us to prepare such a document—like the "Manpower Challenge," but focusing on those occupations for which vocational training is important: What is the outlook there; who is being trained; what is going to be the impact of technological changes?

We would like to get out a document on: Where and what are the newly automated jobs like?

Again it was very surprising to me as we got into this field, Mr. Chairman, with funds you gave us for this fiscal year, to find that there is one big lack of knowledge—and every member of our advisory committee commented on this at the last meeting—we still cannot really portray in a meaningful way: What are the new jobs under automation like; what do they require? We want to know more about this and communicate it to the people who have to train and educate, whether it is for young people or for the adults.

And here are some concrete examples of what we hope to do with these funds. Now, just in the last few months, again with the funds that you gave us, we visited a number of States. Because, again, you see, a lot of this action has to take place at the State and local level. I am very happy to report that in the three States we visited so far—and again, as you can see, we are at the very beginning—each of the governments has agreed to cooperate with us; in fact, set up institutions similar to an Office of Automation and Manpower. Governor Hughes, for example, called me down a month or so ago to talk about this. And in his inaugural address he indicated that he was setting up a companion office to ours in New Jersey.

The Governor of Illinois has appointed a committee similar to this. The Governor of California has, also. And I am hoping that, again, as I say, we are at the very beginning, but I am hoping that we can expand and cooperate if we get these funds, with the various States, to get these kinds of programs going.

PROBLEM OF COMMUNICATING SOUND POLICIES

One of the most heartening things that happened after we prepared that black book, "Manpower Challenge of the 1960's," was a large number of States which did a similar job for their own States in the image of this black book. And it is along these lines that we like to move.

There is a big communication job to be done with the trade unions. I went out on the White House regional conferences, and was chairman of the panel on automation and manpower in various cities. It was really something to see, Mr. Fogarty, where the labor people would get up and, not in a single instance did they oppose automation and technological change. They agreed with us that: "Look, in this country you have to have it for our own domestic economy and for our international position."

And to say this out loud was, I think, a major development.

What they are saying, however—and I think we are right—is that "Let us have programs which help the people who are affected by it."

We would like to move on this front, Mr. Fogarty.

Mr. FOGARTY. Well, I do not quite follow you. I thought you said that one of the major areas of work, as far as you are concerned, is in communication with the labor leaders on this problem.

Mr. WOLFBEIN. Yes.

Mr. FOGARTY. Now, you say that they are in favor of automation?

Mr. WOLFBEIN. Let me give you a specific example, which, again, may save a lot of words.

We have, I think, done very well with our colleagues in the labor movement, the members of our advisory committee. They have turned out at our conferences, and I think they have repeatedly supported this basic philosophy.

Mr. FOGARTY. Oh, I misunderstood you. I thought you said they were way behind on that.

Mr. WOLFBEIN. I think the people that we have been in touch with at our levels do have, but there is an enormous educational job to be done among the membership.

Mr. FOGARTY. I see. It is from the top down.

Mr. WOLFBEIN. Yes. And, in fact, we have a project proposal from the National Institute of Labor Education exactly on that. Of course, we cannot help them now, but I would be hopeful, if we get these funds, to do this; which is another specific example, you see.

UNION TRAINING PROGRAMS

Now, Mr. Laird mentioned the great importance of stimulating training programs on the part of industry. I think we ought to do that, too. And as you know, there are very good examples of training programs by unions.

The ITU—International Typographical Union, International Brotherhood of Electrical Workers, the plumbers and pipefitters, have recognized this. They now give training to their own members to keep them up to date as technology changes. So we are taking off from a pretty good vantage point.

Mr. FOGARTY. Does that complete your statement?

Mr. WOLFBEIN. Yes.

INITIAL BUDGET REQUEST FOR AREA REDEVELOPMENT

Mr. FOGARTY. Did I ask you before, on area redevelopment, what you asked the Bureau of the Budget for? If I did not, supply it.

Mr. WOLFBEIN. Yes, sir.

Mr. FOGARTY. And give us a breakdown of what the cut was for and how necessary you thought it was.

Mr. WOLFBEIN. All right.

(The requested information follows:)

The cut by the Bureau of the Budget was entirely in the item for State Administration—to make the subsistence payments to persons taking training. The request was for $592,000; the Bureau of the Budget approved $481,000. Our request was based on State experience in the administration of related unemployment insurance programs and anticipated salary increases among States for 1963.

SUMMARY OF BUDGET

Mr. FOGARTY. Now, the requested appropriation for this new item is $900,000, and the budget shows nothing for 1962. Is not about $70,000 being spent on this out of the Secretary's 1962 appropriation?

Mr. WOLFBEIN. Yes, sir.

Mr. FOGARTY. Why was this not shown as a comparative transfer in the budget?

Mr. HUDSON. It was not large enough, Mr. Fogarty. The Bureau of the Budget said just to drop it out of the Secretary's office and pick it up in the new appropriation.

Mr. Fogarty. I am sure I have seen smaller amounts than that shown as comparative transfers.

Mr. HUDSON. This was to make a judgment as to whether there is a material amount of money involved or not. It shows as a reduction in the Secretary's office.

Mr. FOGARTY. It does?

AIM OF THE PROGRAM

Now, the justifications indicate this program is, as you said, aimed at centralizing and coordinating information we now have, doing research on unsolved problems, and being a central source of information for any one who has need for it. And you have given us some examples of research projects you might start.

I notice you have $200,000 budgeted for contractual research.

Mr. WOLFBEIN. Yes, sir.

Mr. FOGARTY. Is the example you gave concerning Mr. Diebold part of this?

Mr. WOLFBEIN. Yes, that would be one of the examples. I can go on and give you other examples of the kind of——

Mr. FOGARTY. Supply for the record two or three other examples.

Mr. WOLFBEIN. Yes, sir.

(The information requested follows:)

For outside contractual services, we have in mind some of the following examples:

(1) As stated, to obtain for the first time in our history, a status report or inventory of current and anticipated changes in major fields of automated equipment and their effects on jobs: computers, information retrieval, numerical control of machine tools, medical and law data processing and diagnosis and data telemetry.

(2) Install, for the first time, the bringing together of material on the very nature of automated jobs. What are they, how does one train for them, where are they, what skills do they require, what does it mean for the way we train people, and so forth?

(3) Contracts for selected studies of the impact of automation on State and local economies, the new jobs created, the unemployment caused, and so forth.

(4) Independent, outside evaluations of training programs carried on by various agencies, public and private: What makes for successful programs; what does not? What improvements can be suggested in training among persons displaced by automation? We in this country need to know much more about the kinds and extent of training being carried out.

NATIONAL MANPOWER RESEARCH IDENTIFICATION AND EXCHANGE CENTER

Mr. FOGARTY. Now describe for us what the National Manpower Research Identification and Exchange Center will be and how it will function.

Mr. WOLFBEIN. There were two services of this kind that we would like to set up. One would be—I guess better English would be a clearinghouse for information on research in the field of manpower, particularly as it relates to automation. We would like to set up in our Office a place where we know all the research that is going on in the field of automation and manpower, whether public or private research, is identified. There is an enormous amount going on. People working in this field should be able to know what others are doing; often it would help their work materially.

The other item is the "National Manpower Development Exchange." We would also like to set up through our Office, Mr. Fogarty, a clearinghouse of all the programs, action programs, that are going on in this country, which help to minimize the impact of automation on people.

May I cite a concrete example?

Mr. FOGARTY. Yes.

Mr. WOLFBEIN. You see, after you folks gave us the $70,000 and we set up the Office of Automation and Manpower, this got into the newspapers. Mr. Fogarty, I never kept count, but let me say that there were many, many, many visitations I got in my office from trade union people, from business people who said: "You are going to have an Office, and one of the planks in your program is that you are going to give information on what other people have done in minimizing and preventing the impact of automation; what have you got?" They came from many, many parts of the country.

Now, it was very interesting that people would also come in and say: "Maybe you would like to know what we have done." We had a visit from a representative of the International Brotherhood of Electrical Workers, who said they had just signed a contract with an organization known as International Good Music. This is an outfit which goes about automating radio stations. And when they finish automating a radio station, there are not many people left.

International Good Music and IBEW signed a contract where the corporation agreed that it would take 5 percent of the gross selling price of every piece of equipment that is sold and would put it into a fund to help in the training and retraining of people who are displaced. It is a very interesting contract. It might be the model for some other folks.

Now, we would be calling on our various bureaus and all other sources to have in our Office this kind of information, so when people write in or come to us, we can say: "Look, in a companion sort of situation, this is what has been done and this is how it has worked." Such information is not available today on any organized basis.

REQUEST TO THE BUREAU OF THE BUDGET

Mr. FOGARTY. What did you ask the Bureau of the Budget for?

Mr. WOLFBEIN. We asked the Bureau of the Budget for $1,750,000; we got $900,000.

Mr. FOGARTY. You got just about half what you asked for?

Mr. WOLFBEIN. Roughly half.

Mr. FOGARTY. I thought the Bureau of the Budget was part of this team that thought that automation was a real problem.

Mr. WOLFBEIN. Well, the Bureau of the Budget, I think, does consider this one of the overridingly important problems in——

Mr. FOGARTY. Do you still think so?

Mr. WOLFBEIN. Do I think what, sir?

Mr. FOGARTY. Do you still think that way, after this cut?

You do not have to answer that; I shall answer it for you. I do not think they do.

Mr. Denton.

AIM OF THE OFFICE OF AUTOMATION AND MANPOWER

Mr. DENTON. Well, I think something surely ought to be done about automation, but I am not really clear from your explanation just what you are doing. As I gathered, you are going to conduct a program of research. You are going to find where the computers are and the other—what shall I say, labor-saving devices or means of automation are. And then you are going to educate the public in this: what is being done in the way of automation. You are going to get the cooperation of the employer, the employee, and the States in combating any bad effects. But what else are you going to do?

Mr. WOLFBEIN. Mr. Denton, you have put our program beautifully. And I think these are very, very important aspects. If we can get, Congressman Denton, the items that you have summarized so well in our program, we would really be a long, long way advanced.

Now, there are other items, but I think you have summarized it for me.

Mr. DENTON. Well, what——

Mr. WOLFBEIN. I was going to make one additional remark.

Mr. DENTON. Go ahead.

Mr. WOLFBEIN. This has to be put together, Congressman Denton; the work of this Office also has the training and restraining programs, you see, in it, too. And I would like to add to your summary of what we are going to do that very important part of our program as well.

Mr. DENTON. You mean the training program?

Mr. WOLFBEIN. Yes.

Mr. DENTON. Now, do you have any other solution of this automation program other than training?

Mr. WOLFBEIN. I think that the solution to the unemployment problem, especially under the impact of automation, Congressman Denton, has to be done along two ways. First, we have to have enough economic growth. And many administration proposals are trying to achieve that.

Mr. DENTON. Off the record.

(Discussion off the record.)

Mr. FOGARTY. On the record. Put this on the record about the problem.

NEED FOR AN EXPANDING ECONOMY

Mr. WOLFBEIN. On the one hand, Congressman Denton, I think what we need are action programs to get the economy moving at a higher level than it is now, and you know some of the proposals that the President has submitted on this score. And I think they are very, very important, because then that is the perfect umbrella for the training and retraining programs that we have talked about.

What I think we need is almost a one-two punch with these programs to get the economy going to higher and higher levels, and then coming in with these programs of training and retraining so we get these people able to take these jobs.

Mr. DENTON. Of course, if you have a higher level activity in business, or if you have something new, like iceboxes came on at one time and then washing machines and automobiles—something new; to take up unemployment, I can see what you would do with that.

Well, that is all.

Mr. LAIRD. No questions.

Mr. FOGARTY. Do you have anything else you would like to say, Mr. Wolfbein?

Mr. WOLFBEIN. I think that is it, Mr. Fogarty.

Mr. FOGARTY. Are you sure you have made a good record now?

Mr. WOLFBEIN. I hope so; that will be up to you.

You know, Mr. Fogarty, I have made many presentations—I do not know that this will show through in my presentation, but this is actually the first time I have testified before the Appropriations Committee on a budget. And I appreciate the courtesy you members have shown.

Mr. FOGARTY. I think you have done a pretty good job.

Mr. WOLFBEIN. Thank you.

Mr. FOGARTY. Thank you very much.

BUREAU OF LABOR STANDARDS

WITNESSES

A. W. MOTLEY, DIRECTOR
GEORGE T. BROWN, DEPUTY DIRECTOR
BEATRICE McCONNELL, ASSISTANT DIRECTOR
ROBERT D. GIDEL, ASSISTANT DIRECTOR
FRANK W. KUEHL, CHIEF, DIVISION OF WELFARE AND PENSION REPORTS
ROBERT P. VAN ZANT, ADMINISTRATIVE OFFICER
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY
C. D. CARLSON, ADMINISTRATIVE OFFICER

Salaries and Expenses

Object classification

[In thousands of dollars]

		1961 actual	1962 estimate	1963 estimate
11	Personnel compensation:			
	Permanent positions	1,940	2,231	2,839
	Positions other than permanent	9	9	9
	Other personnel compensation	14	2	2
	Total personnel compensation	1,963	2,242	2,850
12	Personnel benefits	145	181	212
21	Travel and transportation of persons	89	192	283
22	Transportation of things	12	15	19
23	Rent, communications, and utilities	53	74	110
24	Printing and reproduction	89	159	204
25	Other services	30	10	10
	Services of other agencies	128	134	144
26	Supplies and materials	38	41	48
31	Equipment	50	44	46
	Total costs	2,597	3,092	3,926
	Change in selected resources	−63	−2	
	Total obligations	2,534	3,090	3,926

Personnel summary

	1961 actual	1962 estimate	1963 estimate
Total number of permanent positions	288	352	410
Full-time equivalent of other positions	2	2	2
Average number of all employees	286	341	399
Number of employees at end of year	288	345	400
Average GS grade	8.0	8.3	8.5
Average GS salary	$7,073	$7,109	$7,175

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
Operating costs:			
1. Improving State labor legislation	225	231	253
2. Improving conditions of migratory workers	75	71	111
3. Reducing industrial accidents	1,119	1,455	1,705
4. Protecting young workers and advancing their employment opportunities	120	276	800
5. Promoting employment of the physically handicapped	242	281	279
6. Registration and disclosure of welfare and pension plan data	575	563	563
7. Administration and management services	241	215	215
Total program costs	2,597	3,092	3,926
Change in selected resources [1]	−63	−2	
Total obligations	2,534	3,090	3,926
Financing:			
Advances and reimbursements from—			
Other accounts	−5		
Non-Federal sources (29 U.S.C. 9-9(a))	−7	−7	−7
Unobligated balance lapsing		175	
New obligational authority (appropriation)	2,522	3,258	3,919

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1960, $69,000; 1961, $6,000; 1962, $4,000; 1963, $4,000.

Mr. FOGARTY. It is nice to see you again, Mr. Motley.

Do you have a statement you want to read, or——

Mr. MOTLEY. Yes, I have a very short statement.

Mr. FOGARTY. Go right ahead.

Mr. MOTLEY. I would like to introduce Mr. George T. Brown, who is our Deputy Director of the Bureau of Labor Standards. I think you know him.

GENERAL STATEMENT

Mr. Chairman, we are requesting an appropriation of $3,919,000, which is an increase of $661,000 over our present appropriation of $3,358,000. The increase of $661,000 is for four of our programs.

PROTECTING YOUNG WORKERS

The first request is for $524,000 for the development of community programs to assist youth in their preparation for entry into the labor market, and further expansion of our program for the protection of young workers. This committee last year approved an increase of $104,800 to initiate material and to give leadership to communities in developing community programs. This action has been started, competent staff has been recruited, and the program will be introduced to the field very shortly; however, the terrific impact of the expanding problems relating to youth makes it essential that we come before this committee again and ask for a further increase in funds for this activity.

We believe that all the interest that can be developed in the various communities to coordinate their resources and facilities will help the communities to deal with their own problems and to take advantage

of various Federal programs that are presently being considered by Congress.

ACCIDENT PREVENTION

The second increase amounting to $75,000 is in our accident prevention program. The serious explosions and fires that have taken place in the maritime industry during the past year leads to our belief that competent technical personnel experienced in the chemical and radiation fields are necessary to strengthen our field organizations, and the national office in our accident prevention program.

WORKMEN'S COMPENSATION

The third request has to do with our division involved in improving State labor legislation and for the purpose of a study of the administration of State workmen's compensation laws. The last such study made by the U.S. Department of Labor was in 1951. It proved very useful to those interested in this very important legislative activity. In view of the expansion in our industrial economy and the changes that have been made in workmen's compensation programs in the past decade, it is extremely important for the Department of Labor to make such a study at the present time. The sum of $22,000 is requested in order to initiate this study.

MIGRATORY WORKERS

The fourth and last request has to do with improving the conditions of migratory workers. The statement issued by the President on January 17 addressed to the Secretary of Labor urging full support of the recommendations of the President's Committee on Migratory Labor, and continued congressional consideration of Federal legislation is just further evidence of the increasing tempo of interest in the problems of migratory labor. The work of this Bureau in aiding the States in improvement of conditions for domestic agricultural workers can be most significant in the administration's efforts to fully utilize domestic workers and thereby help in reducing the number of unemployed. In order to rally the full support of Governors' committees, church and civic organizations, and other groups, the Bureau is making the request for $40,000 to add three additional field representatives for this important work.

I covered the welfare and pension disclosure administration in my more complete statement, and as there is no request for additional funds contained in this budget, and amendments to this legislation will undoubtedly be considered again by Congress during this session, I am making no comments on this phase of our activities in this short statement.

That completes my statement, Mr. Congressman.

Mr. FOGARTY. We will place your prepared statement in the record at this point.

(The statement referred to follows:)

STATEMENT OF A. W. MOTLEY, DIRECTOR, BUREAU OF LABOR STANDARDS

Mr. Chairman and members of the committee, I am glad to appear before you again to talk about the work of the Bureau of Labor Standards. For all of our programs, such as improvement of State labor legislation and administration and the conditions of domestic migratory agricultural workers, safety activities, protection of young workers, and activities under the Welfare and Pension Plans Disclosure Act, the Bureau has an appropriation of $3,258,000. (This also includes $278,700 for the work of the President's Committee for the Handicapped.)

PROTECTING YOUNG WORKERS

For fiscal year 1963, we are requesting an increase of $661,000 for four of our programs. The first request is $524,000 for expansion and vitalization of our program for the protection of young workers and the development of programs to assist youth in their preparation for entry into the labor market. Everyone agrees that a continual flow of alert and well-prepared youth, ready and able to contribute their own fair share, is basic to the economy of any healthy, progressive nation. With drastic changes that are currently taking place in terms of new materials, methods and equipment, as well as rapid technological advances, our youth are no longer prepared to enter and compete in the labor market. In essence, these drastic changes are rapidly eliminating the number of unskilled jobs which you can use as a base point in starting their careers. Thus, more youth are competing for fewer jobs in fields for which they are less qualified.

It is estimated that some 26 million new young workers will enter the labor force during the 1960's, an increase of nearly 40 percent over the figure for the preceding 10-year period.

Of these youth 7.5 million, or nearly a third, will not complete a high school education, and 2.3 million will complete only the eighth grade or less. Of those that do complete high school, many millions will be dropouts in spirit; finishing high school without motivation or preparation for their place in the labor market.

This is a tremendous loss from the Nation's manpower resources. It is equal to the total manpower resources of many of the economically underdeveloped countries which are receiving financial assistance in the tens of hundreds of millions of dollars from our country. We realize that this is essential. For one thing, it is essential to the preservation of our international society. It is also essential to our democratic way of life. But, the development of our own youth is also a pressing and acute problem, for unless assistance is given today's young people in becoming gainfully employed workers rather than the nucleus of future hardcore unemployed, we shall no longer be able to show increasing gross national product in this world of increasingly keen economic competition and we will no longer be in a position to continue making this needed contribution to the forces of freedom throughout the world.

The serious implications of the problem of unemployment are not unknown to us. This problem to one degree or another has been with us for many years, but it is magnified by a dwindling market for the unskilled beginner. In October 1960, for example, almost one out of every five young people between the ages of 16 to 24 who had dropped out of school was unemployed and seeking a full-time job. The Bureau proposes to tackle this situation with energy, initiative, and the necessary staff to bring about a solution to the problem facing us.

Throughout the country numerous local programs have been developed to meet these youth problems. There is, however, a great need for continuation and expansion of these activities, as well as an urgency for services to help communities help themselves. The announcement of the establishment of the President's Advisory Committee on Youth Employment and the recent White House Conferences have served to focus national attention on the problems of our youth, and to increase the desire of many communities to initiate action programs to solve the problem in their own locale.

The Bureau of Labor Standards is currently working on a program for a community approach to the alleviation of this problem area. To do this, the Bureau will act as a catalyst to stimulate the coordination of the various National, State and local organizations that have already instigated many programs designed to meet one or more phases of the problems facing young workers. By insituting

a clearinghouse service, the Bureau will be able to provide communities with the know-how and the interest to help themselves to the highest degree possible.

To further contribute to community effectiveness, the Bureau will provide commmunities with promotional and educational materials, suggest annual programs in order to maintain year-round interest, and analyze and adapt successful programs of other communities to provide for incorporation in local area plans. This will be accomplished not only through its current national staff of competent advisers, researchers and writers, but through the efforts of a minimum staff of field consultants as well.

The Bureau also proposes to maintain close working relationships with some of the many national organizations interested in youth programs, by assisting them in the development of their programs, participating in their meetings and conferences on a working basis, and soliciting the active participation of their members on local committees. It is in this area of coordination of effort, as well as the transplanting of workable programs that the full effect of this minimum group of competent, knowledgeable field representatives will be left. It will be their guidance, leadership and motivational efforts that will marshal the millions of dollars of cash and volunteer service, both locally and nationally, into the carefully designed and integrated programs so essential to a massive, hard-hitting assault on this problem.

Another facet of our program is the maintenance of up-to-date child labor standards, as exemplified by our current work on revision of Child Labor Regulation No. 3, which is issued by the Secretary of Labor covering the employment of 14- and 15-year olds by employers subject to the Fair Labor Standards Act. This regulation should be a vital, living document, since there is a great and growing interest in the expansion of schoolwork programs for those 14- and 15-year old youngsters who are not academically inclined and not qualified for vocational courses. These programs require careful appraisal with respect to child-labor standards in order to prevent abuses and at the same time encourage their guidance, leadership and motivational efforts that will marshal the millions gram for the States which cooperate with the Department by issuing permits for youngsters seeking work in places or employment covered by the Fair Labor Standards Act.

REDUCING INDUSTRIAL ACCIDENTS

We are requesting an increase of $75,000 for this activity.

In our ship-repair regulations we adopted and to some extent strengthened a procedure for control of explosive and dangerous atmospheres which had been a nationally recognized standard procedure maintained on a voluntary support basis by the National Fire Protection Association, American Petroleum Institute, American Bureau of Shipping, Coast Guard, and other national authorities. However, after investigating the causes of eight explosions and fires during the past year which claimed 14 lives and caused 22 disabling injuries, we concluded that the procedure is outdated, incomplete and too narrow in scope and application.

In the course of drafting and discussing with the industry proposed amendments to overcome these weaknesses, it became evident that:

(1) Fires and explosions aboard ships can be reduced through more stringent application of present gas-freeing standards and such additional new regulations and procedures as we are preparing based on well-established facts;

(2) Much research and development must be done in the area of radiation, nonflammable toxic materials and other new hazardous atmospheric contaminants, particularly in developing practical field tests to determine on-the-job concentrations of these contaminants.

It is also recognized that while we have provisions in our maritime safety regulations covering controls of radiation exposures, we do not have technicians in the radiation safety field to make them fully effective or to cope adequately with the rapid increase in the use of radioactive materials. Similarly, the Secretary of Labor does not have adequate technical support for his participation in the Federal Radiation Council.

Therefore, we are requesting funds for an initial staff of technicians with experience in the chemical, radiation, and/or engineering fields to establish working liaison with National Fire Protection Association, American Bureau of Shipping, Atomic Energy Commission, American Petroleum Institute, Coast Guard, and others to provide leadership in developing new and upgrading old standards, regulations, and procedures to control this situation; to identify,

evaluate, and determine proper day-by-day, on-the-job control measures in the chemical, radiation, and toxic contaminant field; to develop procedures for maximum utilization of test instruments and equipment in identifying and evaluating chemical and toxic contaminant exposure to the job; and to provide qualified radiation know-how to back up Federal Radiation Council activities.

Regarding other Bureau safety activities, I should like to report first on our work under the 1958 amendments to the Longshoremen's and Harbor Workers' Compensation Act. We have just published our first annual report, covering calendar year 1960, and I am supplying several copies for your information.

During fiscal year 1961, we made 7,663 promotional and consultative visits in the maritime industry, 10,674 longshore inspections, and 4,066 ship repair ones. In the course of these inspections we found a total of 4,073 violations and made 2,163 recommendations on points not covered by the regulations.

Training activities included 605 sessions which reached a total of 12,481 persons. Our field staff also attended and participated in 675 safety meetings with a total attendance of 17,887. In some cases the meetings were portwide in nature with representatives of all the employers in attendance while the majority were company meetings attended by supervisory personnel.

While we believe that it is still too early to judge validly the effect of the program, we are pleased to report that the longshoring frequency rate declined from 133.3 percent for the first 6 months of 1960 to 102.1 for the same period in 1961. In ship repairing the rates for the same periods were 44.3 and 37.6.

A number of amendments to the safety and health regulations for longshoring went into effect on December 17, 1960. These were for the most part clarification of regulations already in effect, but provided for additional regulations for mechanical guarding to protect operators of mechanically powered equipment and for indicating the loaded weight of containers, a cargo-handling method that is becoming increasingly important in maritime transportation. The regulations on protection against carbon monoxide hazards of internal combustion engines in the holds of vessels were strengthened by specifically requiring periodic tests and records of such tests.

The Bureau was granted additional funds in the current fiscal year to handle the work in connection with certification of ships' cargo-handling gear. We have prepared standards for accrediting agencies to test, inspect, and certify cargo gears and will soon be issued. We have also developed procedures for checking on the performance of such agencies in complying with the standards. During the course of development of these standards, we worked closely with the Coast Guard to insure that the testing requirements would be consistent with those which they were developing for the first time to cover Coast Guard-inspected vessels. We also found that our proposals were being incorporated in the forms and procedures followed by the certificating agencies currently approved by national authorities.

We have made careful investigations of apparent cases of poor inspection and testing on foreign vessels and, where justified, have brought these to the attention of the appropriate certificating agencies. We have also developed a form which the ships' officers can use to list the status of their gear certification papers. This saves the stevedore the difficulty and time-consuming task of checking all documents. When one of our field staff inspects a ship's certificates, he now also stamps them approved to save time at future ports of call and to prevent unnecessary handling and review of ships' papers.

Our inspections of certificates on pilot surveys have indicated a total of 184 vessels on which deficiencies of some degree were noted during a 12-month period from September 17, 1960, when the regulations went into effect. Of these, 101 were delayed to some extent in order to come into compliance. An indication of improvement in the condition of gear and the certification therein is the fact that, while 144 of the inspected vessels had deficiencies in the first 6 months of the period, only 40 of those inspected were found to be deficient in the second 6 months.

We have also made analyses of the certificating requirements of 28 foreign governments and agencies approved by one or more countries. (Eleven nations do not have regulations on the subject.) Nineteen U.S. companies have received interim approval to do testing and certificating. Their work to date has mainly involved vessels certificated under foreign regulations or U.S. non-Coast Guard inspected derrick barges.

It has been impossible to check more than a very few of the testing operations to date, but the additional staff which has and is being recruited will enable the Bureau to maintain desirable high standards, which will have an effect

in both the United States and other countries, through proper surveillance of testing and certificating done in this country on foreign vessels and vessels outside Coast Guard jurisdiction and of the condition of gear in use on such vessels. At the same time, we shall be able to provide the additional inspection, consultative and training service necessary to accomplish the desired marked reductions in injury frequency rates on the waterfront.

In other fields of safety, during 1961 the Bureau completed four code comparison charts, comparing the provisions of State codes for ladders (construction), mechanical power-transmission apparatus, sanitation, and floor and wall openings with comparable provisions of the American Standards Association; six additional ones are planned for 1962 and 1963.

In the field of State and training activities, the Bureau conducted 32 courses for 827 State safety inspectors in 15 States; 7 courses for 266 State employees in conjunction with a State employee safety program in Arizona; 13 courses for 457 public employees and private industry personnel in 6 States; 1 apprentice safety course for 15 students in 1 State; 7 courses for 191 representatives of construction firms in 6 States; 5 courses for 142 supervisors of the Office of the Architect of the Capitol; 2 courses for 54 persons engaged in civil defense in 2 States.

During 1961, the bureau also established and administered the first AFL–CIO training institute. This institute had a genuine impact on the trade union movement, since more than 40 internationals sent their representatives, and attracted national attention. We confidently expect that participation in the second institute, to begin this April, will be even higher.

The 1962 President's Conference on Occupational Safety will be held in Washington March 6–8, 1962. Under the conference theme, "Safeguarding Human Worth", the program will examine the impact upon the Nation's safety needs of both the present world situation and our rapidly changing technology; and, specifically, how to apply our safety know-how to nonmanufacturing industries, where more than 80 percent of today's work injuries occur. Among the speakers will be Al E. Brown, vice president of the United Paper Makers and Paper Workers; Leslie Worthington, president, United States Steel Corp.; Eugene McNeely, president, American Telephone & Telegraph Co.; the Secretary of Agriculture, and the Secretary of Defense.

IMPROVING STATE LABOR LEGISLATION

We are requesting an increase of $22,000 for this activity. The emerging and challenging problems confronting the State agencies responsible for administering labor laws and programs, due to modern advances in technology, increases in and high mobility of our labor force, automation and decentralization of industry, and the shifting of States from an agricultural emphasis to industrialization, have accounted for the increasing demands for the Bureau's technical services and assistance to the States in developing improved labor laws and more effective administration.

Workmen's compensation

There has been recently a significant increase in the public concern for improvement in the administration of workmen's compensation laws and demand for Bureau services has been as much in the field of administration as in the development and promotion of improved standards. In 1959, at the hearings before the Subcommittee on Research and Development of the Joint Congressional Committee on Atomic Energy, it was recognized that the rapid increase in the use of atomic energy made it essential that the workmen's compensation laws in effect in all jurisdictions be reviewed and amended as required to provide full protection to workers injured through exposure to ionizing radiation, and as much importance was given to administration as to the standards of the laws. The States continually review and amend their workmen's compensation laws, but very little is done about improving the administration of these acts.

The impact and ramifications of the workmen's compensation programs will become increasingly more extensive with the modern advances in technology, high speed equipment, population growth, decentralization of industry, the shifting of States from an agricultural emphasis to industrialization, increases in the labor force, changes in composition and the high mobility of the labor force. It has been estimated that the increase in number of workers during the 1960's will be by far the largest for any 10-year period in the Nation's history—50 percent greater than during the 1950's.

The new and challenging problems, which will confront the State agencies responsible for administering workmen's compensation laws in this period, will create greater demands for the Bureau's services to promote and develop improved methods and procedures that will make for better and more effective administration. Failure of the States to act, and act constructively, to meet these challenges will spur demands for Federal action.

The Bureau has available a very small technical staff providing technical assistance to the States in the field of workmen's compensation, and additional staff is urgently needed to give greater attention to this problem of administration. The Bureau proposes, therefore, to initiate a survey and study of important areas relating to the administration of State workmen's compensation laws. Numerous requests for the preparation of such a study of workmen's compensation administration have been received by the Bureau. Although, in recent years, isolated studies have been made on this subject for a few individual States, there has been no effort directed to the preparation of an overall, comparative study which could be utilized by all State agencies in their efforts to simplify and improve their administrative procedures. Moreover, the study would foster the welfare of the wage earner and aid employers by making for more efficient and economical administration of the varied individual State programs, thereby effecting a reduction in operating costs.

One step in this project of improving administration has already been taken by the Bureau through a study of medical care, which will be completed shortly. Other problem areas concerning administration will be taken up by the Bureau as promptly as possible. With the additional funds requested the Bureau will undertake in fiscal 1963 a careful reevaluation of the recommended standards of the IAIABC that have been developed for the guidance of State legislators and workmen's compensation administrators: Specifically, it will study methods of handling controverted cases, including hearing procedures, appeals, court reviews and methods of eliminating excessive litigation and needless delays in the awarding of benefits. In addition, the Bureau will to the extent possible explore the problem of coordination of workmen's compensation benefits with social security and other fringe benefits, which is becoming an increasingly urgent problem.

IMPROVING CONDITIONS OF MIGRATORY WORKERS

We are requesting an increase of $40,000 for this activity. There is greater appreciation and understanding throughout the country of the urgent need to cope effectively with the problems of migratory agricultural workers and their families as evidenced by the increased legislative activity on the State and Federal levels during fiscal 1961 and 1962. In fiscal 1963, it is anticipated that there will be intensified efforts to enact the necessary legislation to effectuate long-needed improvements in the working and living conditions for migratory agricultural workers and their families.

The leadership for the promotion and stimulation of public interest in these programs is related, in large part, to the work of the Bureau which has the primary responsibility in the Department of providing advisory and technical services to the States in the development and promotion of improved standards and voluntary service programs in the field of labor legislation and administration. In addition, the Bureau serves as a clearinghouse for information in the field of migratory labor. It is anticipated that by the end of fiscal 1962 there will be 3 additional State migratory labor committees, bringing the total number of such committees to 33. In addition to providing technical assistance to these committees, staff consultants participate in meetings and conferences in all parts of the country, but the limitations of staff, allowances for travel funds, and of time have precluded a more active and positive role by members of the field staff. The speed with which requests for technical assistance can be filled will depend on the number of consultants and technical staff available. Such requests are coming not only from Governors' committees on migratory labor, but also from State officials, legislative committees and councils, church groups, and other groups and individuals directly concerned with the problems of migratory labor.

While we enjoy unprecedented growth and prosperity in our national economy, the migratory agricultural workers have largely been bypassed. They are at the bottom of the economic ladder and the need for legislative action to provide for better housing, wages, employment opportunities, education, health and welfare services, and safe transportation for these workers can

no longer be ignored. Real progress to attain this objective can be materially aided by the exercise of effective leadership by the Federal Government. To this end, a comprehensive approach is necessary and an increase of three professional and one clerical persons, devoting their full time to this program, is requested for fiscal 1963 to enable the Bureau to more adequately respond to requests for assistance. In 1961, the Bureau continued its efforts to improve the living and working conditions of migratory agricultural workers and their families. Bureau personnel provided assistance to the Senate Subcommittee on Migratory Labor and Public Welfare in the forms of technical information and consultation in connection with legislative measures to provide decent housing, education and health services, child labor protection, registration of crew leaders, and greater employment opportunities. The Bureau continued to work with the States in laying the ground for additional State migratory labor committees. Thirty States now have such committees; two were established in 1961, in Connecticut and Oklahoma.

Of the 30 States, 24 were given advisory and consultative services on migratory labor programs by the Bureau field staff. Consultation on migratory labor problems and programs were held in nine other States which do not have committees. Conferences were held with Governors and their administrative assistants, and with State labor commissioners, representatives of State agencies, labor organizations, employer, civic, and religious groups and others directly concerned with the problems of migratory labor. Bureau personnel participated as resource persons at the national study conference in Washington on the "Church and Migratory Farm Labor," sponsored by the National Council of Churches. A Bureau consultant gave technical assistance to the Subcommittee on Migratory Labor of the Oklahoma Committee on Agriculture. Other services provided by the field consultants included technical assistance at the Conference on Families Who Follow the Crops, in San Jose, Calif.; consultant to the California State Migrant Committee of the Council of Churches and to the special United Presbyterian Study Committee on Labor-Management Relations in Agriculture; participation in a training course for migrant ministery personnel at the National Council of Churches held at State Teachers College, Elizabeth City, N.C.; organization of a 2-day survey of labor camps by State and county officials in the boot heel of southeast Missouri; and the planning with the Kansas Boards of Health and Public Welfare, organization of an investigation of the conditions of migrant workers in that State.

The Bureau continued to carry an active role in the work of the President's Committee on Migratory Labor, with consultants serving on various subcommittees, and as members of the Committee's working group, including an ad hoc committee, Guide to the Responsibilities of Workers Living in Camps. The Bureau is also represented on a subcommittee on Families and Children of Agricultural Migrants of the Interdepartmental Committee on Children and Youth.

Bureau staff has cooperated actively with the Bishops' Committee for Migrant Workers and is a member of the National Committee on Migrant Work of the National Council of Churches.

During 1962, the Bureau will continue its activities to improve State labor legislation and the working and living conditions of migratory workers at about the same level as in 1961. Thus far, the Bureau has completed 37 technical services for 26 State agencies covering a wide variety of problems in the broad field of labor legislation and administration. In addition, 40 technical reports and services were completed, and approximately 325 additional technical services were given to management and labor representatives, and other interested groups and individuals, including 18 different Federal agencies and bureaus. In addition, 27 States have received personal consultation with respect to such problems as cooperation in programs for youth, child labor, and labor legislation and administration. Plans have been completed for four regional conferences with State labor commissioners in 1962, and for the issuance and revision of major bulletins including, "Migrant Agricultural Workers' Housing-Labor Camp Standards"; "Workmen's Compensation and the Physically Handicapped Workers"; and "Programs of National Organizations for Migratory Farm Workers and Their Families."

REGISTRATION AND DISCLOSURE OF WELFARE AND PENSION PLAN DATA

The Welfare and Pension Plans Disclosure Act has now been in effect for 3 years. Almost 160,000 welfare and pension plans are now on file with the Bureau and available for public examination. Also, and in accordance with the law, the Bureau has received for filing in excess of 50,000 corrections or amendments to plans previously filed. There are now on file 112,000 annual reports covering 1960 operations, which accounts for approximately 120,000 plans.

During 1961, the Bureau received a great many requests for information and advice on what the act calls for and how the reports should be filed. Almost 8,500 letters, phone calls, and personal inquiries were received in calendar year 1961 and it is anticipated that these requests will continue. More than 1,100 persons or organizations examined in excess of 30,000 reports, and this phase of the work is increasing.

Also, the Department has stepped up its efforts to utilize the legal remedies provided in the present law to obtain compliance through additional referrals to the Department of Justice of cases involving failure to file reports, or failure to file properly. As a part of our advisory activity, the Bureau conducted a "clinic" in Cleveland, Ohio, in November 1961 to give persons in that area the opportunity to meet with representative of the staff and take up questions arising out of the law.

Mr. FOGARTY. Thank you, Mr. Motley.

THE 1963 BUDGET

Your appropriation for 1962 was $3,258,000, and the request for 1963 is $3,919,000, which is an increase of $661,000 and 58 positions. Will you supply for the record a complete breakdown of those positions?

Mr. MOTLEY. We will, sir.

(The requested information follows:)

Comparison of request to and approval by the Bureau of the Budget

	Requested		Approved	
	Position	Amount	Position	Amount
Activity 1. Improving State labor legislation	27	$250,100	2	$22,000
Activity 2. Improving conditions of migratory workers	4	40,000	4	40,000
Activity 3. Reducing industrial accidents	17	250,000	7	75,000
Activity 4. Protecting young workers and advancing their employment opportunities	45	524,600	45	524,000
Activity 5. Promoting employment of physically handicapped [1]	3	21,300	----------	----------
Total	96	1,086,000	58	661,000

[1] Not adminstered by the Bureau of Labor Standards.

Summary of new positions

Division of State Services:	
1 GS–12, workmen's compensation specialist	$8,965
1 GS–12, labor economist	8,965
2 GS–11, labor economist	15,142
2 GS–5, secretary	8,694
Total (6)	41,766
Division of Safety:	
1 GS–14, safety engineer	12,230
1 GS–13, safety engineer	10,650
1 GS–12, safety engineer	8,965
2 GS–11, safety engineer	15,142
2 GS–5, secretary	8,694
Total (7)	55,681
Division of Youth Employment Standards and Services:	
2 GS–14, youth employment specialist	24,460
11 GS–13, field representative	117,150
3 GS–13, youth employment specialist	31,950
1 GS–13, research specialist	10,650
3 GS–12, field representative	26,895
1 GS–12, research specialist	8,965
2 GS–12, youth employment specialist	17,930
1 GS–11, youth employment specialist	7,571
2 GS–9, youth employment specialist	12,896
2 GS–7, youth employment specialist	10,732
13 GS–5, secretary	56,511
4 GS–4, stenographer	16,224
Total (45)	341,934

MARITIME SAFETY

Mr. FOGARTY. Now, last year you received an increase for 1962 over 1961 of about $500,000 for maritime safety work. How is that program developing?

Mr. MOTLEY. This program is developing very well, Mr. Congressman. The item that whe had before us last year was a program for checking on cargo gear on various ships, particularly the foreign ships. This program has been put underway. Most of the men have been recruited and most of them trained.

We put into effect an interim cargo gear certification procedure, and we have in the final stages a final program for cargo gear certification which will go in the Federal Register within the next few weeks.

Because of ineffective cargo gear, we found it necessary to delay a total of 188 foreign ships in the past 12 months; 104 were in the first 6-month period, and some of the cargo gear was in such shape that it was necessary to use shore cranes in order to safely load and unload these cargo ships.

In other cases, it was necessary for new cargo gear to be installed or replacements made, which in some cases caused some delay.

I think as a result of this—I know, as a result of this, that the foreign-flag ships are making a much greater effort to bring their cargo gear into a satisfactory and safe condition. I think the whole program has been extremely worthwhile.

Mr. FOGARTY. Have you run into any special problems, in addition to what you told us about last year?

Mr. MOTLEY. In the field of safety?

Mr. FOGARTY. Yes.

Mr. MOTLEY. I would like, Mr. Congressman, if I may, to have Mr. Gidel show you two charts on the progress we are making in reducing accidents in the maritime safety program, since this legislation went into effect, since last year.

Mr. FOGARTY. All right, go ahead.

Mr. MOTLEY. I think it will be very interesting to you and the members of the committee.

Mr. GIDEL. I have this chart to put up here.

These are comparative injury rates for the various areas of the country that we have established for our various programs. This is a report for the ship-repairing activities.

You can see, so far this year, we have reports for 9 months of the calendar year, and we are comparing that with the 9 months of 1960 to show that 1960, which was the first year we actually had data on injuries, the rate for ship repair was 41.6; for the first 9 months in 1961, it was 39.1.

And you can see by comparative areas, the Pacific area has been reduced from 70.2 to 56.9: North Atlantic area from 38.5 to 32.7. The gulf area has been reduced from 36.4 to 29.4.

We are investigating this at the present time. It had a slightly lower rate than the national average last year. And there has been some increased activity in some of the small yards, which may have had something to do with it.

The Great Lakes area has also reduced from 32.9 to 28. It is very difficult to say just exactly what the reasons are. We have been investigating these.

The South Atlantic area, of course, has a number of large yards which had good safety programs, and they did not do so well this year. We are trying to find out what we can do to keep this trend down.

What is encouraging, however, is when you consider the whole national picture, there has been a reduction.

And we do expect there will be fluctuations from time to time in the various areas.

Any questions on this?

Now, this is the stevedoring activities.

You can see the national average has been reduced, the 9 months of 1961 compared with 1960, from 135.5 to 120.6.

REASON FOR HIGH ACCIDENT RATE ON GULF COAST

Now, the gulf area, which had the highest rate last year, basically built on the problems in the Galveston-Houston area, which had a frequency rate of some 400 when we first started collecting data there; we had initiated a number of programs of training and trying to get the committees working, committees of labor, committees of management and joint committees in these ports.

Mr. FOGARTY. You must have some idea why it is so high compared to the rest of the country.

Mr. GIDEL. In Galveston and Houston, they have an unusual provision in their contract for loading of cotton where they are on a piecework basis, rather than on an hourly basis. And when they load cotton, all——

Mr. FOGARTY. Do they use any braceros to load cotton down there?

Mr. MOTLEY. No.

Mr. GIDEL. But it is a unique provision in all the ports, which does contribute to the picture.

We also do have the problem of many casual workers in that area who are not full-time members of the union, do not work constantly for individual stevedores.

WORKMEN'S COMPENSATION RATES

Mr. FOGARTY. Are the compensation rates higher down there?

Mr. GIDEL. The compensation rates are very high; in fact, they run over $20 per $100 of payroll in the State of Texas. It is the highest rate in the country, I believe.

Mr. DENTON. Do you mean for every $100 a month, they pay $20 a month for it?

Mr. MOTLEY. For every $100 of payroll it is $20 for workmen's compensation. In fact, it is over $20.

Mr. GIDEL. That is right.

Mr. MOTLEY. One-fifth of their payroll costs is workmen's compensation.

Mr. GIDEL. Well, it is a similar rate in the port of New York, too, of course.

Mr. FOGARTY. Is it? Is the port of New York considered to be in the North Atlantic area?

Mr. GIDEL. The port of New York is in the North Atlantic area.

Mr. FOGARTY. That is just about half the rate?

Mr. GIDEL. Yes. Now, you see, sometimes the severity of injuries can help determine the cost factor, which would be reflected in the compensation rate. We do feel that there is——

Mr. FOGARTY. They may have more liberal compensation laws than they have down in Texas, I would assume.

Mr. MOTLEY. No; these are Federal rates, Federal workmen's compensation, under the Longshoremen's Act.

Mr. GIDEL. We do have a situation on the west coast where there has been a slight increase from 103.3 to 119.9; but they initiated a brand-new labor contract on the west coast which has affected somewhat work methods, and there is not clarity yet among all of the ports on just what the terms of the contract are and will be, and we are looking into that area, too, to see if, with our expanded training programs and getting more safety actually in the union hall and with companies, that we can keep on top of that situation. But we are encouraged that the overall rate has shown this reduction.

Mr. FOGARTY. The overall rate is going down?

Mr. GIDEL. That is right—135.5 to 120.6.

Mr. MOTLEY. I would like to, with your permission, Mr. Congressman, include in your record this year the same kind of reports that were in the record last year, so there can be a comparison between the 2 years.

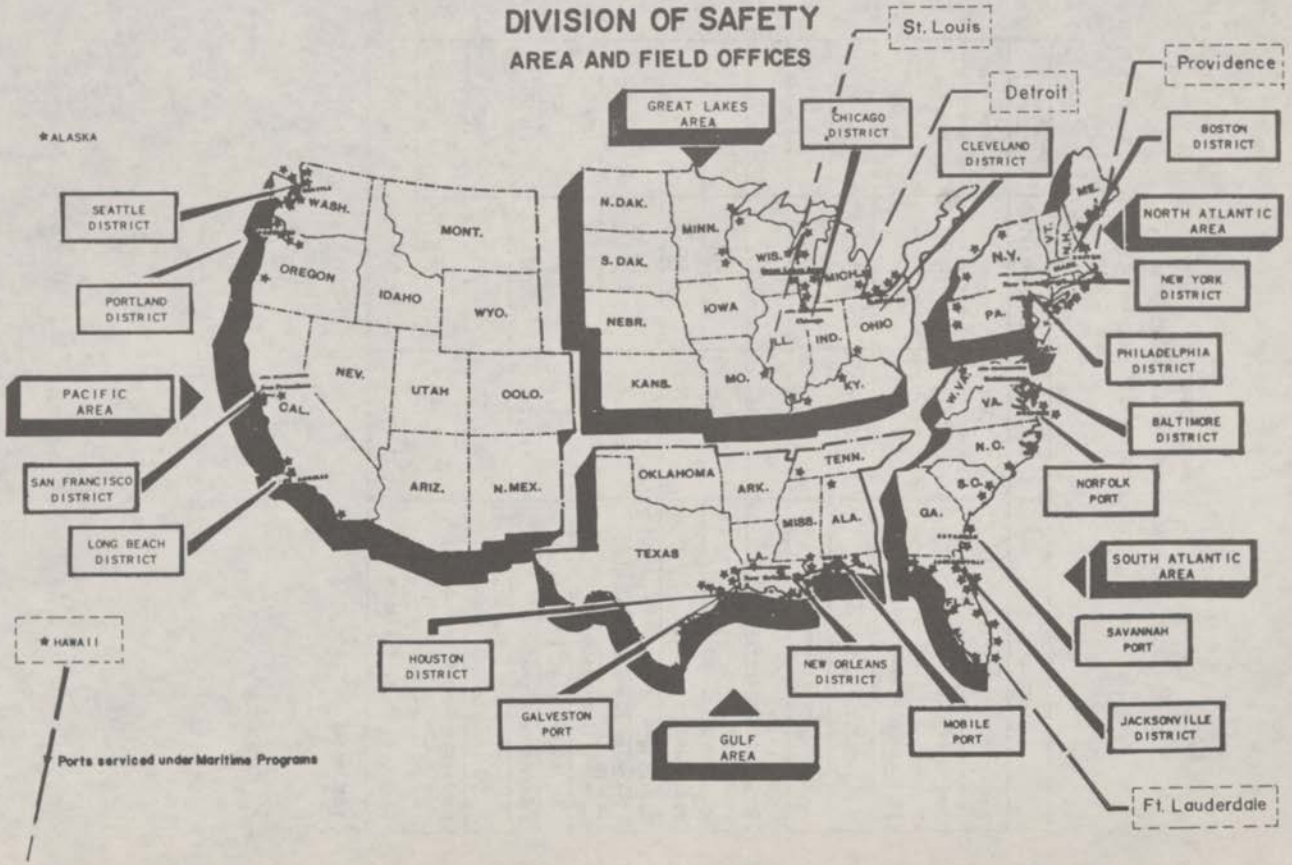
Mr. FOGARTY. Yes, we will put that in the record.

And can you project that out into dollar cost?

Mr. GIDEL. Well, we have some total cost figures from BEC for 1959 and 1960; we have not gotten the full figure for 1961 yet; but we can furnish those to you.

Mr. FOGARTY. All right; furnish them for the record, please.

(The information requested follows:)


DIVISION OF SAFETY
AREA AND FIELD OFFICES
St. Louis
Providence
Detroit
GREAT LAKES AREA
CHICAGO DISTRICT
CLEVELAND DISTRICT
BOSTON DISTRICT
ALASKA
SEATTLE DISTRICT
NORTH ATLANTIC AREA
PORTLAND DISTRICT
NEW YORK DISTRICT
PACIFIC AREA
PHILADELPHIA DISTRICT
SAN FRANCISCO DISTRICT
BALTIMORE DISTRICT
LONG BEACH DISTRICT
NORFOLK PORT
SOUTH ATLANTIC AREA
HAWAII
SAVANNAH PORT
HOUSTON DISTRICT
NEW ORLEANS DISTRICT
JACKSONVILLE DISTRICT
GALVESTON PORT
MOBILE PORT
GULF AREA
Ft. Lauderdale
Ports serviced under Maritime Programs
WASH.
OREGON
CAL.
IDAHO
NEV.
MONT.
WYO.
UTAH
COLO.
ARIZ.
N.MEX.
N.DAK.
S.DAK.
NEBR.
KANS.
MINN.
IOWA
MO.
WIS.
ILL.
MICH.
IND.
OHIO
KY.
N.Y.
PA.
W.VA.
VA.
N.C.
S.C.
GA.
TENN.
MISS.
ALA.
ARK.
OKLAHOMA
TEXAS
LA.
ME.
VT.
N.H.
MASS.

DIVISION OF SAFETY

WORK LOAD STATISTICS - MARITIME PROGRAM

FISCAL YEAR 1961

FUNCTIONS	LONGSHORING	SHIP REPAIRING	NATIONAL TOTALS
Number of Ship Arrivals*	177,000	---	---
Number of Ship Repair Jobs*	---	58,000	---
Inspection Volume (100%)	177,000	58,000	235,000
Number of Ships Inspected	10,674	4,066	14,740
Inspection Performance	6.03%	6.91%	6.27%
Violations: Number of Employers Cited	2,163	1,910	4,073
Contacts: Promotional-Consultative	4,857	2,806	7,663
Recommendations Made	1,330	833	2,163
Training & Educational Activity			
Training Sessions Presented	438	167	605
Number in Attendance	10,148	2,333	12,481
Safety Meetings (Participation)	474	201	675
Number in Attendance	13,360	4,527	17,887
Safety, Technical & Educational Publications Distributed	23,310	17,279	40,589
Employers Reporting Under the Act	1,065	607	1,672
Employees Under the Act*	106,000	68,700	174,700

*Estimated

DIVISION OF SAFETY

SAFETY AND HEALTH ADMINISTRATION
PUBLIC LAW 85-742

SUMMARY OF 1960 ACTIVITIES AND RELATED DATA

	FUNCTION		PROGRAMS		
			LONGSHORING	SHIP REPAIRING	TOTALS
1	Man-Hours of Exposure		81,197,000	54,666,000	135,863,000
2	Number of Disabling Injuries		10,701	2,148	12,849
3	Injury-Frequency Rates		131.8	39.3	---
4	Injury-Severity Rates		7,583	3,411	---
5	Manual Insurance Rates/ $100		2.17 - 20.20	1.62 - 10.10	---
6	Accident Cost Data	F/Y 1959	$9,372,739.00	$4,032,216.00	$13,404,955.00
		F/Y 1960	$9,159,044.00	$3,386,540.00	$12,545,584.00
		F/Y 1961	NA	NA	$12,850,335.00*

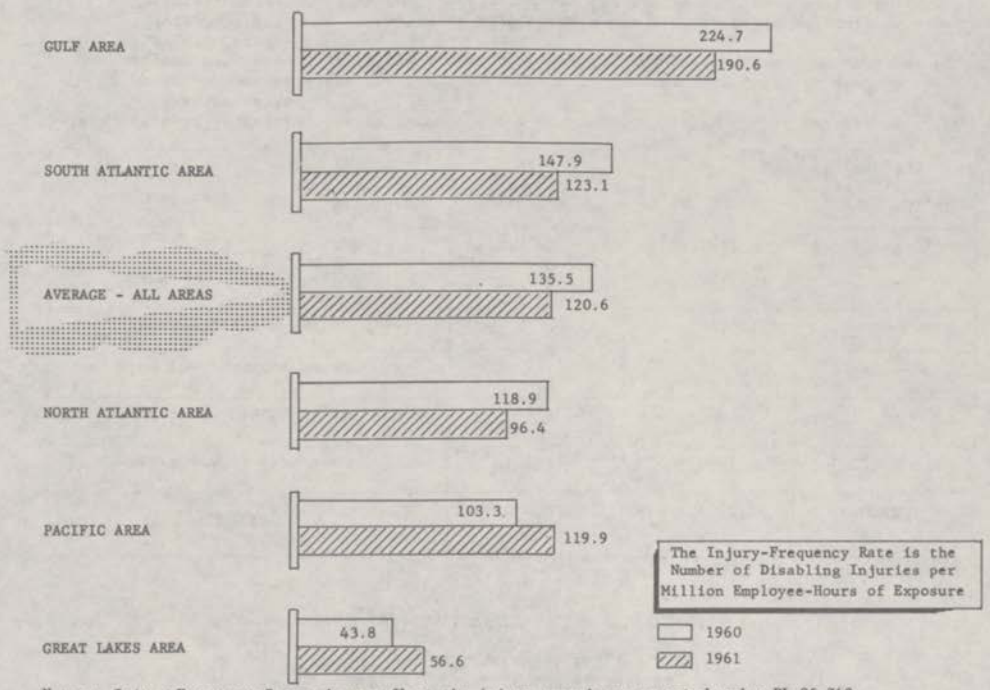
Notes: Data reflected in items 1 through 4 are collected under PL 85-742 and are on a Calendar basis.
Manual Insurance Rates are for that segment of the industry under PL 85-742.
Injury-Frequency Rate is the number of disabling injuries per million employee-hours of exposure.
Injury-Severity Rate is the total days charged per million employee-hours of exposure.
The preliminary accident costs reflected are for all cases closed during the fiscal year as reported by the BEC under the Longshoremen's and Harbor Workers' Compensation Act.

NA Not Available at this time.
* Preliminary

DIVISION OF SAFETY

LONGSHORING INJURY-FREQUENCY RATES

Nine-Month (Year-To-Date) 1960-1961 Area Comparisons



Notes: Injury-Frequency Rates above reflect the injury experience reported under PL 85-742. The Comparisons are based on the injury experience for the first nine-months of 1960 and 1961.

U. S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
DIVISION OF SAFETY

Nine-Month (Year-to-date)Comparison
1960-61 Longshoring Injury Data Reported under Public Law 85-742

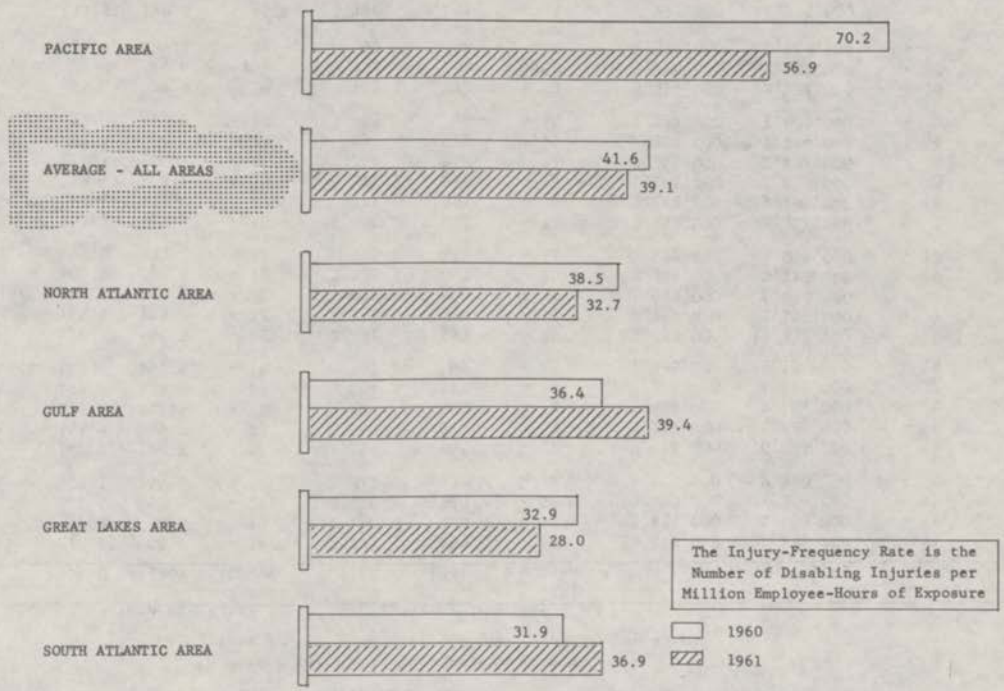
Area and District	Frequency Rates			Number of Injuries			Man-hours		
	1960	1961	% 1961 Change	1960	1961	% 1961 Change	1960	1961	% 1961 Change
NORTH ATLANTIC AREA	118.9	96.4	- 18	2,772	2,493	- 10	23,318,000	25,851,000	+ 11
Boston District	97.2	84.6	- 13	180	140	- 22	1,851,000	1,655,000	- 11
New York District	122.5	90.5	- 26	2,279	1,920	- 16	18,598,000	21,206,000	+ 14
Philadelphia District	109.1	144.8	+ 32	313	433	+ 38	2,869,000	2,990,000	+ 4
SOUTH ATLANTIC AREA	147.9	123.1	- 17	1,195	845	- 29	8,078,000	6,864,000	- 15
Baltimore District	141.5	109.0	- 23	543	308	- 43	3,837,000	2,826,000	- 26
Norfolk District	121.3	111.4	- 8	206	185	- 10	1,698,000	1,661,000	- 2
Savannah District	175.4	138.5	- 21	204	172	- 16	1,163,000	1,242,000	+ 7
Jacksonville District	175.4	158.6	- 10	242	180	- 25	1,380,000	1,135,000	- 18
GULF AREA	224.7	190.6	- 15	2,591	2,199	- 26	11,533,000	11,538,000	+0.043
Mobile District	165.1	145.2	- 12	213	189	- 11	1,290,000	1,301,000	+ 1
New Orleans District	105.8	97.5	- 7	628	592	- 5	5,938,000	6,070,000	+ 2
Houston District	401.2	342.5	- 19	1,355	1,067	- 20	3,377,000	3,115,000	- 8
Galveston District	425.6	333.7	- 22	395	351	- 11	928,000	1,052,000	+ 13
PACIFIC AREA	103.3	119.9	+ 16	1,431	1,601	+ 12	13,857,000	13,355,000	- 3
Long Beach District	118.4	131.4	+ 11	381	355	- 6	3,217,000	2,701,000	- 16
San Francisco District	98.4	118.9	+ 20	571	655	+ 14	5,804,000	5,508,000	- 5
Portland District	111.1	130.7	+ 17	249	318	+ 27	2,241,000	2,432,000	+ 8
Seattle District	88.6	100.6	+ 13	230	273	+ 19	2,595,000	2,714,000	+ 4
Hawaii District	53.3	63.9	+ 20	83	96	+ 16	1,557,000	1,503,000	- 3
GREAT LAKES AREA	43.8	56.6	+ 29	145	222	+ 53	3,314,000	3,922,000	+ 18
Chicago District	30.8	70.6	+129	53	154	+190	1,718,000	2,182,000	+ 27
Cleveland District	57.6	39.1	- 32	92	68	- 26	1,596,000	1,740,000	+ 9
NATIONAL	135.5	120.6	- 11	8,170	7,452	- 9	60,275,000	61,776,000	+ 2

"Injury-Frequency Rate" is the average number of disabling work injuries per million man-hours of employment under the Act.
"Injury-Severity Rate" is the number of days lost (or charged) per million man-hours of employment under the Act.
(+) Denotes increase in rate or greater than previously reported.
(-) Denotes reduction in rate or less than previously reported.

DIVISION OF SAFETY

SHIP REPAIRING INJURY-FREQUENCY RATES

Nine-Month (Year-To-Date) 1960-1961 Area Comparisons



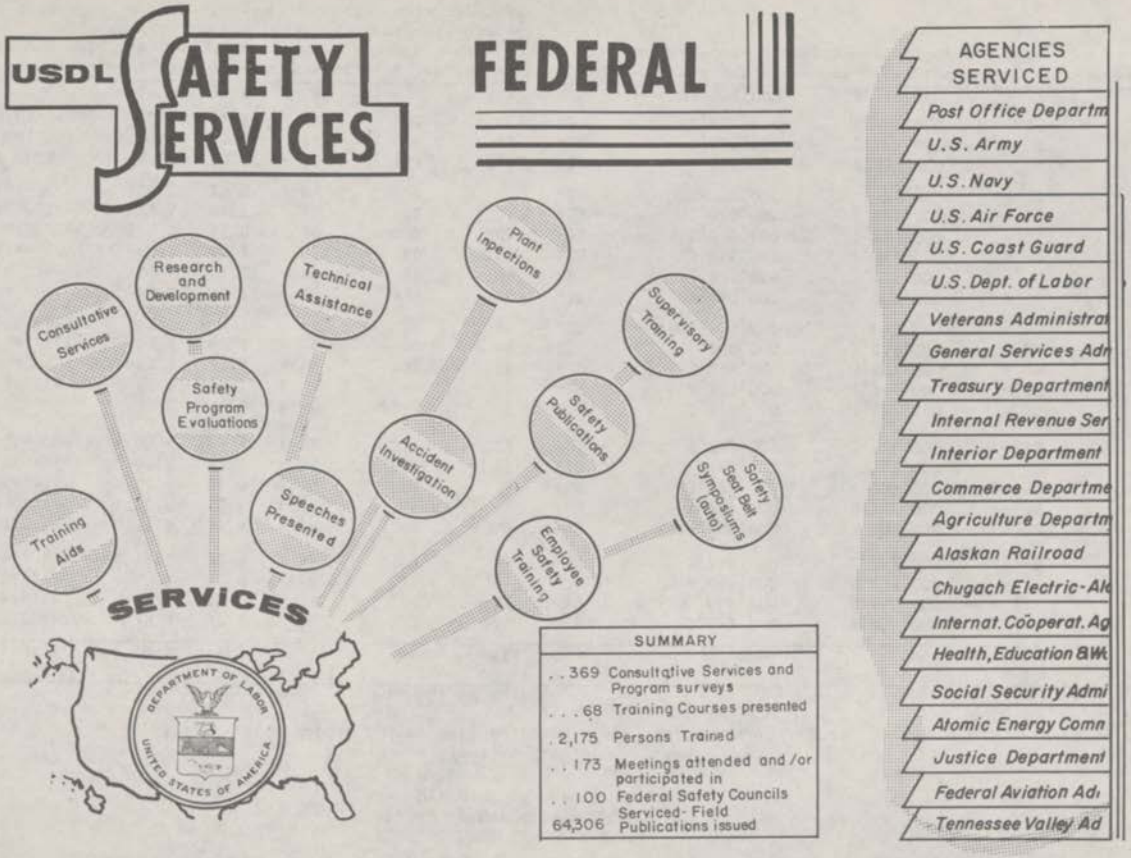
Notes: Injury-Frequency Rates above reflect the injury experience reported under PL 85-742. The Comparisons are based on the injury experience for the first nine-months of 1960 and 1961.

U. S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
DIVISION OF SAFETY

Nine-Month (Year-to-date) Comparison
1960-61 Ship Repair Injury Data Reported under Public Law 85-742

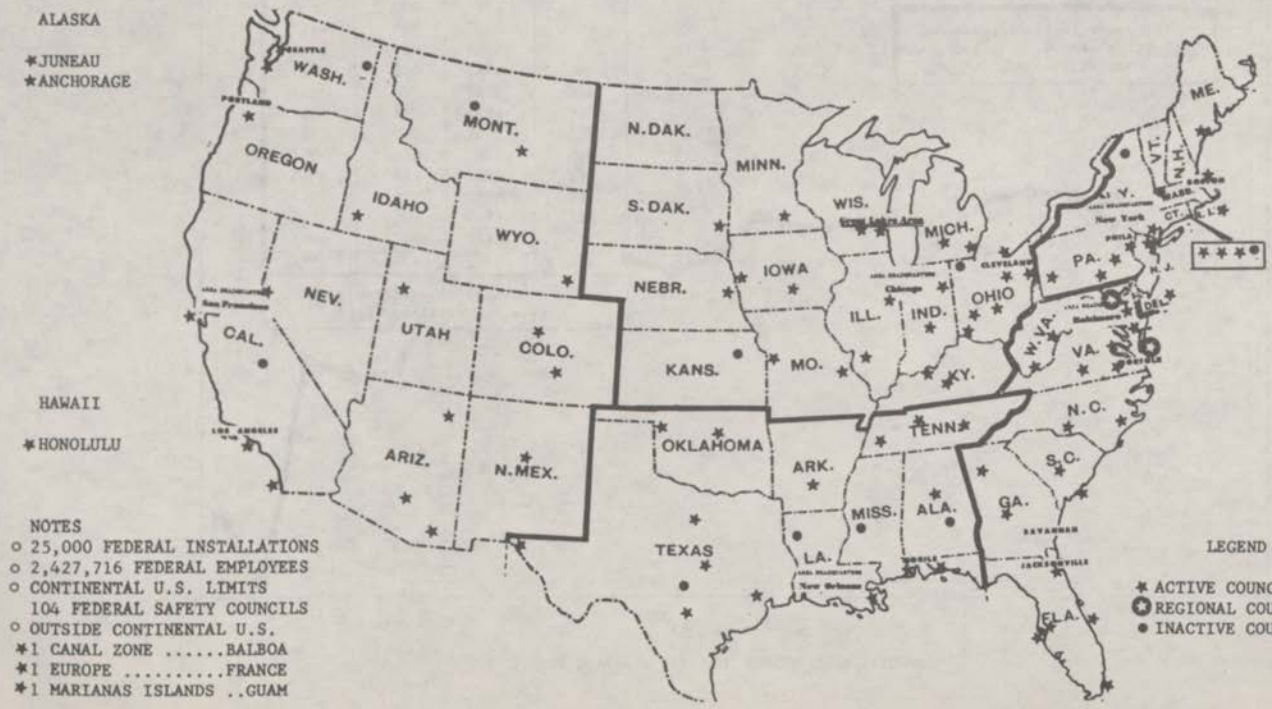
	Frequency Rates			Number of Injuries			Man-hours		
Area and District	1960	1961	% 1961 Change	1960	1961	% 1961 Change	1960	1961	% 1961 Change
NORTH ATLANTIC AREA	38.5	32.7	- 16	273	286	+ 5	7,092,000	8,736,000	+ 23
Boston District	37.4	23.0	- 38	25	38	+52	668,000	1,654,000	+ 147
New York District	43.7	35.8	- 18	221	209	- 5	5,055,000	5,835,000	+ 15
Philadelphia District	19.7	31.3	+ 58	27	39	+44	1,369,000	1,247,000	- 8
SOUTH ATLANTIC AREA	31.9	36.9	+ 16	385	569	+48	12,055,000	15,435,000	+ 28
Baltimore District	10.8	10.6	- 2	46	61	+32	4,269,000	5,757,000	+ 34
Norfolk District	22.8	31.6	+ 39	86	155	+80	3,772,000	4,902,000	+ 30
Savannah District	42.8	27.4	- 36	42	25	-38	982,000	950,000	- 3
Jacksonville District	69.6	85.5	+ 22	211	327	+55	3,032,000	3,826,000	+ 26
GULF AREA	36.4	39.4	+ 8	267	281	+ 5	7,326,000	7,132,000	- 2
Mobile District	25.5	27.7	+ 8	69	49	-29	2,704,000	1,769,000	- 35
New Orleans District	43.8	37.4	- 14	133	136	+ 2	3,038,000	3,637,000	+ 19
Houston District	34.9	65.5	+ 88	30	68	+126	860,000	1,038,000	+ 21
Galveston District	48.3	40.7	- 15	35	28	-20	724,000	688,000	- 5
PACIFIC AREA	70.2	56.9	- 18	522	436	-16	7,440,000	7,665,000	+ 3
Long Beach District	49.6	39.2	- 21	98	75	-23	1,975,000	1,911,000	- 3
San Francisco District	61.7	41.3	- 33	180	116	-35	2,916,000	2,811,000	- 3
Portland District	122.0	85.0	- 30	152	104	-32	1,246,000	1,223,000	- 1
Seattle District	70.6	81.9	+ 16	92	141	+53	1,303,000	1,721,000	+ 32
Hawaii District	118.6	13.8	- 88	7	1	-85	59,000	72,000	+ 22
GREAT LAKES AREA	32.9	28.0	- 15	145	119	-17	4,414,000	4,257,000	- 4
Chicago District	39.5	33.9	- 14	84	77	- 8	2,125,000	2,275,000	+ 7
Cleveland District	26.6	21.2	- 20	61	42	-31	2,289,000	1,982,000	- 13
NATIONAL	41.6	39.1	- 6	1,598	1,691	+ 5	38,392,000	43,277,000	+ 12

"Injury-Frequency Rate" is the average number of disabling work injuries per million man-hours of employment under the Act.
"Injury-Severity Rate" is the number of days lost (or charged) per million man-hours of employment under the Act.
(+) Denotes increase in rate or greater than previously reported.
(-) Denotes reduction in rate or less than previously reported.


USDL SAFETY SERVICES
FEDERAL
Consultative Services
Research and Development
Technical Assistance
Plant Inspections
Supervisory Training
Safety Program Evaluations
Safety Publications
Accident Investigation
Safety Seat Belt Symposiums (Auto)
Training Aids
Speeches Presented
Employee Safety Training
SERVICES
DEPARTMENT OF LABOR
UNITED STATES OF AMERICA
SUMMARY
. . 369 Consultative Services and Program surveys
. . . 68 Training Courses presented
. 2,175 Persons Trained
. . 173 Meetings attended and /or participated in
. . 100 Federal Safety Councils Serviced- Field
64,306 Publications issued
AGENCIES SERVICED
Post Office Departm
U.S. Army
U.S. Navy
U.S. Air Force
U.S. Coast Guard
U.S. Dept. of Labor
Veterans Administrat
General Services Adm
Treasury Department
Internal Revenue Ser
Interior Department
Commerce Departme
Agriculture Departm
Alaskan Railroad
Chugach Electric-Ak
Internat. Cooperat. Ag
Health, Education & W
Social Security Admi
Atomic Energy Comm
Justice Department
Federal Aviation Ad
Tennessee Valley Ad

DIVISION OF SAFETY

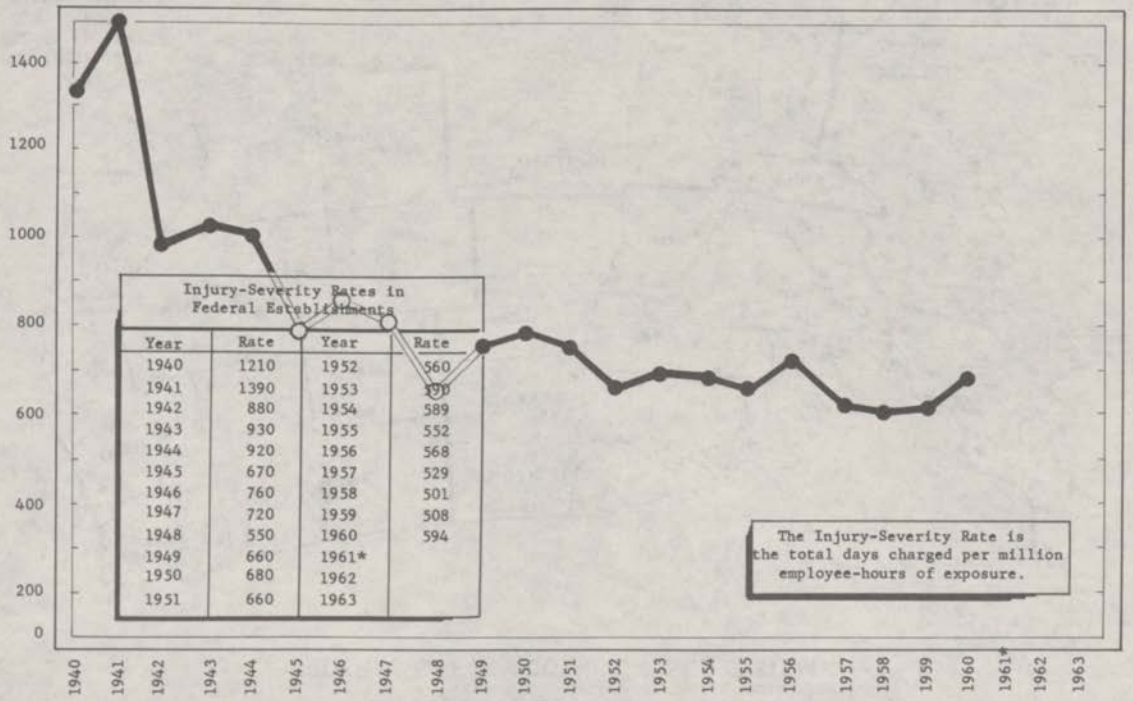
FEDERAL SAFETY COUNCIL FIELD SYSTEM



DIVISION OF SAFETY

INJURY-SEVERITY RATES IN FEDERAL ESTABLISHMENTS

1940 to 1961



Injury-Severity Rates in Federal Establishments

Year	Rate	Year	Rate
1940	1210	1952	560
1941	1390	1953	590
1942	880	1954	589
1943	930	1955	552
1944	920	1956	568
1945	670	1957	529
1946	760	1958	501
1947	720	1959	508
1948	550	1960	594
1949	660	1961*	
1950	680	1962	
1951	660	1963	

The Injury-Severity Rate is the total days charged per million employee-hours of exposure.

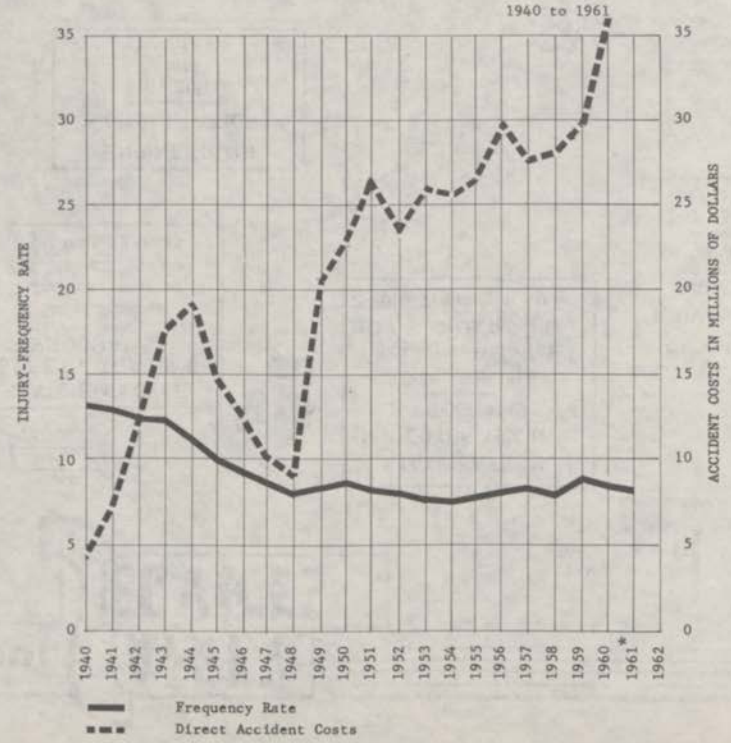
*Preliminary data not available at this time.

DIVISION OF SAFETY

INJURY-FREQUENCY RATES AND DIRECT ACCIDENT COSTS

FEDERAL ESTABLISHMENTS

1940 to 1961



Injury-Frequency Rates and Direct Accident Costs Federal Establishments		
Year	Rate	Costs**
1940	13.1	4.4
1941	13.0	7.2
1942	12.5	12.1
1943	12.5	17.5
1944	11.0	18.8
1945	9.9	14.7
1946	9.2	12.6
1947	8.6	10.1
1948	8.1	9.1
1949	8.4	20.7
1950	8.6	22.9
1951	8.4	26.6
1952	8.0	23.4
1953	7.8	25.8
1954	7.7	25.7
1955	7.8	26.3
1956	8.0	29.2
1957	8.3	27.5
1958	8.1	28.0
1959	8.5	29.9
1960	8.4	36.1
1961	8.1	NA
1962		

Notes:

*Preliminary
**Costs in millions of dollars
NA Data not available at this time

The Injury-Frequency Rate is the number of disabling injuries per million employee-hours of exposure

KANSAS STATE UNIVERSITY LIBRARY
MANHATTAN, KANSAS
MAR 20 1962

USDL SAFETY SERVICES TO THE STATES

CONSTRUCTION INDUSTRY SAFETY COURSES

7 States Serviced
7 Courses Presented
191 Students Trained
2,292 Training Hours

STATE SAFETY INSPECTOR TRAINING PROGRAMS

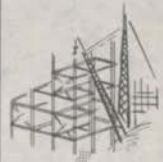
15 States Serviced
32 Courses Presented
827 Students Trained
24,810 Training Hours

STATE EMPLOYEE SAFETY TRAINING PROGRAMS

2 States Serviced
7 Courses Presented
266 Students Trained
7,980 Training Hours

PUBLIC EMPLOYEE ... PRIVATE INDUSTRIES SAFETY TRAINING

6 States Serviced
13 Courses Presented
457 Students Trained
13,710 Training Hours



ENGINEERING CONSULTATIONS

Fifty States
and
Puerto Rico

Other:

- *Civil Defense Personnel Safety Training: 2 States, 59 Students*
- *Apprenticeship Student Safety Training: 15 Students*
- *131 Consultations, 79 Conference-Meetings, 43 Feature Speeches presented*

SAFETY SERVICES TO STATES

ALL SERVICES PROVIDED			STATES SERVICED	ALABAMA	ALASKA	ARIZONA	ARKANSAS	CALIFORNIA	COLORADO	CONNECTICUT	DELAWARE	D. C. GOVT.	FLORIDA	GEORGIA	HAWAII	IDAHO	ILLINOIS	INDIANA	IOWA	KANSAS	KENTUCKY	LOUISIANA	MAINE	MARYLAND	MASSACHUSETTS	MICHIGAN	MINNESOTA	MISSISSIPPI	MISSOURI	MONTANA	NEBRASKA	NEVADA	NEW HAMPSHIRE	NEW JERSEY	NEW MEXICO	NEW YORK	NO. CAROLINA	NO. DAKOTA	OHIO	OKLAHOMA	OREGON	PENNSYLVANIA	RHODE ISLAND	SO. CAROLINA	SO. DAKOTA	TENNESSEE	TEXAS	UTAH	VERMONT	VIRGINIA	WASHINGTON	W. VIRGINIA	WISCONSIN	WYOMING
	TRAINING		Federal Agencies	x		x		x			x	x	x	x				x	x			x	x	x					x					x	x	x			x		x		x			x							
			Union	x	x			x					x		x			x								x	x	x						x		x			x		x												
			Maritime (1)	x	x			x			x	x		x	x	x		x	x			x	x	x	x	x	x	x	x					x	x		x	x		x		x	x		x					x	x		
		State	Inspector Training (7)	x	x		x					x		x	x		x					x					x							x	x					x												
		State	S.I.S.P (2)			x																	x																	x														
		State	S.E.S.P (3)		x	x										x								x		x														x														
	CONSULTATIVE		Federal Safety Councils (4)	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		x	x	x		x	x	x	x	x		x	x	x		x					x		x	x			x	x	x			x		x			x	x		x	x	x			x	x				x
			Union		x	x			x		x			x	x	x	x	x				x		x	x	x	x	x						x	x	x	x		x	x	x	x	x			x		x	x	x	x	x	
			State		x	x	x	x	x	x	x	x		x	x	x	x	x	x	x	x	x	x		x	x	x			x	x		x		x	x	x	x		x	x	x	x	x		x	x	x	x		x	x
			Maritime (5)	x	x			x			x	x		x	x	x		x	x			x	x	x	x	x	x	x	x	x				x	x		x	x		x		x	x	x	x		x	x			x	x	
	TECHNICAL		Federal Agencies			x			x	x			x	x	x				x					x		x	x				x				x	x	x	x	x															x
			State	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
			Industry			x			x		x				x	x	x	x	x				x	x	x			x							x		x			x			x	x	x					x					
			Maritime (6)	x	x			x		x	x		x	x	x		x	x				x	x	x	x	x	x	x	x					x	x		x	x		x			x	x	x			x	x			x	x	
			Publications	x		x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x

Notes: (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 services within State. (5) and (6) Maritime safety services provided to the industry within the State.
(7) Includes Puerto Rico.

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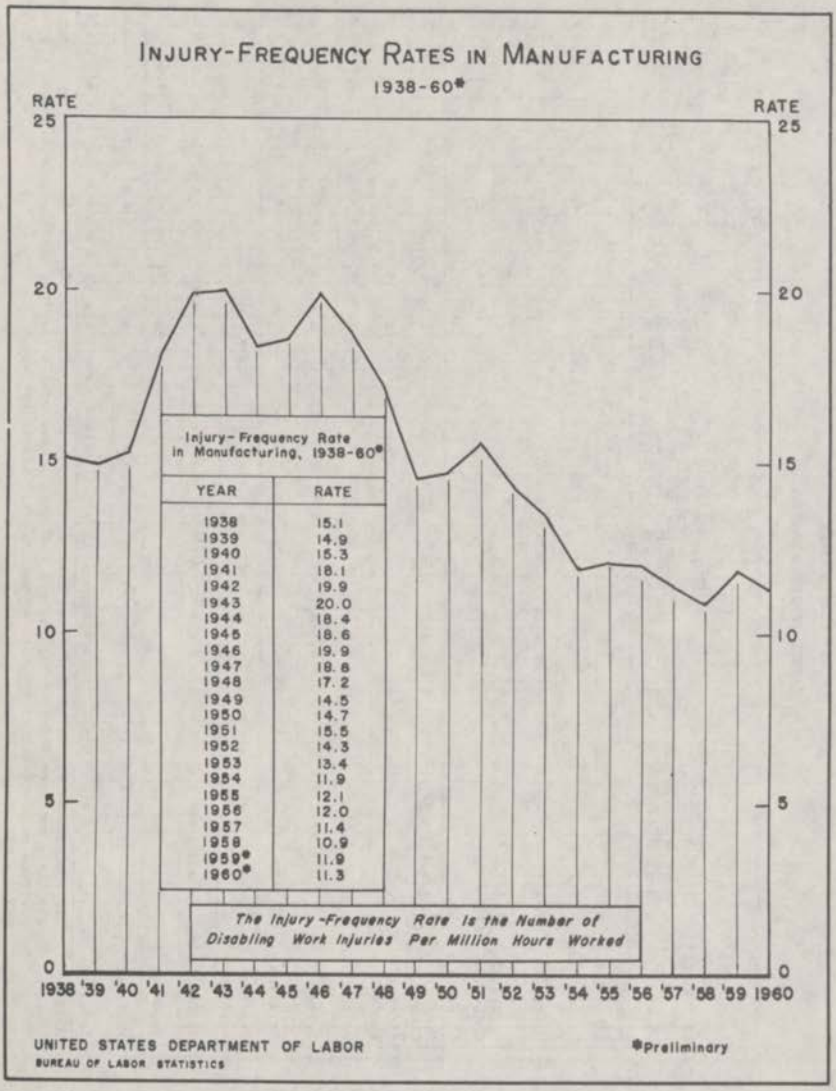
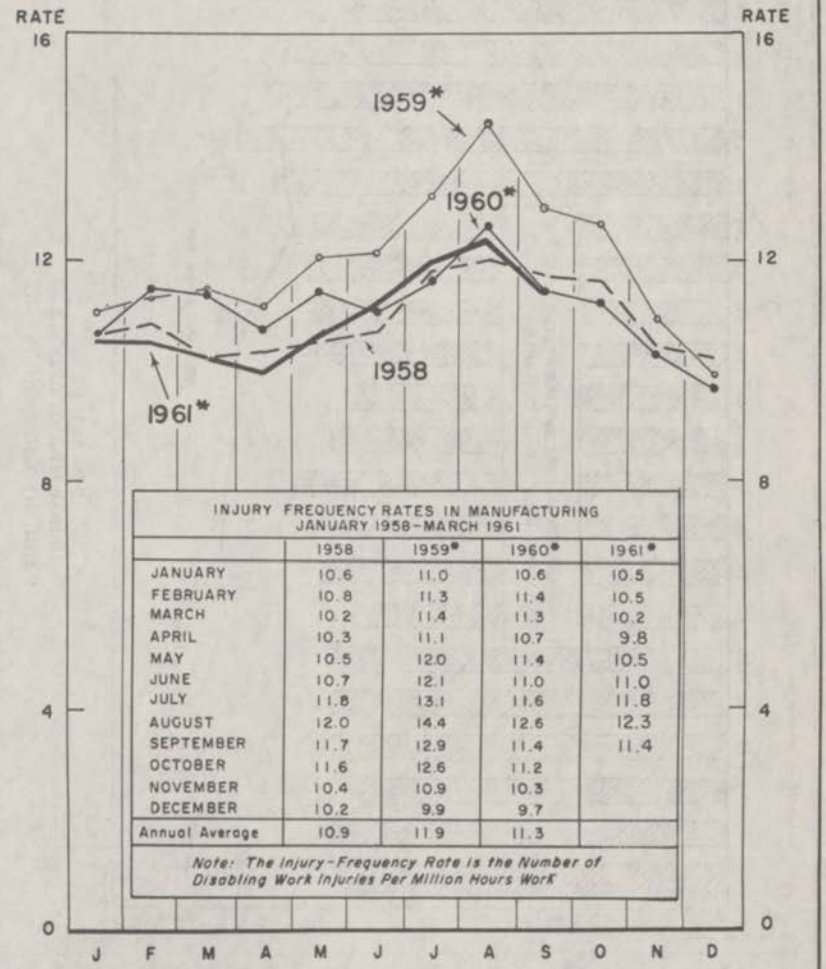

INJURY-FREQUENCY RATES IN MANUFACTURING
1938-60*
RATE
RATE
25
20
15
10
5
0
Injury-Frequency Rate in Manufacturing, 1938-60*
YEAR
RATE
1938 15.1
1939 14.9
1940 15.3
1941 18.1
1942 19.9
1943 20.0
1944 18.4
1945 18.6
1946 19.9
1947 18.8
1948 17.2
1949 14.5
1950 14.7
1951 15.5
1952 14.3
1953 13.4
1954 11.9
1955 12.1
1956 12.0
1957 11.4
1958 10.9
1959* 11.9
1960* 11.3
The Injury-Frequency Rate is the Number of Disabling Work Injuries Per Million Hours Worked
'38 '39 '40 '41 '42 '43 '44 '45 '46 '47 '48 '49 '50 '51 '52 '53 '54 '55 '56 '57 '58 '59 1960
UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS
*Preliminary

INJURY-FREQUENCY RATES IN MANUFACTURING

January 1958 – March 1961



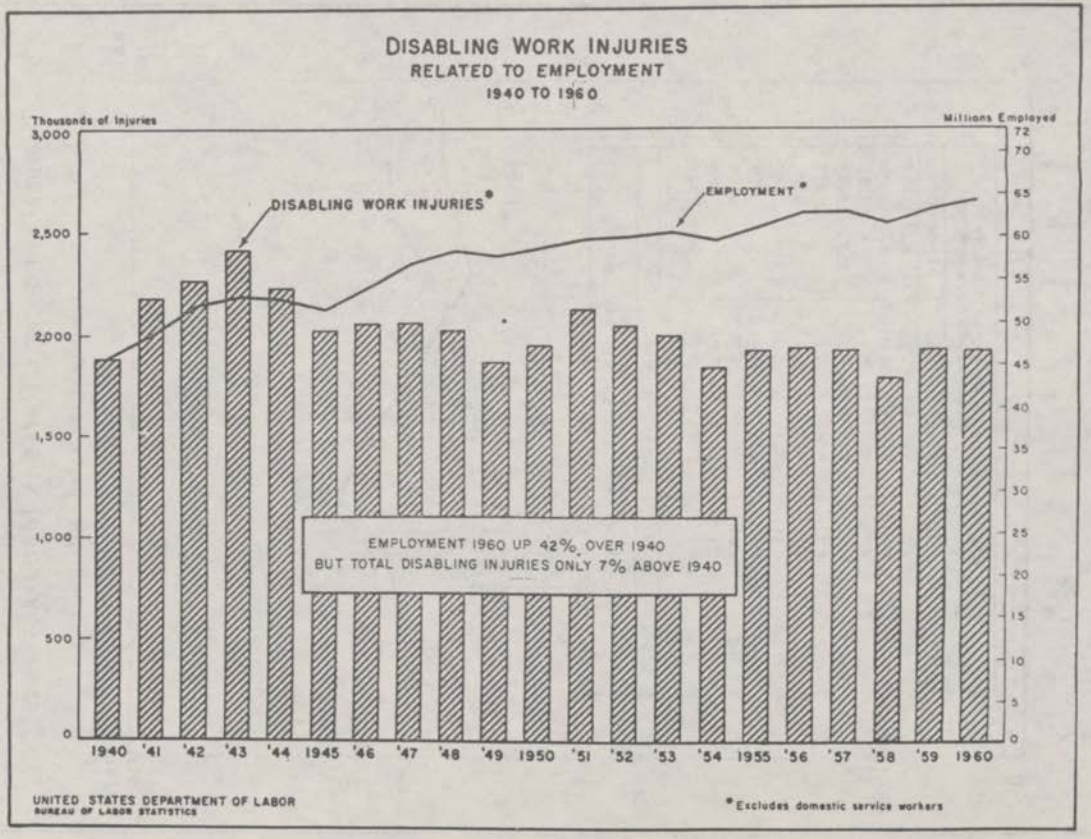
INJURY FREQUENCY RATES IN MANUFACTURING
JANUARY 1958–MARCH 1961

	1958	1959*	1960*	1961*
JANUARY	10.6	11.0	10.6	10.5
FEBRUARY	10.8	11.3	11.4	10.5
MARCH	10.2	11.4	11.3	10.2
APRIL	10.3	11.1	10.7	9.8
MAY	10.5	12.0	11.4	10.5
JUNE	10.7	12.1	11.0	11.0
JULY	11.8	13.1	11.6	11.8
AUGUST	12.0	14.4	12.6	12.3
SEPTEMBER	11.7	12.9	11.4	11.4
OCTOBER	11.6	12.6	11.2	
NOVEMBER	10.4	10.9	10.3	
DECEMBER	10.2	9.9	9.7	
Annual Average	10.9	11.9	11.3	

Note: The Injury-Frequency Rate is the Number of Disabling Work Injuries Per Million Hours Work

UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS

*Preliminary


DISABLING WORK INJURIES
RELATED TO EMPLOYMENT
1940 TO 1960
Thousands of Injuries
Millions Employed
3,000
2,500
2,000
1,500
1,000
500
0
72
70
65
60
55
50
45
40
35
30
25
20
15
10
5
0
DISABLING WORK INJURIES*
EMPLOYMENT *
EMPLOYMENT 1960 UP 42% OVER 1940
BUT TOTAL DISABLING INJURIES ONLY 7% ABOVE 1940
1940 '41 '42 '43 '44 1945 '46 '47 '48 '49 1950 '51 '52 '53 '54 1955 '56 '57 '58 '59 1960
UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS
*Excludes domestic service workers

USDL
SAFETY SERVICES
Research and Development
IUMSWA
SHIPYARD SAFETY SESSIONS
AGC - BUILDING TRADES
SAFETY CONFERENCE
Plant Inspections
AFL - CIO
TRAINING INSTITUTE
UAW
TRAINING CAMPS
SERVICES
Consultative Services
METAL TRADES
SPECIAL
SHIPYARD HAZARDS
CARPENTERS AND JOINERS
TRAINING INSTITUTE
ILA
LOCAL
SAFETY SEMINARS
LABOR UNIONS
Safety Publications
ILWU
LOCAL
SAFETY SEMINARS
URW
REGIONAL
SAFETY TRAINING
INSTITUTES
Technical Assistance
SUMMARY
744 Consultative Services - Surveys, Inspections, and Investigations
4 Safety Seminars .....
85 Training Courses .....
1,607 Students Trained.....
28,000 Publications Issued....

ADDITIONAL OFFICES TO HANDLE MARITIME PROGRAM

Mr. MOTLEY. Included in our request last year was the opening of some additional offices in order to handle the maritime program, and that also has been put into effect. A branch of the Boston area was opened in Providence; an office in Detroit for the Great Lakes; in St. Louis for the inland waterways, and in Hawaii for the Hawaiian trade, and in Fort Lauderdale. So that work has also been completed.

PROGRAM FOR YOUNGER WORKERS

Mr. FOGARTY. Last year you received a modest increase for protecting younger workers and advancing their employment opportunities. I notice this year you are asking for a rather substantial increase in this same area, is it not?

Mr. MOTLEY. Yes.

Mr. FOGARTY. About 45 positions and $425,000. What have you been able to do this year?

Mr. MOTLEY. What we have accomplished in the time that we have had these funds available, which was beginning in October, last year, which is approximately 3 months, we have recruited the staff to carry on the community work. We have secured and gathered together information as to what State and local committees for the protection and advancement of youth opportunities were in effect, and we have practically completed what we call guidelines, which will give the communities information on the type of programs that can be undertaken for problems relating to youth, relating to such projects as school work programs, and other types of activities which will make it possible for youth to be more employable and to enter the labor market.

This is part of the Secretary's total youth program that is covered in our particular request.

Mr. FOGARTY. Do you have anything to do with the child labor in agriculture statutes?

Mr. MOTLEY. We only have to do with child labor standards. The Wage and Hour Division has the enforcement of any provisions that have to do with Fair Labor Standards Act.

Mr. FOGARTY. Just tell me what your responsibility is, then.

Mr. MOTLEY. Well, the Fair Labor Standards Act covers the employment of youth in agriculture during school hours, during the time that school is in session. When school is out, then, of course, they come only under the State laws.

So the Bureau's only responsibility, as far as children in agriculture, is the development of standards which are made available to the Wage and Hour Division for their enforcement and in giving assistance to the States and State legislation.

However, we also develop employment certification procedures which are carried out by the various States.

Mr. FOGARTY. It seems to me you have a big job ahead of you, because on your prepared statement you say on page 2:

PROBLEM OF DISCOURAGING SCHOOL DROPOUTS

It is estimated that some 26 million new young workers will enter the labor force during the 1960's—an increase of nearly 40 percent over the figure for the preceding 10-year period.

That is a real substantial increase, is it not?

Mr. MOTLEY. It certainly is.

Mr. FOGARTY. And you say:

> Seven and one-half million, or nearly a third, will not complete a high school education, and 2.3 million will complete only the eighth grade or less. Of those that do complete high school, many millions will be dropouts in spirit, finishing high school without motivation or preparation for their place in the labor market.

Now, what ideas do you have to get these people to finish high school, at least?

Mr. MOTLEY. We believe that the greatest assistance in the program is encouraging the communities to organize their resources in order to meet their own problems as far as their community is concerned.

Mr. FOGARTY. Have you had any good results in any community in the country this year?

Mr. MOTLEY. I would think that the most progress that has been made in this particular field is in the State of California. Our representative of the Bureau of Labor Standards in the regional office of the U.S. Department of Labor in California, in San Francisco, is chairman of the interdepartmental committee on youth. He has worked very closely with the State of California.

Mr. FOGARTY. What is his name?

Mr. MOTLEY. Howard Frazier.

The employment security representatives of California and the California State Department of Education, and many civic groups, have in existence, at the present time, organizations in practically every large community in the State of California.

And as an example of what can be accomplished by an active community organization, within the last 10 days, Ford Foundation made a grant of $2 million to the city of Oakland to help the city of Oakland in promoting school work programs, stay-in-school programs and other types of programs to combat their problems in the city of Oakland.

Now here is a case of where a community that had organized was in a position to make a request to a foundation for funds for a grant of this kind.

We believe that if the other States, where they have such a problem as far as youth is concerned--and all States do—that if we can get the communities interested and the communities organized so that they are in a position to take advantage of various Federal programs being considered by Congress and to take advantage of funds that might be received from other sources, that, in view of the tremendous number of communities in the United States, that the only way that you can really meet this problem is for the States and the communities to be organized. And we plan to make available to them technical leadership, information, assistance, in helping them in their own organizational problem.

Mr. FOGARTY. Do you have any records to show for the various cities in the country the percentage of dropouts? I am thinking of my own city of Providence, R.I. I wonder what the dropout figure is.

Mr. MOTLEY. We have this information. I do not think that your dropout is as large in Rhode Island as it is in some of the States and in some of the large metropolitan areas. It is high, but it is not as large, for example, as it is in Chicago or New York or Philadelphia.

Mr. FOGARTY. Do you know anything about this school out in Colorado, what they call the Opportunity School?

Mr. MOTLEY. The Denver Opportunity School

Mr. FOGARTY. People who have not completed a high school education and find, after they have been working a couple of years, that they made a mistake, can go back to school, either day or night, to complete their education?

Mr. MOTLEY. I think the Denver school is one of the best of its kind in the country.

Mr. FOGARTY. Is it run by the State?

Mr. MOTLEY. It is run by the city of Denver. It receives some of its funds from the State of Colorado.

Mr. FOGARTY. How big a school is it?

Mr. MOTLEY. It is a very large school; I do not know what the attendance is; but they have adopted a program of short courses to fit the academic ability of the youngsters who may have dropped out of school, or even adults, who may return to school for a short training program in various occupations. And this is a type of educational program that is being watched very carefully.

Kansas City, which also has received a grant from Ford Foundation, is exploring a similar type of arrangement.

Mr. FOGARTY. Was the dropout problem in Denver higher than the average?

Mr. MOTLEY. The dropout problem in Denver was high among the Spanish-American children, more than it is among the others. Their problem centered in the Spanish-American youngsters that had come to Denver.

(The following additional information was subsequently furnished:)

EMILY GRIFFITH OPPORTUNITY SCHOOL OF DENVER

Fundamentally, the part a school must play in contributing to a sound prosperity and continued economic growth, is one of providing greater educational opportunities and well-planned instruction. This is precisely what the Emily Griffith Opportunity School in Denver attemps to do. A tax-supported institution, providing free education for adults in the Denver metropolitan area, the school stands as a model of public service to its clientele.

To accomplish its objective, the Emily Griffith Opportunity School has abandoned many traditions which have previously hindered similar attempts. Typical of these breaks with tradition are:

(1) The school operates continuously from 8:30 a.m. until 9:15 p.m. on a year-round basis.

(2) From its inception, the school has been a cooperative effort. Department stores, manufacturers, industry, and labor have all cooperated in every possible way to offer immeasurable assistance in the various trade and vocational subjects offered.

(3) Instructors are selected from shops and business houses and are employed by the day.

(4) All Denver residents, 16 years of age and over are eligible to enroll without payment of tuition. There is no maximum age and students may attend both day and evening school, whatever hours they can, and whenever they can.

(5) Although the school year begins right after Labor Day, additional classes are added whenever there is sufficient demand.

(6) Since students vary greatly in age, previous experience, individual ability, interest, and purpose, they complete courses of study as rapidly as they are able. To assist them in this respect, as much instruction as is possible is given on an individual basis.

The school is a part of the Denver public school system and is under the direct supervision of the board of education and the department of vocational education. Opportunity school prides itself on being constantly alert to the educational needs and interests of industry and the community. About 95 advisory committees representing many varied industries, social and service groups, and labor, currently work with the school.

In organizing an advisory committee, leaders representing all groups concerned in a specific field are invited to participate in its formation. The school seeks a small, workable committee, but only if it truly represents the viewpoints of all interested parties.

Comprehensive evaluation is not available at this time, although it is high on the list of priority accomplishments for the Division of YESS. All indications are, however, that it is probably one of the most successful programs currently in operation. As of September 1959, 596,783 persons had attended this leading adult and vocational school. For those who cannot attend the downtown school, there are almost 100 community centers located throughout Denver where classes are taken to the students. Even the family living room has become an extension of "Opportunity School" through the facilities of Denver's educational television station. During 1 year, an estimated 15,000 persons advised the station that they were watching daily and evening "Opportunity School" produced programs.

STUDY ON NUMBER OF HIGH SCHOOL GRADUATES WHO GO ON FOR HIGHER EDUCATION

Mr. FOGARTY. What about the situation where you have a high school graduating class and only 15 or 20 percent go on to higher education? Have any studies been made in that regard?

Mr. MOTLEY. Yes; there have been studies made in that field and the field of higher education. But the particular program we are talking about here is directed to the group that has not yet completed high school.

REDUCTION OF INDUSTRIAL ACCIDENTS

Mr. FOGARTY. The other increases are fairly modest. You have an additional seven positions and $75,000 for reducing industrial accidents. How is that program working?

Mr. MOTLEY. Well, this is a program that has to do with the problem of fires and explosions that have taken place in the maritime industry in the past year.

Mr. FOGARTY. Is this the maritime industry?

Mr. MOTLEY. Yes. This is for our maritime industry. This has to do with the problem of the greater use of chemicals that are used, the loading and unloading of chemical products. And we have come to the conclusion that we need to strengthen our organization by providing for a very limited number of men who are professionally trained in this field of work.

Mr. FOGARTY. Well, what about your old program of industrial accident prevention? Where is that in your justification?

Mr. MOTLEY. The accident rate in manufacturing has shown another small decrease this year over the past year.

We have given a great deal of attention, during the past year, to the construction industry. We have an arrangement with the Associated General Constructors and the States to provide a training program for the construction industry.

We completed training programs in seven States, and we expect to complete two more during this fiscal year.

Mr. FOGARTY. Mr. Clague is also asking for some money to do research on accidents in the construction trade. How do you and Mr. Clague get along in this area?

Mr. MOTLEY. We worked with Mr. Clague in the development of that program.

Mr. FOGARTY. What do you do, use the statistics that he gets?

Mr. MOTLEY. Yes. We apply the statistics to the operating programs.

Mr. FOGARTY. You are not duplicating?

Mr. MOTLEY. We are working in conjunction with Mr. Clague as far as this particular program is concerned. I am a member of the committee, and participated in the development of this particular research study.

Mr. FOGARTY. This is just a slight reduction, however. I remember when Mr. Connolly had your job. He used to come in and brag that the reductions were quite significant every year. Last year it seemed to level off and not show much of a reduction.

Mr. MOTLEY. It may well be, Congressman, that when the 1961 figures are completed, the frequency rate in manufacturing will be less than it has been at any time.

Mr. FOGARTY. What has been the low?

Mr. MOTLEY. In 1958, which was the lowest year, it was 10.9. In 1959 it went up 11.9.

Mr. FOGARTY. What does that mean?

Mr. MOTLEY. It means 11.9 injuries per million hours of exposure. In 1960 it was 11.3, and the information that I received from Mr. Clague's office was that it is probably 11.1 for 1961, and it may go below 11—which shows a continuing improvement in reduction of accidents.

Likewise, there has been a slight reduction in accidents in Federal employment. And we have shown you the reduction of accidents in the maritime program.

INSTRUCTION COURSES FOR REDUCING ACCIDENT RATE

I would like to add for the record, Mr. Congressman, if I may, what I think is a very splendid advance: We are just completing a program with the AFL–CIO of two groups of representatives of the international organizations in various parts of the country that have completed 120 hours of instructions, coming in here for four periods of 1 week, financed by the AFL–CIO, and all of the training was done by Mr. Gidel's Division of Safety. And they are planning a second group beginning in April for two groups to come in during the year.

Mr. George Brown, when he was with the AFL–CIO, made the original arrangements for those two programs. And I think getting the union people themselves interested in accident prevention is very worth while.

Mr. FOGARTY. I think that is very fine.

IMPROVING THE CONDITION OF MIGRATORY WORKERS

Now, you mentioned you want three or four positions for the program of improving conditions of migratory workers. We have been talking about this for 16 years, to my knowledge, and up to this time

it has been just a lot of talk. We have not really accomplished much, have we?

Mr. MOTLEY. Well, I am sure that Miss McConnell would like to speak to that.

Mr. FOGARTY. I have been listening to Miss McConnell for 16 years now. This will be the 16th year, is that right?

Miss MCCONNELL. You have not given us money for that long.

Mr. FOGARTY. What progress can you show us?

Mr. MOTLEY. Well, I think that there has been progress made, Mr. Fogarty. For example, in the material which Miss McConnell has turned in to me. I see there are 22 States in 1961 which have set up some type of special schools for migrant children; and that 8 of these States are financing these schools by State funds.

Day care projects have been set up and are conducted in 14 States in 34 centers.

Health programs have been set up in 12 States, and there have been other types of programs, such as recreation projects in 8 States. And fiestas, for example, have been scheduled in Michigan, Ohio, Indiana, and Iowa.

Mr. FOGARTY. Well, that is a small start on a real large problem. But it seems to me you just have an awfully difficult time getting groups in these areas to get really interested.

I know it is difficult in my own State, as small as it is, and the small migratory force that they have, to get programs started. I know it is a difficult job.

Mr. MOTLEY. We have 30 States now with committees.

Mr. FOGARTY. How does the Bureau of Employment Security participate? Do they help in any way?

Mr. MOTLEY. Their farm placement representatives are very helpful. Their farm placement representatives in the States encourage better migratory labor conditions; for example, on housing standards and living standards in many of the States.

Mr. FOGARTY. If they do not go along with the standards, you do not give them any help?

Mr. MOTLEY. That is right. That has been a great help.

AVERAGE INCOME

Mr. FOGARTY. What is the average wage to the migrant?

Mr. MOTLEY. $1,016. In 1960 the annual earnings were $1,016—$819 for farmwork, $197 for nonfarm work.

Mr. FOGARTY. Is it that low? It is still going up, though.

Miss MCCONNELL. The annual earnings in 1959 were $911 including nonfarm work as well as farmwork.

Mr. FOGARTY. It is still going up.

Mr. MOTLEY. Slowly.

I would agree with you that the progress that has been made in this field is not what any of us would like. But it is something that you have to keep at continuously.

Mr. FOGARTY. It seems to me 8 or 10 years ago the average annual income was around $600 or $700, is that right?

Mr. MOTLEY. Yes, I think so.

Mr. FOGARTY. I think you better give us a couple of good examples of what you will do with this increase for your youth employment program.

Mr. MOTLEY. We will put them in the record.

(The information requested follows:)

COMMUNITY ENDEAVORS

Community endeavors in contributing to increased opportunities for youth are many and varied, and are limited only by the imagination and vision of its people. To illustrate all of the possible approaches is completely beyond the area of consideration of the attached samples. They have been selected solely for the purpose of illustrating some of the wide divergence in approach, organization, and areas of interest.

CITIZENS COMMITTEE ON YOUTH, CINCINNATI, OHIO

This is a tax supported delinquency prevention youth commission, one of 11 such groups in the United States. Its purpose in a broad sense is to combat juvenile delinquency through organizing, improving, and coordinating community services for youth and developing programs to control and prevent delinquency. Much of the emphasis in the commission's activities and program is directed at youth in high delinquency areas of the city.

The commission has a membership of 100, approved by the mayor. Membership is broadly representative of the community. There is a paid staff, including an executive director, field supervisor, secretary, and several youth workers.

The commission's activities are many and far reaching. In general, these activities focus on providing remedies for those conditions which are determined to be detrimental to the welfare of the child, his family, and the community. The means employed to accomplish this are community organizations, coordination of community services, demonstration projects, and provision of needed services directly to youth. Four subcommittees have been designed to oversee operations in four specific areas—youth advisory, youth employment, neighborhood councils, and research—with additional ad hoc committees and special study groups being appointed as needed.

The subcommittee on youth employment, in cooperation with several local women's groups, has established a special employment service to provide part-time jobs for selected in-school youth from high delinquency areas. Applicants are referred to this service by school counselors and local agencies on the basis of three criteria: severe economic need; normal ability to carry out work under supervision; and work experience as related to developmental need. All placement and related activities, such as soliciting job orders and developing public support for the employment service are performed by the women volunteers. They also conduct, in cooperation with certain schools, preemployment training courses in certain occupations. In 1960, such training courses were established for child care, gardening, gift wrapping, homemaker service, and florist's helper.

In 1960, the employment service, with an anonymous grant of $500, started a program to provide tuition aid for vocational skills training for dropouts. This consists of paying costs, for selected dropouts, of short term vocational skills courses not requiring a high school diploma for admission.

The commission provides an excellent illustration of what a locality can do toward improving and expanding services to youth through planned, coordinated use of readily available resources. Action programs patterned wholly or partly after those of the commission are potentially possible in many additional communities. One important need, however, is to show communities which might be interested, that the approach is a feasible one for them and that it can be expected to produce beneficial results. They also need guidance in organizing community resources and in developing effective action programs and could therefore profit greatly from the experience of the commission, which has a wealth of operating experience behind it.

LA CROSSE CITY YOUTH COUNCIL, LA CROSSE, WIS.

This is a program which was launched by high school students for the primary purpose of promoting summer jobs. The presidents of the school councils of the three local high schools are active on the council, which is made up of student members. Complete details are not at hand as to the total membership, but it is believed another youth group is an active participant. This is the CAL Youth Organization, which is also intra-high school, with the name being derived from the first letter of each high school. Their major responsibility is promoting jobs.

The CAL Youth Organization reorganizes each spring, and embarks on a substantial promotional campaign to develop communitywide interest in summer employment for youth. The local news media cooperate, as do civic clubs and PTA's, with young people addressing their meetings. Virtually all the promotional program is carried out by the student members of both organizations. The CAL Youth Organization accepts the registrations for summer jobs, then forwards them to the public employment service for placement.

Information availbale indicates that there has been a large degree of success in the past few years in actual placements made through the efforts of these youth organizations.

METROPOLITAN YOUTH COMMISSION OF ST. LOUIS

The Metropolitan Youth Commission of St. Louis and St. Louis County focuses primarily on employment-related youth problems. It has a paid professional and clerical staff and acts as a permanent coordinating committee on youth employment for the metropolitan area.

The commission meets regularly, considers broad problem areas, and recommends remedial action. Questions which require study, such as the establishment of a youth conservation corps, youth work camps and recreation camps, are referred to appropriate subcommittees. Other questions deemed appropriate for study by such committees include: improving youth employment opportunities; improving services to dropouts; employment needs of minority youth; assistance to high school graduates lacking specific skills; and youth employment opportunities development among employers. Reports of these special studies are prepared and published.

Currently, additional professional staff has been hired for a special on-the-street program to aid hard-to-reach youth. An advisory committee of 31 citizens has been appointed to work with the project, and efforts have been directed to investigating the various locations in which the project may be implemented and developing research methodology for the project.

In addition the commission considers and proposes constructive action with respect to such questions as: appropriateness and suitability of child labor laws; whether education is fulfilling its role in preparing youth for the world of work, adequacy of training opportunities for young people; and discrimination and its effect on minority youth.

Comprehensive evaluation is not possible at this time since no field visits have been made by the staff.

YOUTH WANTS TO WORK COMMITTEE, SAN FRANCISCO, CALIF.

This committee was organized in 1956. Its membership is broadly representative of the whole community. Employer representatives include the chamber of commerce, the Jaycees, and various trade associations. Also the Central Labor Council is represented on the committee. Many other groups also participate, including the PTA; the school systems—public and parochial both; civic groups, and the public employment service. A paid director and secretary are furnished the committee by the San Francisco Youth Association, which is a United Community Fund organization. Youth volunteers also assist in promotion activities.

The program of this committee operates year round, although most of the emphasis is on summer jobs. All young people seeking jobs are served—the dropouts, the high school graduates, and students. While the primary purpose is to promote job opportunities, and to coordinate community efforts in this direction, stress is put on maintaining community interest in youth employment. Actual placements are made by the youth division of the public employment service, with employers giving their job orders to the service for the necessary testing and counseling.

Recent promotional activities of significance included in 1960, 43 articles in local newspapers, 4 editorials, and 37 pictures. Many posters were developed and distributed, and about 200,000 youth employment brochures were mailed to prospective employers. In all promotional activities, the youth participate extensively, distributing handbills, appearing on television and radio, giving talks at civic luncheons, etc.

Detailed evaluation of the program is not available at this time, although conclusions may be drawn from certain figures. For example, in a 10-week summer period in 1960, 5,412 students applied for summer jobs; 1,425 were placed. Another 609 graduates were placed in the same period, which indicates that graduates are more easily placed than the young people who seek part-time or summer jobs.

Mr. FOGARTY. Mr. Denton.

COORDINATION OF THE YOUTH PROGRAM

Mr. DENTON. Last year we had some discussion about the dropout problem, and Education makes an investigation of it, and now your division is in. Is there not a great duplication of effort there; and how are you cooperating together in those three groups?

Mr. MOTLEY. The Secretary of Labor is giving assistance to the coordination of all the programs that has to do with youth.

For example, today there is a meeting of the President's Committee on Youth, which the Secretary is chairing. The various bureaus of the Department of Labor that have a responsibility for any phase of the youth program coordinate their total programs so that a total Department of Labor program is being presented to this Committee. The Bureau of Employment Security presents its placement, counseling, and testing program; the Bureau of Apprenticeship Training its training program.

Mr. DENTON. Right there, what do they do about cooperating in education?

Mr. MOTLEY. The Department of Education was also at the meeting today, and representatives from Mr. Ribicoff presented the total program of the Department of Health, Education, and Welfare, and all phases of their program which they are presenting to Congress, as well as their present program relating to youth.

Mr. DENTON. Is there not a conflict between you and Education on that?

Mr. MOTLEY. Not that I know of; there is not any conflict between Education and ourselves. We understand each one's responsibilities and what contribution each can make, and our efforts are not only tied together here, but they are tied together at the local level.

SCHOOL DROPOUT PROBLEM

Mr. DENTON. Do you think there is any element of safety in this dropout problem?

Mr. MOTLEY. I think that the dropout problem, as far as manpower is concerned, is a very important problem. I think that every effort should be made to have every child, every——

Mr. DENTON. I agree with you on that, but what I am trying to get is, why does it come under your agency?

Mr. MOTLEY. Under the Bureau of Labor Standards?

Mr. DENTON. Yes, Standards.

Mr. MOTLEY. The Bureau of Labor Standards has the protective programs to determine the work that they take does not interfere with their schooling, is not contrary to their health, and we set up standards on hazardous occupations.

And likewise, in the promotion of community effort, our work in the Bureau of Labor Standards is in the area between the work which the school people do while the youngsters are in school and the work which the Employment Service does in placing them in employment.

Mr. DENTON. Your problem comes up after they drop out, then, really?

Mr. MOTLEY. Our problem is really to try to encourage them not to drop out.

Mr. DENTON. And that is Education's problem too, is it not?

Mr. MOTLEY. Yes, to keep them in school. And we work between the Employment Service and the Office of Education in this field, working with them as a team.

RATE OF LONGSHOREMEN'S COMPENSATION INSURANCE

Mr. DENTON. Now I was rather surprised at the rate that they pay for workmen's compensation under the Longshoremen's Act. How does that compare with the insurance rate in industry generally?

Mr. MOTLEY. The rate for the maritime industry is much higher than the manufacturing rate.

Mr. DENTON. Is that because the Longshoremen's Act is more liberal or because it is more hazardous?

Mr. MOTLEY. No, it is because of the type of work, Mr. Congressman. The longshoring is handling materials. It is primarily handling materials. And likewise, it is performed to some extent by casual workers who are not at the same place of employment every day. They are moving from ship to ship and working under different conditions. Today they may be unloading sugar or machinery or some other commodity; so that the type of work they do is different.

But we also feel, that as a result of the program which this Congress put into effect, that we can make considerable progress. We do not feel there is any justification for the existing high rate of accidents in this industry.

Mr. DENTON. Well does anybody check, approve a policy of insurance that covers longshoremen?

Mr. MOTLEY. It comes under the Longshoremen's Act.

Mr. DENTON. Yes.

Mr. MOTLEY. Under the Bureau of Employees' Compensation.

Mr. DENTON. And who approves that policy?

Mr. MOTLEY. The Bureau of Employees' Compensation.

Mr. DENTON. And do they make any check to see whether the rates are reasonable?

Mr. MOTLEY. I would rather that you would direct that question to Mr. McCauley, please.

Mr. GIDEL. It is based on experience.

Mr. MOTLEY. The method of rating is the same as it is in private industry.

For example, Mr. Gidel just told me that, in the port of New York, because of the drop in the accident rate, there was a 20-percent reduc-

tion in compensation in the port of New York, based upon 3 years' experience.

Mr. DENTON. I would think these charts that you gave us here would be much higher in the southern ports than they would anyplace else, because there are so many more accidents there.

Mr. MOTLEY. Well the rate in Texas is $20, as we said; and I think the rate in New York is around $16, is it not?

Mr. GIDEL. Well it is a little over $20. Actually, it varies. The annual rates which we have in these documents, which you gentlemen can have, vary from $2 to $20 in longshoring in various ports in the country, and it also varies in ship repairing from $1.62 per $100 payroll to $10 per $100 payroll. Now, these rates are based on insurance, actual costs of insurance, paid out medicals, and things of that type.

Mr. DENTON. You put some charts on the board in which you show that a great many were involved in accidents in the gulf coast. In that case, why should their rates be higher compared to the port of New York's?

Mr. GIDEL. The individual port of New Orleans had a rate of around $5, depending on the experience of the individual stevedores. The port of Galveston, though, in Texas, have a rate of over $20, based on a much higher frequency rate.

Now the gulf data that we gave you, included the ports of Mobile, Galveston, Houston, and all the small ports in the gulf area. So there will be an individual and a different compensation rate in each one of these ports. But it is all based on the experience.

And the New York reduction of 20 percent in compensation rates came into effect in this past year, based on the experience over the past 3 years of the cost of injuries in the port of New York; and, actually as a corresponding period, since this last was passed and a more comprehensive safety program has gone into effect.

Now there was a meeting of the compensation people in the State of Texas last year, and they were going to raise the rate, but based on the favorable trend of the reduction of injuries in the State of Texas, they did not increase the rate. And we have another factor this year, of course, which is an increase in benefits under the Longshoremen's Act, which just went into effect, which will affect the overall costs' picture, because I think the rate is $70 per week now that the person gets from compensation benefits if he is injured and off work.

Mr. DENTON. That is all.

Mr. FOGARTY. Mr. Laird.

YOUTH EMPLOYMENT PROGRAMS

Mr. LAIRD. Last year I discussed with you, during the hearings, the youth activities which are carried on by you, by HEW, and by the Office of Education. Mr. Denton brought up the subject in his questioning a few moments ago.

It seems to me that in your budget this year you have included a tremendous increase for this activity.

Mr. MOTLEY. We have included an increase of from $104,800, which you gave us last year, to $524,000 proposed for next year.

Mr. LAIRD. Percentagewise, that is quite a substantial increase.

Mr. MOTLEY. Indeed it is. Yes.

RELATION TO PROPOSED LEGISLATION

Mr. LAIRD. We have pending before the Congress a legislative proposal for youth employment opportunities. If one will read over the justifications for this proposed legislation, you would be led to the conclusion that this justification which you have in your budget document this year is along much the same lines as the justification made for the new legislation.

Do you not think this program should be deferred until we know what the result of the proposed legislation is? It seems to me that you are attempting through the appropriation process to bring about a program which has been justified or is being justified before legislative committees.

Mr. MOTLEY. I think the two programs are geared together, Mr. Congressman. The youth opportunities proposal which is before Congress did contain three titles but now contains two titles, one having to do with the establishment of what might be called the CCC camps, which were in existence in the thirties on a different basis; and the second title has to do with projects which can be approved in the various communities.

Now, in order for a community to take advantage of the second title of that proposed legislation, it is going to be necessary for community X to have some prepared program of types of projects that can be carried on under this proposed legislation. And in the present legislation, unless it has been changed, there is a request for matching funds in order to take advantage of the Federal appropriation.

So if we are going to get the full effects out of the proposed legislation, it is going to be necessary for the communities and the States to be very well oranized so that they are ready to propose projects, either under title I, under the youth conservation section, or under the community proposals.

Now, for example, the group in the city of Los Angeles, Los Angeles County has been in touch with us constantly on how they should plan their program in Los Angeles County, so that if this legislation which is before you is passed, that they can be immediately ready to take advantage of the provisions of this legislation.

You have got to have community organizations in a community in order to take full advantage of legislation of this kind. And that is what our proposal is, is organizing the communities to be ready.

PROPOSED MERGER OF WELFARE AND PENSION DIVISION WITH BLMR

Mr. LAIRD. Yesterday I discussed with the Secretary a proposal which was made and which I had discussed at an earlier time with Secretary Mitchell. It had to do with the proposed merger of the Welfare and Pension Division with BLMR. Are you aware of any proposed merger?

Mr. MOTLEY. Yes. That has been discussed by Mr. Goldberg and Mr. Mitchell at various times. It has been under consideration. I think it is in the discussion stages.

Mr. LAIRD. Well, Secretary Goldberg assured me yesterday that nothing would be done. And I was glad to be advised that this proposed merger would not take effect. We are going to make appro-

priations for the Pensions and Welfare Division to your Bureau, and of course we do not expect to have the funds transferred from the Bureau without it being submitted that way in the budget justification.

WELFARE AND PENSION PLANS ACTIVITIES

The Pension and Welfare Plans Disclosure Act is said to have no teeth. There have been comments made from time to time that there were no teeth in this particular proposal as it was enacted. Now, I understand under the administration of this, that there is enforcement going on. Have you not referred certain cases to the Justice Department under the Pension and Welfare Disclosure Act?

Mr. MOTLEY. We have referred to the Department of Justice, to the Federal Bureau of Investigation probably in excess of 200 cases where the administrator has failed to file required reports under the legislation. When the Federal Bureau investigator calls on the administrator, as a general thing, he immediately says: "Well, it was my neglect; they will be filed immediately."

We do have one case in a New Jersey court which has not yet been placed on the docket—a civil case—where there is a question of difference in interpretation between the Department of Labor and the company involved as to whether they are required to file under the act. This is a case of the filing provisions of the existing legislation.

We have another criminal case which is being considered, which we are trying on the basis of the provisions of the legislation.

But the problem is, Mr. Congressman, that in many instances that come to our attention, individuals—beneficiaries, as we call them—have reasons to believe that the welfare and pension fund has been improperly handled, and where there has been mismanagement and perhaps the funds have disappeared.

We have no authority under our legislation to go behind what has been submitted. All we can do under the present legislation is to have them file and fill out the forms and provide the information as requested. But we have no authority to go behind that to determine whether there has been a mismanagement of the funds.

Now, this is the basis for the amendments that are before Congress at the present time.

Mr. LAIRD. Recently you transferred the pension and welfare operations to Silver Spring, Md. Has this moving of operations made these reports more inaccessible and therefore defeated the principle of the Disclosure Act?

Mr. MOTLEY. I think that if space had been available in the downtown area, it would be more convenient for the people who wish to see these files to visit our Division; however, in the short time that we have been in Silver Spring, the people who have visited our disclosure room have not complained. It is very excellent quarters, and we find in several instances that there are individuals who were interested in looking at the material found it more convenient to drive to Silver Spring and not to be involved in downtown traffic.

Mr. LAIRD. So you have not had any noticeable effect?

Mr. MOTLEY. We have not. The number of the people that are using the disclosure room in Silver Spring compared with the number that were using the rooms downtown are identical. It is much better quarters than we have downtown. Much better.

Mr. LAIRD. That is all.

REQUEST SUBMITTED TO BUDGET BUREAU

Mr. FOGARTY. Did I ask you how much you asked the Bureau of the Budget for?

Mr. MOTLEY. No, you did not, Congressman.

Mr. FOGARTY. Will you supply it for the record—how much you asked the Bureau of the Budget for, and give us a complete description and number of jobs you asked for?

Mr. MOTLEY. Yes, sir.

(The requested information follows:)

(Note: The information regarding request to the Bureau of the Budget was inserted on p. 303.)

(Listed below are titles of positions requested of the Bureau of the Budget:)

Division of State Services:	
1 GS–14 Labor economist	$12,230
6 GS–13 Labor economist	63,900
4 GS–12 Labor economist	35,860
5 GS–11 Labor economist	37,855
1 GS– 9 Labor economist	6,448
2 GS– 7 Labor economist	10,732
4 GS– 5 Secretary	17,388
8 GS– 4 Secretary	32,448
Total (31)	216,861
Division of Safety:	
1 GS–14 Safety engineer	12,230
1 GS–13 Industrial hygienist	10,650
1 GS–13 Safety engineer	10,650
6 GS–12 Safety engineer	53,790
3 GS–11 Safety engineer	22,715
5 GS– 5 Secretary	21,735
Total (17)	131,770
The President's Committee:	
1 GS–11 Administrative officer	7,571
1 GS– 5 Secretary	4,347
1 GS– 4 Stenographer	4,056
Total (3)	15,974
Division of Youth Employment Standards and Services:	
2 GS–14 Youth employment specialist	24,460
11 GS–13 Field representative	117,150
3 GS–13 Youth employment specialist	31,950
1 GS–13 Research specialist	10,650
3 GS–12 Field representative	26,895
1 GS–12 Research specialist	8,965
2 GS–12 Youth employment specialist	17,930
1 GS–11 Youth employment specialist	7,571
2 GS– 9 Youth employment specialist	12,896
2 GS– 7 Youth employment specialist	10,732
13 GS– 5 Secretary	56,511
4 GS– 4 Stenographer	16,224
Total (45)	341,934

Budget Reserves

Mr. Fogarty. I notice that the Bureau of the Budget has put $175,000 of your funds in reserve for savings. Will you give us a breakdown of that $175,000 that has been put in reserve?

Mr. Motley. Do you wish it for the record?

Mr. Fogarty. What it was to be used for, yes; put it in the record.

Mr. Motley. Yes, sir.

Mr. Fogarty. Give us the positions and what you have been unable to do because of this amount of money being put in reserve.

(The requested information follows:)

Effect of Reserve of $175,000 on 1962 Activities

The 1962 appropriation provides for an increase of 64 positions at a cost of $736,000. Since the appropriation bill did not become law until September 23, actual entrance on duty of new employees was delayed. There have been no program changes, but we have not been able to make the progress initially expected because the average employment will be approximately 20 man-years below that anticipated in the budget estimates.

Mr. Fogarty. Do you have anything else you want to say before you leave?

Mr. Motley. No, sir. Thank you very much, sir.

Mr. Fogarty. Thank you.

Mr. Motley. We have some reports here, in case you would like to look at our maritime program.

Mr. Fogarty. Yes. Give one to each of the members.

Mr. Motley. Yes, sir.

Thank you very much, Congressman.

BUREAU OF APPRENTICESHIP AND TRAINING

WITNESSES

EDWARD E. GOSHEN, DIRECTOR
ANSEL R. CLEARY, SPECIAL ASSISTANT TO THE DIRECTOR
JOHN S. McCAULEY, CHIEF, DIVISION OF RESEARCH
RALPH E. FRENCH, CHIEF, DIVISION OF MANAGEMENT SERVICES
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY
CHARLES A. CARLSON, ADMINISTRATIVE OFFICER

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1961 actual	1962 estimate	1963 estimate
11	Personnel compensation:			
	Permanent positions	3,447	3,759	3,881
	Other personnel compensation	20	8	8
	Total personnel compensation	3,467	3,767	3,889
12	Personnel benefits	263	289	294
21	Travel and transportation of persons	285	420	429
22	Transportation of things	8	11	12
23	Rent, communications, and utilities	111	135	141
24	Printing and reproduction	41	55	56
25	Other services	12	58	28
	Services of other agencies	59	92	93
26	Supplies and materials	56	57	58
31	Equipment	51	37	26
	Total costs	4,353	4,921	5,026
	Change in selected resources	−24		
	Total obligations	4,329	4,921	5,026

Personnel summary

	1961 actual	1962 estimate	1963 estimate
Total number of permanent positions	492	543	553
Average number of all employees	467	519	528
Number of employees at end of year	463	543	528
Average GS grade	8.4	8.5	8.5
Average GS salary	$7,385	$7,347	$7,375

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
1. Training promotion and service to industry	3,780	4,300	4,309
2. Training research and technical services	303	322	418
3. Administration and management services	270	299	299
Total program costs	4,353	4,921	5,026
Change in selected resources [1]	−24		
Total obligations	4,329	4,921	5,026
Financing: Unobligated balance lapsing		50	
New obligational authority	4,329	4,971	5,026
New obligational authority:			
Appropriation	4,329	4,976	5,026
Transferred to "Operating expenses, Public Buildings Service," General Services Administration (75 Stat. 353)		−5	
Appropriation (adjusted))	4,329	4,971	5,026

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1960, $60,000; (1961 adjustments, $49,000); 1961, $25,000; 1962, $25,000; 1963, $25,000.

Mr. FOGARTY. We have now before us the Bureau of Apprenticeship and Training. Do you have a prepared statement?

Mr. GOSHEN. Yes, sir.

GENERAL STATEMENT

Mr. Chairman and members of the committee, recent studies by the Department of Labor and other research organizations stress the importance to the national welfare of effective development and utilization of manpower resources. The national objectives of maximum levels of employment and production require the action called for by such studies. Modernization of plant and equipment and technological advancement are essential to keep pace in world trade and to provide full employment. But these advances must be accompanied by the development of planned apprenticeship and training programs to meet more exacting requirements for skills. Employed, unemployed, and underemployed workers at all levels need training and retraining more frequently and in greater numbers than in the past.

ECONOMIC PROGRESS DEPENDENT UPON SKILLED MANPOWER

The relationship of skilled manpower to economic progress is direct and clear. Many small, but important, improvements in technology are made by skilled craftsmen who must also create all tools and machines designed by engineers. The rapidity with which major innovations can be introduced depends in part on the availability of trained manpower. Shortages of special skills impose limits on the installation of superior machines and methods. Ever since World War II American industry has dramatically demonstrated its ability to create new products to serve the Nation. Entirely new industries have opened new fields of employment—electronics, plastics, atomic energy. Each change has brought with it manpower problems as well as opportunities. Technological advance often means displacement and unemployment of workers. Mass production methods, semiauto-

matic or fully automated, may reduce the number of skilled craftsmen used but increase dependence on them, dependence for production, installation, maintenance, and changeover.

This Bureau is the agency of the Department assigned to encourage management and labor jointly to formulate systematic training for apprentices, journeymen, and other workers. Our plans for 1963 and operations during 1961 and the first months of 1962 will be summarized now under our six program areas. The first five program areas have been conducted for several years. For 1963, a sixth, Emergency Management of the Labor Force, has been added to cover proposed defense mobilization activities.

NATIONAL INDUSTRY PROMOTION

Program area 1, national industry promotion: All phases of national industry promotion have been accelerated to develop more active leadership within industry on training problems. Promotional work with multiple-plant establishments and multi-State programs is being stepped up. Field work will be carried on in five special industry projects in 1962 and in 1963. The International Typographical Union, participating in one of the five, is showing unusual interest and effectiveness in updating its apprenticeship and training operations.

The promotional device of encouraging and supporting multi-State apprenticeship and training conferences is paying dividends. Participation in and support of these conferences has increased in terms of manpower, industry representation, and operating budgets provided by industry. Conference agendas display ever-broadening discussion subjects, and continuity between conferences is assured through committee work. Turnover in conference participants is resulting in a broader exposure of labor and management representatives than mere attendance figures indicate. For example, over one-fourth of the participants at the 13th Southern States Apprenticeship Conference indicated they were attending for the first time. An example of between-conference work is the "Handbook on Apprenticeship," developed, published, and distributed by the Southern States Apprenticeship Conference. This is designed to improve administration through the joint apprenticeship committees.

A new service to national management groups and international unions, inaugurated in 1962, has been well received. Apprenticeship and journeyman training activities reported monthly by the field staff are summarized and significant information is reported to these organizations for their guidance and use.

STRENGTHENING JAC'S

Program area 2, strengthening JAC's in the construction industry: Heavy emphasis is being placed on improving the selection of apprentices and the quality of training given apprentices. A series of charts on "Selection of Apprentices" has been developed for use of the field staff. The steady increase in employment by joint committees of paid apprenticeship and training coordinators will be of material assistance in attaining this objective. At the beginning of fiscal year 1962, there were 39 national and 209 local apprenticeship and training

coordinators, well over 100 of whom were full-time employees. With many international unions actively encouraging their locals to hire coordinators, the upward trend of the past year of this valuable multiplier is expected to continue.

COMMUNITY LEVEL PROMOTION

Program area 3, community level promotion: Passage of the Area Redevelopment Act has required stepped-up community-level promotion. Many of the smaller cities, even though not eligible for assistance under the Area Redevelopment Act, have been stimulated to examine their economic standing. These communities have availed themselves of technical assistance of BAT field representatives on an increasing scale.

In the past year legislation in California and New York has broadened the scope of State activities to include training other than apprenticeship. Pennsylvania and Colorado adopted new laws which revised and greatly strengthened their apprenticeship and training functions. Upon request of the Governor, the Virgin Islands was given technical assistance in initiating promotion of apprenticeship.

LOCAL LEVEL PROMOTION

Program area 4, local level promotion: Direct contact with management and labor by field representatives will be the primary method for stimulating the development, improvement, or enlargement of apprenticeship and training programs. In 1962 a substantial number of apprenticeship and training programs will be revised to include language assuring equal employment opportunity, consistent with the directives of the President's Committee on Equal Employment Opportunities. It is expected that the policy adopted by many States to encourage areawide or multiestablishment apprenticeship and training programs in lieu of individual programs will continue.

STRENGTHENING TECHNICAL KNOWLEDGE OF WORKERS

Program area 5, strengthening workers' technical knowledge: Attention will be directed toward developing data on techniques for encouraging workers to improve their skills and on what incentives are now being used in industry. In 1961 Pennsylvania State, Cornell, and Harvard Universities carried on some studies in cooperation with the Bureau to review how extensively workers are taking advantage of opportunities for training and what inducements are most successful. The Bureau plans one study of its own in 1962 and one in 1963.

THE LABOR FORCE IN TIME OF EMERGENCY

Program area 6, emergency management of the labor force: With funds provided from the appropriation of the Office of Civilian and Defense Mobilization, beginning around mid-1960 the Bureau developed and conducted a pilot program in Allentown, Pa. Construction industry joint apprenticeship committees were recruited to accept assignments for planning postattack restoration of essential

community services. Labor and management members of these committees, working without compensation, and with the Bureau representative programing the work, developed practical plans for assembling crews of trained construction workers pledged to go into action immediately when and if utilities are destroyed. In 1963 funds are proposed for similar programs in about 50 communities.

Nationwide survey of apprenticeship and training: This survey, covering plants which our field representatives are not able to contact because of lack of time as well as those with which we work regularly, will be completed late in 1962 or early in 1963. A small followup survey is planned in 1963. No comparable survey has ever been conducted of American industry. It is expected to prove extremely valuable in charting our operations among the various industries in the years ahead, and may be of assistance to those who hold responsibility for reviewing our activities.

1963 BUDGET PROPOSALS

Mr. FOGARTY. Your appropriation for 1962 is $4,976,000 and the request for 1963 is $5,026,000. But there is an item of $100,000 for defense mobilization activities which is new. So your budget actually represents a decrease of $50,000 for regular activities. Is that right?

Mr. GOSHEN. That is right.

Mr. FOGARTY. You are going backwards.

Mr. GOSHEN. Slipped $50,000.

Mr. FOGARTY. What did you ask the Bureau of the Budget for?

Mr. GOSHEN. For $5,577,600.

Mr. FOGARTY. So that is about $600,000 you were cut?

Mr. GOSHEN. $651,600.

Mr. FOGARTY. Give us a complete breakdown of that $651,600 and tell us how this cut will affect your program for 1963?

Mr. GOSHEN. Yes, sir.

(The information requested follows:)

Items disallowed by Bureau of the Budget

(*a*) Strengthening of Bureau's support of Department's manpower program, 54 positions	$496,800
(*b*) Increased travel costs on base program due to Public Law 87-139	70,800
(*c*) Replacement of 80 percent of outworn equipment in field offices	53,650
(*d*) Contract visual materials	30,350
Total, 54 positions	651,600

The 54 disallowed positions included:

FIELD

27 GS-11 apprenticeship and training field representatives.
19 GS-4 field clerk-stenographers.

DEPARTMENTAL

1 GS-13 field operations officer.
1 GS-11 State-Federal relations.
1 GS-9 standards reviewer.
1 GS-9 information specialist.
1 GS-7 fiscal assistant.
3 GS-4 department clerk-stenographers.

The field positions would be assigned to encourage and assist labor and management to install and improve apprenticeship and training programs in industry; to assist communities to strengthen planning for skill development; and in general to implement the Department's program relating to skill development.

The departmental positions would provide necessary support for the proposed field activities. New apprenticeship programs, new training programs, and other advances in training in industry totaling around 800 will be postponed indefinitely as a result of the disallowance.

RELATIONSHIP OF RESERVE TO THE BUREAU OF BUDGET ALLOWANCE

Mr. FOGARTY. How much was put in reserve for savings in your division, $50,000?

Mr. FRENCH. Yes.

Mr. FOGARTY. Is this cut in 1963 tailored to meet the reserve, do you think?

Mr. GOSHEN. I did not quite get your question.

Mr. FOGARTY. Was this cut of $50,000 just tailored to meet the reserve, the amount that was put in reserve for 1962?

Mr. GOSHEN. Well, I do not know if it was tailored or not.

Mr. FOGARTY. It happens to be the same amount.

Mr. GOSHEN. It seems to be that same amount.

Mr. FOGARTY. How many people did you add under the increase for 1962?

Mr. GOSHEN. Forty-one?

Mr. FRENCH. Yes.

Mr. FOGARTY. Were you able to put them all on the payroll at the first of the year?

Mr. GOSHEN. No; we still have a few to put on.

Mr. FOGARTY. Why is there no request in this budget to annualize the positions you have put on?

Mr. FRENCH. They will be provided for under the request.

Mr. GOSHEN. Under the original request.

Mr. FRENCH. Yes.

Mr. FOGARTY. Well, I notice you have deducted the nonrecurring items that total $50,000.

Mr. FRENCH. That is right. Correct.

Mr. FOGARTY. And where does the increase show up in the budget to annualize the additional positions that you have added for part of 1962?

Mr. FRENCH. So the salaries are in there for 1963, the same as 1962.

Mr. FOGARTY. The only increase I see in the budget is for $100,000 for defense mobilization. I do not see any increase for the annualization of these new positions.

Mr. HUDSON. Most of the increase you gave us for this year was on an annual basis. We have not come in for any change at all. We have come in with the same money. We asked for more money to begin, so the Bureau of the Budget put in this civil defense item.

Mr. GOSHEN. This $4,976 million would cover it, and we have gone to $5,026,000. Would that not include that?

Mr. FOGARTY. No. The only increase I see is the $100,000 for the defense mobilization. That would not provide for the annualization for the new positions.

Mr. FRENCH. No; there is not for the five or six positions that would be covered by the $50,000 reserve. That would be correct. I understand now.

Mr. FOGARTY. The reserve has already taken care of that?

Mr. FRENCH. Yes. As you say, it seemed to be tailored in the——

Mr. FOGARTY. Well, that question I asked; was it tailored to meet that reserve? The answer is just "Yes," is it not?

Mr. FRENCH. Yes. I did not realize it at the time.

DROP IN THE NUMBER OF APPRENTICES

Mr. FOGARTY. Now, on page 9, the number of apprentices shown receiving training during 1962 is shown as 210,700 which is a drop from 1961 and a sizable drop from 230,000 in 1960. What is the reason for this?

Mr. GOSHEN. Well, I think that the effect in some instances was the same as it was for last year. I think there is still some unemployment in some of the skilled trades in some places, and there is a reluctance on the part of an employer to hire apprentices when he is laying off journeymen.

I think some of the activity in other than apprenticeship has taken some considerable time of our field staff, which is bound to reflect some of the work where at one time we only worked on apprenticeship; we now are giving considerable time to journeymen programs.

Mr. FOGARTY. What about all these new fields of employment like electronics and plastics and atomic energy?

Mr. GOSHEN. That is where you are going into some of your journeymen training.

And of course we worked on that, used the same principle of management-labor working together to develop their programs.

Mr. FOGARTY. Do your activities have any effect in the expansion or contraction of the actual training programs?

Mr. GOSHEN. Well, I would say that they helped to expand them. Our men worked with industry on them.

Mr. FOGARTY. Do you think you could do a better job in promotion if you had another $50,000?

Mr. GOSHEN. Well, frankly, I think the thing that prevents us from getting more than we are getting is that we do not have the staff to get the work done.

Mr. FOGARTY. Well, that is one way of answering my question; but it could be put another way. You could use the $50,000?

Mr. GOSHEN. That is right.

Mr. FOGARTY. And a lot more?

Well, you asked for $650,000 more than you got. Do you still feel the same way, that you could use that amount of money, if you had it?

Mr. GOSHEN. Yes, I think we could. And I think that the work should be too—when we get it—should be concentrated out into the field where the men can make the contacts. Our experience has shown us that management and labor will work together if you will stimulate them and get them going.

Mr. FOGARTY. This is one of the best labor-management programs we have, is it not?

Mr. GOSHEN. I think it is the best.

Mr. FOGARTY. Well, I would if I were in your position, too.

EFFECT OF THE AREA REDEVELOPMENT ACT

Now, on page 7 you say:

Passage of the Area Redevelopment Act has resulted in stepped-up community level promotion.

Would you elaborate on that a little?

Mr. GOSHEN. Well, with the Area Redevelopment Act we have sensed that if you are going to get something done in those areas, that it will have to be the people in the area that will have to be activated to do something. And working on the basis that we have since our inception, it is getting these people to do something. We have assisted in that, and we have gone in.

Now, of course, before the act was passed, we had instances where we had helped on that. Some specific instances where we had gotten the people together to work out a program, and we have done a lot of that since. We have helped them bring people together to discuss their problems. We have helped in establishing some training program, helped the management. We have got the people working on it, and we worked it on that basis, to bring them together to meet their own program.

Mr. FOGARTY. I just cannot understand why they cut you $650,000 in this program. It shows a decrease of $50,000 over your present appropriation.

CHANGES IN STATE LAWS

You mentioned in your prepared statement that California and New York have changed their State law to add training. How is this working out?

Mr. GOSHEN. I think it is going to work to the advantage of the whole program, because at times in these States where we have the State agencies, they confine their work solely to apprenticeship. Now, during the GI period, they did some inspection with funds they got from the VA. But they dropped that. And now California and New York say: "We are going to promote both".

For instance, if you go into a plant and you can sometimes find them "yes-ing", you. But sometimes they have some other problems, and apprenticeship has followed. And it has worked the other way around, too. And I think it is better for people in industry to be contacted by fewer people in Government than a lot of people going into a lot of different programs and working with them. And that is what we have done.

Mr. FOGARTY. I agree with you. But have any problems arisen in the States of California and Pennsylvania with regard to the Office of Vocational Education?

Mr. GOSHEN. Not on this, no. We have had no difficulty. I think our relations with Vocational Education have been good.

Mr. FOGARTY. Have you had any problems with the vocational education people in the last year over the addition of training to the Bureau of Apprenticeship?

Mr. GOSHEN. I think not.

Mr. FOGARTY. You do not think so?

Mr. GOSHEN. I do not think so.

Mr. FOGARTY. Do you meet with each other once in a while?

Mr. GOSHEN. Yes. We held one meeting, and due to our reorganization and trying to get started again, we did not meet in Kansas City with them. But we met before that, and we plan to meet on schedule again.

Mr. FOGARTY. What about the Pennsylvania and California laws? You say they broadened their laws. Broadened them in what way?

Mr. GOSHEN. Pennsylvania now has a law, where previously they were working under an Executive order.

Mr. FOGARTY. I see.

Mr. GOSHEN. Colorado changed their law, which centered their labor standards in vocational education and they now have the law in the industrial commission.

Mr. FOGARTY. Are you going to do anything to encourage improvements in other States?

Mr. GOSHEN. There is discussion now of a new law in West Virginia. There is talk of one in Georgia.

Mr. FOGARTY. Are you doing anything to encourage changes in those States?

Mr. GOSHEN. Where labor and management so indicate, we are assisting it.

Mr. FOGARTY. I see. You do not go in unless you are asked?

Mr. GOSHEN. Not out-and-out promoting unless they want it.

Mr. FOGARTY. Unless they ask you for assistance?

Mr. GOSHEN. That is right. I think the law we operate on tells us to do that.

Mr. FOGARTY. Well, this committee, as you know, has always supported this program as long as I have been on it. I am very disappointed that they are cutting you back instead of going ahead. I would think they would be increasing this program rather than cutting it back.

Mr. GOSHEN. I agree with you.

Mr. FOGARTY. Mr. Denton.

EMPLOYEE-EMPLOYER RELATIONS

Mr. DENTON. I always attend the dinner that they have in my hometown of Evansville when they have the completion of services for the apprentices. And I think it is a very fine occasion, and it is a wonderful thing to see the employer and the employee and the Government and the State and the schools all cooperating together in the program. And like the rest of them, I think it is a splendid program.

I have spoken of this before, but I wish the program was extended more to the factories, to the—I do not want to say mass industries, but the production line. Has anything been done about that?

Mr. GOSHEN. Well, we—of course, I think that one reason why we have found it—or that we get the programs quicker in the construction industry, is the relationship that exists in nearly all sections of the country——

Mr. DENTON. I see.

Mr. GOSHEN. Between the employer and employee that does not exist all over in all instances in some of the metal trades.

Now, for instance, we mentioned this program with the Typographical Union. Now, that is factories, and there are a lot of them around the country. We have given that considerable attention, for two reasons. They have adopted a new plan.

Mr. FOGARTY. Off the record.

(Discussion off the record.)

Mr. GOSHEN. But they are doing something that I think may settle some of this argument about is the apprenticeship term too long or is it too short? It depends upon manpower conditions, usually, when they discuss that.

And they are putting it on a point system, that when the apprentice makes certain accomplishments he gets the point. Now, the point has to be agreed to between management and labor.

Mr. DENTON. This Typographical Union?

Mr. GOSHEN. That is right. Of course, if it is successful, I think it will spread to others. Because I think it is a practical way to approach the thing. And both management and labor has to agree to it. Then that falls down right into the program of joint committees. So we are encouraging them to establish committees where they do not have them. And although they have had it in their book of laws for a number of years, they have not operated. Now they are commencing to get these committees underway.

Now, together with that, the Typographical Union has built what they call a training center. They have now moved to Colorado Springs. And they have all the new equipment where they are changing from cold type to photography production in the printing business. And the Typographical Union has spent the money, they train their own people at the center. They then return to their local community and establish a training center to train their own people in their area.

That is a unilateral action by the union. The union is doing that all on its own.

Mr. DENTON. Well, you have had some success in getting the machine shops and toolmaker shops, I think, in this program.

Mr. GOSHEN. That is right. I think we are going ahead pretty well with the toolmaking. The national association is working with this, and we work with them.

NONRECURRING COSTS MAKE UP BUDGET REDUCTION

Mr. DENTON. Now, on page 3, BAT–3. In 1962 you had 476 employees, and in 1963 you have 476 employees, but your appropriation is cut $46,375. And in No. 2, "Training research and technical services," you had 36 employees for 1962 and you have 36 employees for 1963, but your appropriation is cut $3,625. The two of them make $50,000. Now, where is that reduction reflected?

Mr. FRENCH. On page 5 that is, the "Summary of changes."

Mr. DENTON. Yes.

Mr. FRENCH. The decreases are the nonrecurring costs.

Mr. DENTON. What were the items that were taken out?

Mr. FRENCH. There was a color film, motion film, and——

Mr. DENTON. I am looking at a different page than you.

Mr. FRENCH. Page 5.

Mr. DENTON. BAT–5?

Mr. FRENCH. Yes.

Mr. DENTON. I see. The items that were taken out was a colored film that cost $30,000, equipment that cost $14,650?

Mr. FRENCH. Yes.

Mr. DENTON. And field rent that cost $5,000, which were nonrecurring items?

Mr. FRENCH. Yes, sir.

Mr. DENTON. Those were taken out?

Mr. FRENCH. Yes.

Mr. DENTON. Now, I was interested in your men helping out on area redevelopment. You have representatives of apprentice training in Evansville. Would he help in my district in getting some of these overall programs underway?

Mr. GOSHEN. Yes.

Mr. DENTON. I am glad to know that. Thank you very much.

Mr. FOGARTY. Mr. Laird.

ESTABLISHED PROGRAMS AND PROPOSED LEGISLATION

Mr. LAIRD. We have all heard a great many speeches and statements in the last 12 or 13 months about the greater emphasis that needs to be given to training. In the presentations that have been made today we have already heard about the greater emphasis that needs to be given training in the presentation of the President's Committee on Youth Employment, the President's Labor-Management Advisory Group, the Bureau of Labor Statistics, the Bureau of Apprenticeship and Training, and the Bureau of Labor Standards. We will be hearing from the Bureau of Employment Security and the Office of Vocational Education. We hear a lot of talk about this proposed legislation which we have here in the Congress making further authorization in the area of training programs. We have plenty of authorization on the statute books right now. We do not need any more authorization. It seems to me we just need to start carrying out the laws that we already have on our statute books.

Here we have in "Apprenticeship and training" a long-established program. It has been carried on for many years and is well established. And we see that it is being downgraded by reductions even below the amount that was made available by this committee last year. I cannot understand that. Why is this happening?

Mr. GOSHEN. I do not have the answer.

Mr. LAIRD. You have plenty of authorization.

Mr. GOSHEN. I think this. I think that, the same as you do, with the contention that certainly we need more attention to the skilled workers. Now I am talking about the craftsmen first. If you go back to your war situation, you will find that when we got into the war, those are the ones that were scarce. And I do not think we dare to be scarce with them again. And those are the ones that we used for leaders to break the job down into small component parts, and the skilled craftsman showed the individual how to do the work.

Mr. LAIRD. Well, you do not need any more authorization in your program.

Mr. GOSHEN. Well, as I told the chairman, I think we need more field men.

Mr. LAIRD. But that does not require any more authorization; that does not require anything but implementation. That does not require any big new training program being authorized by the Congress. All that requires is a little more money, is that not correct?

Mr. GOSHEN. Well, we could use more field men.

Mr. LAIRD. But there is no additional authorization required for that.

Mr. GOSHEN. Not if you give us the money.

Mr. LAIRD. Did you happen to sit in on any of these meetings in which this policy is laid down in Government today to——

Mr. GOSHEN. Not to any great degree.

Mr. LAIRD (continuing). To put the emphasis on new authorization legislation rather than implementing the laws we have on our statute books?

Mr. GOSHEN. I have sat in a couple of meetings.

Mr. LAIRD. Well, why do they always turn to new authorizations instead of implementing the present law?

Mr. GOSHEN. I have not got the answer.

Mr. FOGARTY. This is the New Frontier.

Mr. LAIRD. Well, I think there is a "new frontier" to be reached in some of these existing programs.

Mr. FOGARTY. So do I.

Mr. DENTON. We all agree on that, do we not?

Mr. LAIRD. There is a great amount of talk about what is being done about training; but then when you get down and really look at the facts of this situation and look at this budget document before you, it seems to me that we are moving in an opposite direction. And it concerns me.

REDUCED RESTRICTIONS IN APPRENTICE TRAINING

Last year in the testimony before the committee, you said that the kinship restrictions are not as prevalent as in the past and the man is not prevented from embarking on apprenticeship in bricklaying or carpentry, and so forth. Do you still feel this way?

Mr. GOSHEN. Well, I still would say what I said before—that I do not think it is as prevalent. But I think what we have to do; I think we have to go back to human nature, and if a man has a son or relative, it is a natural thing. Now, it is not only in the trades it is done; management will do the same thing. He will bring his son down and work him right up, and he is a vice president pretty quick. So it is not only down in the trades that that is done. I think it is a human trait.

I do not think it is as prevalent as it was in the trades. And I mentioned last year the bricklayers, and I think at one time the bricklayers pretty much took the sons. I know a little bit about that; my folks come from that industry.

Mr. LAIRD. I was interested in that.

Mr. GOSHEN. I do not think it is as prevalent as it was.

Mr. LAIRD. It is not necessarily bad, is it?

Mr. GOSHEN. No, I do not think it is bad. You go back to the guilds and they would not give their secrets to anybody but their family. And it is not that way any more.

Mr. LAIRD. In the statement you made there was quite a point about that, and I was trying to figure out in my own mind——

Mr. GOSHEN. I do not think it is bad. I do not see anything wrong with it. They get criticized for it. I think George Meany said recently something to the effect that the unions were selfish to their

own members and would discriminate against others to the benefit of their own people.

And I think you find that is just a human trait, that they are bound to do those things.

TRAINING MATERIALS

Mr. LAIRD. Do you plan to develop training material for the classes conducted by the Armed Forces?

Mr. GOSHEN. No. Nothing like that.

If you are talking about school material, that is not our function.

Mr. LAIRD. The Defense Department is developing a training program, as you know, in the various skills, crafts, and so forth. And I wondered just who was helping develop that program, whether they go to you or not.

Mr. GOSHEN. Well, we have talked with the different services.

Mr. LAIRD. In the budget this year—and I happen to be on the Defense Subcommittee—they have been making a point that they are going to develop this training program.

Mr. GOSHEN. We have worked with Ordnance, we work with the Air Corps in some of their apprenticeship programs, and some of their apprenticeship programs are registered with us. We have not been as successful with those people working with us as we should be, in my opinion.

Mr. LAIRD. They are developing training material, as you probably know. And I just wondered if the Defense Department worked with the Labor Department in developing this particular training material?

Mr. GOSHEN. Not the training material.

Mr. LAIRD. Now, pilot programs were started in Phoenix; Bridgeport, Conn.; Toledo, Ohio.

Mr. GOSHEN. That was libraries. Is that what you have reference to?

Mr. LAIRD. Yes.

Mr. GOSHEN. Well, now, some of that material was gotten from the Defense Department and remade and put in some of those libraries for use. Then we also have augmented that with some of the programs from private industry.

Is there not one of them in Wisconsin or St. Paul or where is that?

Mr. FRENCH. Madison.

Mr. LAIRD. There are 10 more to be established, and 1 of them will be in Madison, Wis.

Mr. GOSHEN. I think there is one in Madison now with that training association, American Society of Training Directors. And we are going to try to check those to see if they are being used and if they are of value to us, to give time and effort to it.

Mr. LAIRD. So you have gone ahead with——

Mr. GOSHEN. We have some of that. If that is what you are talking about.

Mr. LAIRD. Yes.

Mr. GOSHEN. Well, that is coming from the Defense, not going to the Defense. We have taken some of theirs and placed——

Mr. LAIRD. You are using their material?

Mr. GOSHEN. That is right; putting it in the library. Some of it is in the library. I think the one in Phoenix is in the public library. And that is for industry to use.

Mr. LAIRD. But you are putting it there?

Mr. GOSHEN. That is right.

Mr. LAIRD. It looks like it is under your sponsorship.

Mr. GOSHEN. That is right.

Mr. LAIRD. But that is Defense Department material that you did not develop?

Mr. GOSHEN. No; they developed it. Now, some of that material that they—for instance, if the Defense Department bought certain machinery, well, there is a guide that comes with the material from the factory, and they have, in turn, put that into a manual or into a book, and they have given us some of those.

Mr. LAIRD. They are very expensive books, too, by the way.

Mr. GOSHEN. I do not know about that. But they have given us some of those, and we have been putting them in libraries for public use.

Mr. LAIRD. Well, we have been paying the cost of them in the Defense Department budgets, and they are some of the most expensive books that have ever been published in this country, as far as training manuals are concerned. I thought you were taking over that particular program, but you are just putting the material out for these people to use; is that correct?

Mr. GOSHEN. Yes.

Mr. LAIRD. That is all I have, Mr. Chairman.

Mr. FOGARTY. Do you have anything further you would like to say, Mr. Goshen?

Mr. GOSHEN. I think not.

Mr. FOGARTY. Thank you very much.

Mr. GOSHEN. Thank you.

BUREAU OF VETERANS' REEMPLOYMENT RIGHTS

WITNESSES

HUGH W. BRADLEY, DIRECTOR, BUREAU OF VETERANS' REEMPLOYMENT RIGHTS
W. J. R. OVERATH, DEPUTY DIRECTOR, BUREAU OF VETERANS' REEMPLOYMENT RIGHTS
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY, OAAS
CHARLES D. CARLSON, ADMINISTRATIVE OFFICER, OAAS

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1961 actual	1962 estimate	1963 estimate
11	Personnel compensation:			
	Permanent positions	452	463	463
	Positions other than permanent	32	16	16
	Other personnel compensation	2		
	Total personnel compensation	486	479	479
12	Personnel benefits	35	36	36
21	Travel and transportation of persons	46	52	53
22	Transportation of things	3	3	3
23	Rent, communications, and utilities	20	23	23
24	Printing and reproduction	24	16	16
25	Other services	16	7	6
26	Supplies and materials	12	16	16
31	Equipment	2	1	1
	Total costs	644	633	633
	Change in selected resources	−12		
	Total obligations	632	633	633

Personnel summary

	1961 actual	1962 estimate	1963 estimate
Total number of permanent positions	64	64	64
Full-time equivalent of other positions	7	2	2
Average number of all employees	65	64	64
Number of employees at end of year	73	75	75
Average GS grade	8.2	8.3	8.3
Average GS salary	$7,428	$7,552	$7,552

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
1. Promotion of compliance and assistance to veterans	524	514	514
2. Administration and management services	120	119	119
Total program costs	644	633	633
Change in selected resources [1]	−12		
Total obligations	632	633	633
Financing: New obligational authority (appropriation)	632	633	633

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1960, $16,000; 1961, $4,000; 1962, $4,000; 1963, $4,000.

Mr. FOGARTY. Mr. Bradley, are you ready?

Mr. BRADLEY. Yes, sir.

GENERAL STATEMENT

Mr. FOGARTY. I have read your statement. We will file it and I have a few questions I would like to ask.

Mr. BRADLEY. Yes, sir.

(The statement follows:)

STATEMENT OF HUGH W. BRADLEY, DIRECTOR, BUREAU OF VETERANS' REEMPLOYMENT RIGHTS, BEFORE THE SUBCOMMITTEE ON APPROPRIATIONS

The budget request for fiscal year 1963 is $633,000, which is the same as the amount allowed in 1962.

Any change in the size of the active Military Establishment has an impact on the demand for the Bureau's services. The substantial increase in the Armed Forces during fiscal year 1962 as a result of the Berlin crisis will have a definite impact on the Bureau's work potential. We have conferred with officials of the Department of Defense and Selective Service System to determine what the impact will be on our operations in 1963 and subsequent years. Our analysis, based on information available, is set forth below:

1. In recent years the size of the active Military Establishment has been approximately 2,500,000 and the Active and Inactive Reserve has been about 4,200,000. In 1962 it is expected that the active military forces will be about 2,740,000, or an increase of about 10 percent, and the Reserve Forces are expected to be somewhat smaller than in 1961.

2. Prior to the recent buildup in military strengths, separations of military personnel to civilian life averaged about 500,000 per year, or 20 percent of the total strength of 2.5 million. This normal (pre-Berlin) number of separations will be increased during the coming fiscal years by the following factors: (1) An estimated 20,000 servicemen retained in service on or after August 1, 1961, under Public Law 87–117 will be released during the second half of fiscal year 1962 or the first quarter of fiscal 1963. (2) About 150,000 reservists and members of the National Guard recalled under the current buildup will become eligible for separation in the first half of fiscal year 1963. (3) About 70,000 inductees in addition to those previously required by the Army will complete 2-year tours and become eligible for separation in fiscal year 1964. (4) An increased number of regular enlistees who have volunteered for 3- and 4-year tours of service and a continued increase in the rate of inductions will increase separations in fiscal years 1965 and 1966. Although estimates of losses to civilian life for each of these years cannot be projected precisely, it is evident that the volume of separations in 1963 will be 30 percent or more greater than in the past 3 years and that separations in 1964, 1965, and 1966 will be from 10 to 15 percent greater than in previous years.

3. In addition to the anticipated increase in our work potential for 1963 and subsequent years based on larger turnovers, information from Selective Service and the Department of Defense indicates that the employment status of persons entering or reentering the Armed Forces during the military buildup will be different than in previous years. Of the total number of persons entering the service in previous years, about 60 percent left jobs while it is estimated that close to 90 percent of persons recalled will leave jobs to perform service. Also, due to the increase in draft calls, Selective Service informs us that the average age of inductees is now 22.5 years, and approximately 75 percent will leave jobs.

4. Another factor the Bureau will face in 1963 is the release of large National Guard and Reserve units in some areas requiring a mobile workforce to temporarily bolster field offices affected.

5. Recent amendments to the Universal Military Training and Service Act contained in Public Law 86-632, effective September 10, 1960, and Public Law 87-391, effective October 4, 1961, make it necessary that personnel of the Bureau devote more attention to informational aspects of the program which will not be reflected in workload tables but is very important in promoting compliance with the law. Most of this work should be done in fiscal 1962 but will continue in 1963. These amendments have made the program more complex and our job more difficult.

A 1963 budget of $633,000 will provide 64 full-time employees in the Bureau, 30 professional and 34 clerical. Every effort will be made to provide prompt and effective service on the additional problems and cases we expect to receive. The attached workload table indicates the direction we expect the reemployment program to take during the remainder of 1962 and in 1963 and 1964.

1963 BUDGET

Mr. FOGARTY. Your appropriation for 1962 is $633,000 and the budget for 1963 is exactly the same.

Mr. BRADLEY. Yes, sir.

WORKLOAD

Mr. FOGARTY. The justification shows that the workload intake in 1962 is dropping substantially and then is estimated to increase in 1963 even more than it dropped in 1962.

Mr. BRADLEY. Yes.

Mr. FOGARTY. What is the reason for this?

Mr. BRADLEY. Well, the reason for the dropoff, of course, is the freeze that took place in the turnover in the Armed Forces after the passage of Public Law 87-117 last year, the delay in separations due to the Berlin crisis. The turnover in the Armed Forces was about shut off almost entirely, beginning early in the fall; as a matter of fact, in August. So that there has been a sharp reduction in turnover, although there has been a sharp increase in the size of the Armed Forces, because they have been building up to some 2,740,000, where they were 2,500,000.

Mr. FOGARTY. So you expect because of that increase, your workload will increase in 1963?

Mr. BRADLEY. Yes. And we will receive quite a number of those brought in as a result of the Berlin crisis, when released all within a very short period in 1963.

Mr. FOGARTY. Now, from the justifications, it looks like you are about as current with your work now as you could reasonably expect to be; is that about right?

Mr. BRADLEY. Yes. I am proud of the job our field offices have done to cut our backlog in the past 3 or 4 years down by about 50 percent. And we had anticipated keeping the program current under normal circumstances. However, from what we expect to flow out of this

Berlin crisis, I do not think the workload is going to be normal in 1963 or 1964 or 1965.

Mr. FOGARTY. Do you expect any serious backlogs in 1963?

Mr. BRADLEY. Yes, sir. I expect the backlog to go up considerably in 1963 and to continue to rise in 1964 and 1965.

AMOUNT REQUESTED FROM BUREAU OF THE BUDGET

Mr. FOGARTY. What did you ask the Bureau of the Budget for?

Mr. BRADLEY. For $697,000.

Mr. FOGARTY. Will you give us a breakdown of that cut?

Mr. BRADLEY. That amounted to $64,000 from our request.

Mr. FOGARTY. And the positions.

Mr. BRADLEY. Well, practically all of the additional funds requested were to be in personal services. We would put on two additional administrative officers or professional people, and the rest of it in secretarial and in w.a.e. employees.

Mr. FOGARTY. That is because of the anticipated increase?

Mr. BRADLEY. That is right.

Mr. FOGARTY. In 1963?

Mr. BRADLEY. That is right.

And we also wanted to increase the travel somewhat too. We have two pieces of legislation, one bill that was passed in 1960 and the other in 1961. Both will increase our work in the informational field.

Mr. FOGARTY. Were you required by the Bureau of the Budget to absorb your per diem increase?

Mr. BRADLEY. Travel, yes.

Mr. FOGARTY. For this fiscal year?

Mr. BRADLEY. Yes.

Mr. FOGARTY. How has that affected your travel?

Mr. BRADLEY. Well, not this year, but we would be required to absorb it next year under this budget, according to our understanding. Next year we will have more travel than can be done on what we asked for. And the travel, I think we will stay within the travel allotted as far as 1962 is concerned, but additional travel will be required to handle the workload in 1963, and I do not think the money is sufficient.

Mr. FOGARTY. How will that affect the program with respect to backlog and service?

Mr. BRADLEY. Well, I do not think that we can keep the program current. And as I have said, we worked very hard to get the program down to a current basis, and now have it current for the first time in quite a period. I do not think it is possible to keep it current. We can conduct a program, and we can give the maximum service possible, but I do not believe that we can prevent the backlog from rising in all items, if the situation as the military now sees it exists in 1963 and 1964.

Mr. FOGARTY. Mr. Denton.

Mr. DENTON. No questions.

Mr. FOGARTY. Mr. Laird.

INCREASED WORKLOAD IN WISCONSIN

Mr. LAIRD. Mr. Bradley, I would like to find out from you whether you expect your workload to go up in Wisconsin this year?

Mr. BRADLEY. Very definite, we do, sir. Because you have one unit of the National Guard that will all be released in Wisconsin, and all presumably on the same day. We will have problems coming up in that area that will probably require a mobile force to take care of the situation for quite a time.

Mr. LAIRD. What kind of arrangements have you made for that?

Mr. BRADLEY. We would attempt to have additional personnel put in our Chicago and Minneapolis offices which are responsible for the workload received in Wisconsin. We would transfer on a temporary basis from other field offices some personnel to handle the workload there.

I expect the Wisconsin Guard will be let out very early in fiscal year 1963; maybe some before the end of 1962.

Mr. LAIRD. Well, I think they will be let out in fiscal year 1962.

Mr. BRADLEY. I think they will be too. Right at the end of the year or——

Mr. LAIRD. As far as the budget document is concerned, it shows that they will be let out. As you know, the Department of Defense has requested no funding for that program after June 30. The 1963 budget does not have any money in it to continue those people in Federal service after June 30. And before the other committee, it was indicated that the decision will be made this spring as to the exact date.

Mr. BRADLEY. My understanding is that some would be let out the last quarter of this fiscal year. And I think perhaps Wisconsin's unit is one of them.

Mr. LAIRD. You realize that of the total call in this mobilization effort, that of the total personnel called in the service, Wisconsin, with 2 percent of the population, supplied 12 percent of the men?

Mr. BRADLEY. Yes; I know.

Mr. LAIRD. It would seem to me that this idea of handling this problem in Wisconsin out of Minneapolis or Chicago might not be satisfactory. You might have to temporarily establish an office in Wisconsin.

Mr. BRADLEY. We could very well do it, of course, in Milwaukee or in the Madison area. A lot would depend on how scattered the workload is throughout the State.

Normally, we would operate this out of Chicago, or out of Minneapolis when it comes from the northern Wisconsin area. But it is possible we may have to operate an office in the State itself.

Mr. LAIRD. You are aware, though, that this is going to be an area where you are going to have the largest concentration?

Mr. BRADLEY. Wisconsin and Texas are going to be the two States where we are really going to have it heavy for a period of quite a few months.

Of course, if they let these people out as early as April or May—there is talk about it—they will have 90 days in which to apply for reemployment; so actually we will begin to get some problems in 1962, but there will be an overlap into 1963 because of the 90-day application period for reemployment rights, and some may not apply

for their jobs until 1963. So a good deal of the problem will come in 1963 with that group. Also, as we understand it, the Military Establishment will be larger in 1963. As I understand it from the information we have, it will also be larger in 1964 and 1965 than it is now. They will be taking in more men through the Selective Service System and more enlistments than heretofore.

Mr. LAIRD. The number of personnel in the Army will not be any higher, though.

BASIS OF WORKLOAD ESTIMATES

Mr. BRADLEY. Well, I believe that you are going to have some personnel, permanent personnel, taking the place of some of the guardsmen who will be released.

Mr. LAIRD. No; the Army does not plan to do that. The Army budget this year provides for 960,000 people, the same number that were provided last year. They are doing some reorganization in the Army, so the number of people actually provided in the budget is the same, even though they are adding two divisions. They are going from 14 regular divisions to 16 divisions; but the number of people is not going to be increased.

Mr. BRADLEY. Well, the information we have—I do not want to submit this for the record, but the basis on which we make our estimates is a letter from the Assistant Secretary of Defense for Manpower to the Secretary of Labor, and the figures we have as to what they anticipate. The relationship of the reemployment program to the military manpower program is pretty much covered in this. I have a copy of it. I am not submitting it for the record, but you may wish to see what he has to say about expected turnover in the Armed Forces.

Mr. LAIRD. Well, I do not see any reason why this cannot be placed in the record.

Mr. BRADLEY. That is all right, but I was not submitting it for the record.

Mr. FOGARTY. You can put it in the record.

(The letter referred to follows:)

ASSISTANT SECRETARY OF DEFENSE,
Washington, D.C., December 6, 1961.

Hon. ARTHUR J. GOLDBERG,
Secretary of Labor.

DEAR MR. SECRETARY: I wish to call your attention to the effect of the recent buildup of our Armed Forces on the reemployment program administered by the Bureau of Veterans' Reemployment Rights of your Department.

Prior to the recent buildup in military strengths, separations of military personnel to civilian life had averaged about 500,000 per year, or about 20 percent of total military strength of about 2.5 million. This normal (pre-Berlin) number of separations will be increased during the coming fiscal years by the following factors: (1) About 150,000 reservists and members of National Guard units, recalled under the current buildup, will become eligible for separation in the first half of fiscal year 1963 or earlier; (2) an estimated total of 70,000 additional inductees, required by the Army during fiscal year 1962 (as compared to previously estimated inductions), will complete 2-year tours and become eligible for separation in fiscal year 1964; and (3) an increased number of regular enlistees, who have volunteered for 3- or 4-year terms of service during the current buildup, will complete initial tours in fiscal year 1965–66. Although precise estimates of losses to civilian life for each of these years cannot be projected at this time, it is evident that the volume of separations will substantially exceed the rates in the years immediately preceding the current strength buildup.

In the light of these considerations it is especially important to continue to operate a progressive program for preserving the reemployment rights of military personnel completing tours of active duty or active duty for training. From a morale standpoint, it is imperative that those ordered into military service have some assurance that upon their return to civilian status employment opportunities are available to them.

In our view, the program operated by the Bureau of Veterans' Reemployment Rights has been highly successful in assuring that those who return to civilian life after military service receive all the rights and benefits entitled to them by law. Further, it is significant that the problems arising in this area have generally been settled on a negotiated basis, and that litigation has been infrequent. It is obvious that a well-functioning program pays high dividends in maintaining rapport and cooperation between labor and management.

During the past several years our respective staffs have worked closely in this very important field of reemployment rights. In particular, Mr. Hugh Bradley's office has rendered extremely valuable service to the returning serviceman, and has been instrumental in carrying out a program which has the full support of the Department of Defense.

It is my hope that the Department of Labor will be in a position to assume the increased burden brought about by the Berlin crisis and that the Bureau of Veterans' Reemployment Rights may continue to have the capacity to render the same service as it has in the past.

In closing, I should like to express our sincere gratitude to your Department for the work done in this important area, for I consider its effect on the efficiency and morale of the military establishment to be of substantial importance.

Sincerely yours,

(Signed) CARLISLE P. RUNGE.

Mr. LAIRD. That is all.

Mr. FOGARTY. Do you have anything else you want to say, Mr. Bradley?

Mr. BRADLEY. No, sir.

Mr. FOGARTY. Thank you very much.

Mr. BRADLEY. Thank you, sir.

WOMEN'S BUREAU

WITNESSES

MRS. ESTHER PETERSON, ASSISTANT SECRETARY OF LABOR AND DIRECTOR, WOMEN'S BUREAU
MISS DOROTHY A. CARROLL, CHIEF, DIVISION OF ADMINISTRATIVE MANAGEMENT
MRS. ALICE A. MORRISON, CHIEF, DIVISION OF WOMEN'S LABOR LAW AND CIVIL AND POLITICAL STATUS
MRS. STELLA P. MANOR, CHIEF, DIVISION OF PROGRAM PLANNNING, ANALYSIS, AND REPORTS
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY, DEPARTMENT OF LABOR
CHARLES D. CARLSON, ADMINISTRATIVE OFFICER, DEPARTMENT OF LABOR

Salaries and Expenses

Object classification

[In thousands of dollars]

		1961 actual	1962 estimate	1963 estimate
11	Personnel compensation:			
	Permanent positions	$410	$509	$590
	Positions other than permanent	10		
	Other personnel compensation	2		
	Total personnel compensation	422	509	590
12	Personnel benefits	28	36	43
21	Travel and transportation of persons	18	28	31
22	Transportation of things	1	1	1
23	Rent, communications, and utilities	13	14	24
24	Printing and reproduction	38	48	49
25	Other services	20	15	15
	Services of other agencies	1	7	7
26	Supplies and materials	6	6	7
31	Equipment	2	4	10
	Total costs	549	668	777
	Change in selected resources	2		
	Total obligations	551	668	777

Personnel summary

	1961 actual	1962 estimate	1963 estimate
Total number of permanent positions	61	73	85
Full-time equivalent of other positions	2		
Average number of all employees	60	71	83
Number of employees at end of year	63	73	85
Average GS grade	8.3	8.2	8.2
Average GS salary	$7,197	$6,950	$6,945

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
Advancement of women's employment opportunities and status (total program costs)	$549	$668	$777
Change in selected resources [1]	2		
Total obligations	551	668	777
Financing: Unobligated balance lapsing	3		
New obligational authority (appropriation)	554	668	777

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1960, $17,000 (1961 adjustments, $1,000); 1961, $21,000; 1962, $21,000; 1963, $21,000.

Mr. FOGARTY. We have now before us the Women's Bureau. Mrs. Peterson, do you have a statement for the committee?

GENERAL STATEMENT

Mrs. PETERSON. I have a statement for the committee, Mr. Chairman. I would like to file that statement, if I may, and leave as much time as possible for you to ask questions.

Mr. FOGARTY. You go ahead with your statement.

Mrs. PETERSON. I was not sure whether you would like to use the time for the questions; but I think I would like to make a few points. I will not go into the whole statement.

(The statement follows:)

STATEMENT OF MRS. ESTHER PETERSON, ASSISTANT SECRETARY OF LABOR AND DIRECTOR, WOMEN'S BUREAU, DEPARTMENT OF LABOR

I am pleased to be present today to talk about the Women's Bureau budget request for $777,000, which includes an increase of $109,000 to provide for an expansion in our field staff and staff to provide assistance for the increased responsibilities which have been given to me as Assistant Secretary of Labor.

This is, of course, my first experience in both developing and justifying a budget. Last year when I appeared before this committee, I hadn't had much of an opportunity to find out all the demands upon the Women's Bureau for services, advice, and help. This year I have taken a good hard look at our present staff and weighed it against the tremendous job I now see ahead. I am pleased that we are permited to request an increase; but, in terms of the staff I feel is needed to do the job, I truly feel that it is an extremely modest request.

Every day I am impressed over and over again with the volume of work and the quality of work that our small staff is able to produce, but I see so much more that needs to be done.

I have traveled extensively in the past few months in all parts of the country. Everywhere I go people ask for our help in the solution of a host of problems that are troubling women workers. One of the things they ask for most frequently is for on-the-spot assistance. They want to have someone available who can give them expert help in stimulating local community action programs which will be of assistance to the millions of working women. They want our help in the review of new legislation relating to women's work and advice on ways to revise and update legislation now in effect.

There is a new and vital interest in such subjects as State hours laws, minimum wage, and equal pay. With our present staff we are hard pressed to keep up to date our compilations of State laws and wage orders in order to supply data to those who request it. We need to do much more developmental work in these fields than is possible under our budget, both in the field and here in Washington.

We see again and again a need for more realistic planning of training programs and better counseling of women. Our correspondence contains many appeals for help from women all over the country—women who do not meet the requirements for the jobs which are available, but who have native abilities which can be developed.

Some of these women need training or retraining to equip them for jobs for which workers are needed, even in periods of considerable unemployment. For example, there is still a shortage of teachers, nurses, and other hospital workers, technicians, secretaries, and other kinds of trained workers.

We need field representatives also to work closely with the field representatives of other bureaus in the Labor Department such as the Bureau of Apprenticeship and Training and Bureau of Employment Security in order to achieve Department of Labor objectives with respect to women workers.

Many women withdraw from the labor force while their children are young and later are forced to find work to supplement the family's income. Increasingly, individual families depend upon the income of both the husband and wife to maintain an adequate standard of living, and the economy depends upon the work of women to produce the goods and services needed for a rising population. Many women find themselves the actual head of the family and have to be able to earn a living just so the family can survive as a unit. Other women whose children are small have to work because of the illness or death of the husband and these women need adequate day care provision for their children while they are at work. We need to develop a better understanding of their needs and problems such as more adequate training in home management and counseling aid in making their decisions regarding employment. Many of these needs can be met through well-planned community action and our field representatives could provide continuity of contact or relationship with the community.

We find a great deal of interest in area or regional conferences on the problems of women workers. We have had conferences in California and Michigan in which people from labor, management, women's organization, civic and service groups, State government and Federal agencies came together to discuss the special problems of women workers in their areas. They showed lively interest in such subjects as training, day care, labor standards, legislation, unemployment resulting from technological change, and migrant workers. We have been asked to repeat the regional conferences in both California and Michigan. We are sponsoring two or three others during the present fiscal year and we have had many requests for others throughout the country. As I am sure you are aware, these conferences take an enormous amount of staff time, but if future conferences are as productive as I believe these two were, they are certainly well worth continuing. Here again a larger field staff is needed.

For these reasons, I am strongly urging that we be given the funds to have a representative in at least six of the major cities throughout the country.

The estimate also includes a request for a Deputy Assistant Secretary and secretarial assistance for the positions of Assistant Secretary and Deputy Assistant Secretary. This additional staff is needed to carry out the responsibilities which have been assigned to me as an Assistant Secretary of Labor.

Much of the work we do both in our community contacts and in making information available to researchers, the public, and a host of inquirers depends upon the sound analysis and interpretation of available data. The new programs such as area redevelopment are making demands upon us, but we cannot work cooperatively with other agencies, using the same staff that would normally be studying trends, new developments affecting women workers, and State labor legislation and still keep our basic information current and comprehensive.

We find that the increased interest and awareness of the importance of women in our work force means greater demands upon the Bureau for more and more information which we must somehow provide if we are to discharge our responsibilities under our congressional mandate. For instance, on December 14, 1961, the President announced the establishment of the President's Commission on the Status of Women. The studies and recommendations of this Commission will undoubtedly result in an increased demand for technical information and assistance from the Women's Bureau at a time when the present staff is already carrying a tremendous workload. We see the need to know more about working conditions and special problems of low-paid women workers such as laundry, restaurant, and household workers and others in order to develop effective programs for their solution.

We are unable, with the limited staff available to us, to meet these needs with the kind of information, technical advice and assistance which should be provided by the Women's Bureau.

Because this committee has always been interested in women workers, I should like to summarize for you briefly the current situation of women in the labor force.

In 1961, the number of women in the labor force again exceeded all previous records, averaging 24¼ million—almost two-thirds of a million more than in 1960 and about 3¾ million more than the highest figure of World War II. They represent about one-third of the adult women in the population. However, a much larger number of individual women, some 29 million, work at some time during a year, some for only short periods of time.

The number of employed women, also higher than the previous year, averaged almost 22½ million in 1961. They filled one out of every three jobs. The number of clerical workers rose to more than 6¾ million; this included almost 2½ million secretaries, stenographers, and typists. As you probably know, 1¼ million women are teachers; another one-half million are nurses, and about a million are managers, proprietors, and officials.

While the number of employed women rose during 1961, unemployment among women workers also increased. The number of unemployed women workers averaged about 1¾ million. This was 395,000 more than in 1960. Unemployment among women has run even higher than that among men. It remained at about the level of 1¾ million during the spring months, rising to over 2 million during June when out-of-school youth entered the work force, falling back to 1.7 million in September and to a low of 1½ million during November.

We have over 5 million single women workers and another 5 million who are widowed, divorced, or separated. Among these are over 2 million workingwomen who are heads of families, with primary responsibility for the support of others as well as themselves.

Before concluding my statement, I would like to emphasize some of the areas of our Bureau's program for 1963 which will receive our special attention. As I have previously indicated, the need for training and retraining women is of paramount importance in today's labor market. We are exploring ways in which the occupation of household worker can be made more attractive to women workers and how to encourage women to take specialized training for such work. This would result in a new concept of domestic service and would facilitate extending the benefits of existing legislation providing standards for wages and conditions of work to domestic workers and raise the dignity of this occupation. We will continue through our regular program of studies, advisory services, and field staff activities to analyze and provide information on significant developments affecting the employment and welfare of women workers.

Emphasis will be given to providing technical advice and assistance to a wide variety of groups interested in Federal and State programs concerning: minimum-wage laws and orders; equal pay; standards for hours of work and working conditions; day-care services and other community services needed by workingwomen; assistance to older women in the techniques of finding employment and needed training for employment; the impact of automation and technological changes on women workers; improving the wages and working conditions of the lower paid woman worker; and finally, the providing of technical information and services relating to international programs and activities to improve the social, cultural, and economic position of women throughout the world.

It has been a real challenge to have the opportunity to participate in the vitally important work of the Labor Department and to assist in every way possible to help solve some of today's problems while planning for a better future for all our workers. I shall be glad to answer any questions, Mr. Chairman.

PURPOSE OF THE WOMEN'S BUREAU

Mrs. Peterson. I think the record shows that the Women's Bureau has been before you a long time, and we have appreciated over the years your understanding and support for the program.

I think it is terribly important to point out that this is the only bureau in the Federal Government that is looking after the problems of the workingwomen of the United States. We are called upon by

every agency and from State agencies, from organizations, constantly, for help.

I am proud to carry on the good tradition of the Women's Bureau in servicing all these areas of our population and of our Government with substantial statistics and facts relative to the employment of women.

I feel there is a great debate taking place all over the country—you asked the Secretary the other day whether this was good or bad—about the employment of women.

A lot of people have different opinions. I was happy to hear the Secretary say this was good. Actually I feel this way, too. But I am concerned about the problems that are facing workingwomen and our society because of this great increase of employment of women in the United States. I think probably it would be well just briefly to summarize the situation.

NUMBER OF WOMEN IN LABOR FORCE

You know it is increasing tremendously. Women comprise a third of the work force. There are over 24 million of them in the labor force. I think the statistics show now that in 1960 more than 30 million worked at some time during the year. This is a tremendous increase. Whether it is good or bad, the fact is that it exists. This is the reality that we have to face, and I think we have our responsibilities in relation to that.

I am very pleased that we were allowed to ask for an increase in our appropriation this year, and this we are doing. There were two main points that were allowed by the Bureau of the Budget. One is for an increase in our field staff.

INCREASE IN FIELD STAFF

I have been here for a year now and I am impressed with the need and the request for services, both of a technical kind and of an educational nature out in the regions. This is where the people are; this is where the problems are; and this is where we need to do the servicing.

I would like, if possible—if this is approved—to be able to put six field officers in six regional offices. That is why this provision was approved by the Bureau of the Budget. This is extremely necessary from many points of view.

We have been operating from Washington with our limited field staff with one person in California. For a number of reasons it worked out very well there. We had a good person who was trained in the work of the Government. She worked out of the office in Los Angeles. But this is not adequate.

We are constantly being asked for services not only from the community areas for help in determining why women work and what the facts are when they are working, but also what is happening to the children of working mothers. In this connection we work with the Children's Bureau and the field people. But we in the Women's Bureau are the ones who have the statistics and the data in relation to the employment of women. Therefore we are constantly being called on for services of this kind.

We also have a responsibility to industry in helping to supply workers for jobs where there are real shortages—the area of technicians, for example. We are moving ahead in this. We have a bulletin that will be published shortly in this area. We are stimulating women to go into these areas, and we are finding that employers are going to open job opportunities to women once they are trained.

It is necessary for us to get into the schools, into the counseling and guidance areas, to point out the need for women to prepare for these jobs if our economy is going to have the skilled workers that are needed.

We need to have people on the spot to help in these areas. This is just one example; but there are shortages, as you know, in many of the traditional women's occupations. We have a real responsibility to work in this area.

RELATIONS WITH STATES

We are, as you know, the agency which counsels all the departments of labor in States which have special laws dealing with women. Whether they have special laws or not, they come to us with their problems relative to the administration of hours, minimum wage laws, weight-lifting laws, nightwork laws, and so forth.

We have to be the coordinating agency in the Federal Government which supplies the information throughout all of the States to provide the basis for changes at times in minimum wage orders for women, and in amendments to them. We are constantly being asked for services of this kind.

We are finding that we have to train technicians in this field. There is a shortage of trained persons—men and women—to go out and advise on questions such as cost-of-living surveys, minimum wage determinations, and the setting up of wage board procedures.

This is the sort of thing that we find we are constantly being asked for. The information we are asked for just overwhelms me.

Because of this public debate which I think is taking place relative to the employment of women, radio, television, newspapers, and magazines are constantly calling on us for statistics and for other information. Of course this is traditionally our area, because we do the analysis of the material from the Census and from other agencies, and pull together the specific information as it affects women.

This is true in automation; this is true in employment data, in wage data. The basic information is pulled from other areas and then we analyze it as it affects the employment of women. We constantly have requests in this area.

For us to be able to have persons in the field whom we can contact quickly, who are on the spot to work with the Government agencies who are doing this, who can counsel and advise in these areas, will be of great help to us.

CONFERENCES ON THE PROBLEMS OF EMPLOYED WOMEN

I remember I told you last year that I wanted, if possible, to have some conferences on problems of employed women. We have been able to have two of these, which were very successful—one at the University of Southern California and one at the University of Michigan. We have requests from many places to have more of them. We are to

have one in New England, Mount Holyoke, shortly. There are other requests from other places.

I am pleased to report that these conferences cut across the board. In the past we have had meetings of trade union women. We have had meetings of professional groups. But here, I think, for the first time, women who are executives in banks met with the migratory workers, the laundry workers, and the restaurant workers. This pooling of information and problems has, I think, done a great deal to create a climate of sympathetic understanding toward this new thing that is happening in the United States—this increased employment of women.

In Michigan, for example, it has resulted in a continuation committee. They are asking us, "Won't you send a person full time?" Frankly, we don't have the staff to do this at the moment. I also feel that they first have to crystallize in that State what they want to do in the field of legislation. Once they have made up their minds, then we certainly are able and want to service them from the technical point of view, which we will do.

I am encouraged by the evidence that we get of interest in this sort of thing, with the universities, employers, and trade unions cooperating.

Too often I find they say, "Goodness, the trade unions are taking care of these problems of employed women." We need to get facts out. We need to educate people a great deal on this subject, because actually there are less than 3.5 million women who are organized. The large number of women who are working are employed in the unorganized areas. Many of them have no protection from trade union contracts and no protection from Federal and State minimum wage laws.

It is this area that I think demands the concern, the humanitarian concern I would say, of our Government. I feel this is an area of interest and it is one of the areas that really falls under the mandate that we have from Congress.

FACTS ON NUMBER OF WOMEN WHO MUST WORK

My staff and I are working very hard in this area to get the actual facts out before the people. I think, for example, the facts must be made known about the number of women with small children, who have to work.

We find statistically that women workers who have small children 3 years old or of preschool age come largely from the families of the very low income groups whose husbands make around $4,000 or less. Yet we have a lot of people saying that these women should stay at home.

These women work because of economic necessity. I think the Secretary pointed this out the other day. There are 5 million single women working in the United States. There are 5 million widowed, divorced, or separated who are working. There are 2 million who are heads of families, and the support of their families.

I get letters constantly from women: "I am the mother of five. I work in a place where a man whose wife is employed full time gets more for doing the same job I do; yet I am the sole support of my family."

Behind every one of these cases is a human story of people who really need the concern of the Government. I feel strongly about this. I think that the areas we are working in will make a great contribution toward elevating this group.

The Secretary said he thought we needed to pay attention to the low-income areas. This really applies greatly to women and women's employment, because traditionally women are clustered in low-income groups and occupations. This is for a variety of reasons. It is difficult to moralize about this. But the point is, we have a responsibility to get the facts out clearly, and we are trying to do this.

I didn't mean to go into a lot of this, but I wanted to give you my philosophy about it a bit, and what I feel are the important things we are doing. I think that our request for an increase is terrifically modest for what we do, when you consider the budget and the work that we do all over the United States in servicing the agencies and in servicing all of the organizations.

I am very proud of what we do, I think it is a modest request. I hope you will feel that you can see your way to grant this.

NEED FOR A DEPUTY

Another item in the budget, in addition to the increase in the field offices, is a position to give me a deputy in line with my new position as Assistant Secretary. That is in this budget, with secretarial help supporting it.

Those are the two main items that were allowed by the Bureau of the Budget, which strongly endorses and supports this request.

I think it is probably better for you to ask me questions in this area, Congressman, if you have some.

Mr. FOGARTY. I think you made a very fine statement. Do you have anything else you would like to say?

EFFECT OF AUTOMATION

Mrs. PETERSON. There are so many things I can say about all of this. I would like to emphasize, if I can, my feeling that, as we view the future and the job opportunities, we are making studies relative to the effect of automation on women.

We are working with Dr. Wolfbein in these areas, where again, we take the statistics and analyze them as to what is happening to women.

We were allowed money in the budget last year to work on this question, and we are now getting the information. We know what is happening through automation.

As I go around the country people say: "Where, Mrs. Peterson, are the jobs coming from?" Women are losing these jobs. A group of telephone workers came to me the other day: "Look, our mothers were all operators. We can't be trained to be operators; there aren't jobs. What can we be trained to do?"

Again, it is meeting this need of where the jobs are coming from. As I go around, I feel strongly that the area for expansion for women's occupations is going to be not only in the technical areas, the technicians—where women increasingly are finding that they have great skill—but also in this great area which I think of as the field

of human services, in education, in care for the sick, and care for the aged, and care for the children, in counseling, in guidance. I think our society is just full of unmet needs.

COMMUNITIES BECOMING AWARE OF UNMET NEEDS

Communities are awakening to this question. I visited some day-care centers in one of our principal States. I went early in the morning and interviewed the mothers as they brought their children to the nursery school; then I interviewed them at night.

I found some very interesting things. I checked and I found that, of the women who brought their children to this day-care center, 79 percent of the children were from what we think of as single-parent families. They were from low-income families, because there is a means test before the women could use this nursery school.

What would have happened to these children without this care? Yet we have so few centers where working mothers who need to work, work for economic necessity, can leave their children. If in any of the families there is a grandmother present, or an aunt or a sister, they can. But most of these women don't have the luck, I should say, to have someone to help them.

We are concerned about the impact of working mothers on our society. It is so easy to have a scapegoat and say it is because women are leaving home. I think love is shown very often in many ways. Maybe love is shown by going out and paying the rent or providing food and taking care of the children.

But I think we have to have a sympathetic understanding toward this, and we need to know more, lots more, about it. I am hoping eventually the Women's Bureau can do more in this area of finding out why women work, what the costs of working are, so we know whereof we speak.

I think we have a responsibility not to say, "You work," or "You do not work," but to help women, and help them through counselors and advisers to make wise choices.

I am hoping we can expand somewhat in this area. It is a limitless subject, Congressmen. It is one that is very close to my heart; so you shouldn't give me a completely free rein to say as much as I want on it.

I wondered if you have any specific questions.

Mr. FOGARTY. Are there any questions?

I think you have made a very fine statement. Thank you very much.

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
HERBERT A. MEYER, CHIEF, ESTIMATES AND EXPENDITURES BRANCH
JERRY R. HOLLEMAN, ASSISTANT SECRETARY OF LABOR
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY OF LABOR
C. D. CARLSON, ADMINISTRATIVE OFFICER

Limitation on Salaries and Expenses (Trust Fund)

Object classification

[In thousands of dollars]

		1961 actual	1962 estimate	1963 estimate
11	Personnel compensation:			
	Permanent positions	6,411	8,110	9,515
	Positions other than permanent	9	4	93
	Other personnel compensation	68	20	18
	Total personnel compensation	6,488	8,134	9,626
12	Personnel benefits	475	622	725
21	Travel and transportation of persons	481	775	1,012
22	Transportation of things	19	29	29
23	Rent, communications, and utilities	208	286	364
24	Printing and reproduction	277	253	534
25	Other services	121	81	233
	Services of other agencies	157	200	138
26	Supplies and materials	126	104	119
31	Equipment	95	16	85
	Total costs	8,447	10,500	12,865
	Change in selected resources	−30		
	Total obligations	8,417	10,500	12,865

Personnel summary

	1961 actual	1962 estimate	1963 estimate
Total number of permanent positions	1,083	1,098	1,252
Full time equivalent of other positions	1		13
Average number of all employees	830	1,050	1,227
Number of employees at end of year	944	1,048	1,252
Average GS grade	9.1	9.1	9.4
Average GS salary	$7,656	$7,724	$7,835

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
1. Veterans placement service	1,340	1,369	1,400
2. Farm placement service	272	339	478
3. Collection and interpretation of labor market information	944	1,196	1,724
4. Assistance in maintaining public employment services	1,099	1,698	2,240
5. Unemployment insurance service	1,010	1,121	1,570
6. Field guidance, financing, and auditing of State operations	2,619	3,134	4,315
7. Emergency management of the labor force			250
8. Administrative and management services	764	743	788
9. Temporary extended unemployment compensation	399	900	100
Total program costs	8,447	10,500	12,865
Change in selected resources [1]	−30		
Total obligations	8,417	10,500	12,865
Financing: Unobligated balance lapsing	583		
Limitation	9,000	10,500	12,865

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1960, $32,000 (1961 adjustments −$2,000); 1961, none; 1962, none; 1963, none.

Limitation on Grants to States for Unemployment Compensation and Employment Service Administration (Trust Fund)

Object classification

[In thousands of dollars]

		1961 actual	1962 estimate	1963 estimate
	BUREAU OF EMPLOYMENT SECURITY			
11	Personnel compensation:			
	Permanent positions	976	1,167	1,167
	Positions other than permanent	7		
	Other personnel compensation	6	2	2
	Total personnel compensation	989	1,169	1,169
12	Personnel benefits	73	92	92
21	Travel and transportation of persons	6	10	10
23	Rent, communications, and utilities	147	162	162
24	Printing and reproduction	71	7	7
25	Other services	7	4	4
	Services of other agencies	1	3	3
26	Supplies and materials	11	15	15
31	Equipment	26	12	12
41	Grants, subsidies, and contributions	377,142	402,895	423,412
	Total, Bureau of Employment Security	378,473	404,369	424,886
	ALLOCATION TO GENERAL SERVICES ADMINISTRATION			
25	Other services	32	131	14
	Total obligations	378,505	404,500	424,900

Personnel summary

	1961 actual	1962 estimate	1963 estimate
Total number of permanent positions	196	204	204
Full-time equivalent of other positions	1		
Average number of all employees	170	196	196
Number of employees at end of year	184	204	204
Average GS grade	6.8	6.9	6.9
Average GS salary	$5,807	$5,960	$5,960

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
1. State unemployment insurance service	207,163	192,603	190,858
2. Federal unemployment insurance service	8,587	7,473	6,821
3. Employment service	107,614	137,327	166,474
4. State administration and management services	37,173	38,797	45,097
5. Emergency management of the labor force			650
6. Contingency fund		15,000	15,000
7. Temporary extended unemployment compensation	10,755	13,300	
8. Obligations incurred for above programs in prior years	7,213		
Total obligations	378,505	404,500	424,900
Financing:			
Comparative transfer to other accounts	500	500	
Limitation available from subsequent year	−26,137	−26,137	−26,137
Limitation available in prior year		26,137	26,137
Unobligated balance lapsing	7,132		
Limitation	360,000	405,000	424,900

Unemployment Compensation for Federal Workers and Ex-Servicemen

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
1. Payments to Federal employees	62,272	54,734	51,734
2. Payments to ex-servicemen	110,610	94,266	81,266
3. Obligations incurred for above programs in prior years	3,234		
Total program costs—obligations (object class 13)	176,116	149,000	133,000
Financing:			
Appropriation available from subsequent year	−12,000	−12,000	−12,000
Appropriation available in prior year	8,767	12,000	12,000
Recovery of prior-year obligations	−2,776	−5,049	−2,000
Unobligated balance lapsing	6,893	3,049	
New obligational authority	177,000	147,000	131,000
New obligational authority:			
Appropriation	112,648	147,000	131,000
Transferred from (75 Stat. 29):			
Grants to States for unemployment compensation and employment service administration	56,895		
Salaries and expenses	7,457		
Appropriation (adjusted)	177,000	147,000	131,000

Compliance Activities, Mexican Farm Labor Program

Object classification

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
11 Personnel compensation:			
Permanent positions	834	857	1,213
Positions other than permanent	16		
Other personnel compensation	6		
Total personnel compensation	856	857	1,213
12 Personnel benefits	63	62	89
21 Travel and transportation of persons	177	179	297
22 Transportation of things	10	7	13
23 Rent, communications, and utilities	39	29	68
24 Printing and reproduction	2	2	12
25 Other services	7	5	10
26 Supplies and materials	9	4	9
31 Equipment	11	4	29
Total costs	1,174	1,149	1,740
Change in selected resources	−6		
Total obligations	1,168	1,149	1,740

Personnel summary

	1961 actual	1962 estimate	1963 estimate
Total number of permanent positions	146	147	204
Average number of all employees	135	138	197
Number of employees at end of year	139	147	204
Average GS grade	7.7	7.7	7.8
Average GS salary	$6,169	$6,194	$6,168

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
Compliance and employer services (total program costs)	$1,174	$1,149	$1,740
Change in selected resources [1]	−6		
Total obligations	1,168	1,149	1,740
Financing: New obligational authority	1,168	1,149	1,740
New obligational authority:			
Appropriation	1,168	1,149	1,740
Transferred to "Operating expenses, Public Building Services," General Services Administration (75 Stat. 353)		−9	
Appropriation (adjusted)	1,168	1,140	1,740

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1960, $7,000; 1961, $1,000; 1962, $1,000; 1963, $1,000.

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Salaries and Expenses, Mexican Farm Labor Program

Object classification

[In thousands of dollars]

		1961 actual	1962 estimate	1963 estimate
11	Personnel compensation:			
	Permanent positions	1,089	1,111	1,111
	Positions other than permanent	131	127	127
	Other personnel compensation	44	40	40
	Total personnel compensation	1,264	1,278	1,278
12	Personnel benefits	79	82	82
21	Travel and transportation of persons	49	54	54
22	Transportation of things	6	6	6
23	Rent, communications, and utilities	73	76	76
24	Printing and reproduction	7	7	7
25	Other services	3	3	3
	Services of other agencies		2	2
26	Supplies and materials	13	8	8
31	Equipment	3	3	3
41	Grants, subsidies, and contributions	500	500	750
	Total costs	1,997	2,019	2,269
	Change in selected resources	−1		
	Total obligations	1,996	2,019	2,269

Personnel summary

	1961 actual	1962 estimate	1963 estimate
Total number of permanent positions	213	213	213
Full-time equivalent of other positions	50	49	49
Average number of all employees	255	254	254
Number of employees at end of year	276	280	280
Average GS grade	5.9	5.9	5.9
Average GS salary	$5,344	$5,411	$5,411

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
1. Determining Mexican labor requirements	$572	$578	$828
2. Supplying Mexican labor	1,350	1,365	1,365
3. Administration and management services	75	76	76
Total, program costs	1,997	2,019	2,269
Change in selected resources [1]	−1		
Total obligations	1,996	2,019	2,269
Financing:			
Comparative transfers from other accounts	−500	−500	
Unobligated balance transferred from "Farm labor supply revolving fund"	−1,496	−1,519	−2,269
New obligational authority			

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1960, $4,000 (1961 adjustments, $3,000); 1961, none; 1962, none; 1963 none.

Mr. Fogarty. Mr. Goodwin, do you have a prepared statement?

Mr. Goodwin. We have, as you know, Mr. Chairman, five appropriation requests. We have a statement prepared for each one of those. I thought that I might speak to the overall problems, touching some of the specific problems; and then say a few words about

each of the appropriations, if that meets with your approval, Mr. Chairman.

Mr. FOGARTY. Go right ahead.

GENERAL STATEMENT

Mr. GOODWIN. The employment security system has just undergone, as you know, one of the busiest and most eventful years in its history. Judging from the President's state of the Union message last week, a similar period is ahead.

In that message, three of the six major recommendations that were made would require important participation by the employment security system. In one other, labor market data collection by the system would be an important factor in making the decision.

LONG-TERM UNEMPLOYMENT

In January of 1961 about 8 of every 100 people in the civilian labor force were unemployed. Many of these had been without work so long that they had exhausted their unemployment insurance benefits. Therefore, one of President Kennedy's earliest recommendations was for the temporary extended unemployment compensation program to enable those unemployed workers who had exhausted their benefits to receive unemployment compensation for an additional 13 weeks, a maximum of 13 weeks. This was subsequently enacted by the Congress.

The first payments to these long-term unemployed workers were made early in April. Through December 31 we had spent $596,337,000 for benefits for about 2,200,000 workers. This, of course, was a very substantial boost to purchasing power; and along with regular unemployment insurance benefits gave a much-needed boost to the economy.

During the calendar year 1961, $3,600 million was paid in unemployment insurance benefits. That went to about 7,400,000 people. In March of 1961 alone, almost half a billion dollars—$478 million—was spent for benefits through the regular unemployment insurance system.

EFFECT OF AREA REDEVELOPMENT

Another early action in Congress was to pass the Area Redevelopment Act, which placed very important responsibilities upon the employment security system. In addition, we have received other functions by delegation from the Commerce Department because of the unique capability of the system. In carrying out its responsibilities under the Area Redevelopment Act, the Federal-State employment security system classifies areas according to unemployment. We are performing this function now for the Area Redevelopment Act program in the Department of Commerce.

In addition to this, in Area Redevelopment Act we determine whether the proposed redevelopment plans submitted by local communities are sound as far as manpower goes. We select individuals for training. We indicate the occupation for which training is practical in an area. By that, we mean those occupations in which there is reasonable expectation that a person can get a job if they are trained.

We make the subsistence payments through the regular unemployment insurance machinery in the States.

Finally and most importantly, the Employment Service undertakes to place these people who have been through these training courses.

BUILDUP OF U.S. EMPLOYMENT SERVICE

I think our greatest effort this last year, Mr. Chairman and members of the committee, has been in initiating a major overall improvement and the buildup of the U.S. Employment Service. The President has urged the strengthening and improving of the U.S. Employment Service on many occasions.

As this committee knows, we have requested and you have supported appropriations for these purposes. Also committees of Congress in both the House and Senate have called for the Employment Service to make a more important contribution to the economic well-being of the country. This support has been quite general in the Congress. It has come from both the majority and the minority.

We feel that the local public employment office must of necessity be the focal point of the manpower efforts of the community. These manpower centers should be searching for and constantly aware of developments which are affecting employment and unemployment in a community.

The local employment offices should lead in mobilizing action on manpower problems of communitywide concern such as getting youth into occupations commensurate with their education and skills and in which they can make the maximum contribution; helping the older men and women to become employed, studying the effects of automation and technological change on the employment of workers, and efforts to increase economic growth.

They should collect and provide the community leaders with occupational and labor market data for use in planning school curricula and training programs of all types. This is one of the important functions we have been performing in relation to the Area Redevelopment Act program. This, I think, has been a big contribution in making the training projects which are now underway sounder than they would otherwise have been.

Since late in the spring of 1961 we have been intensively engaged, as I have said, in improving the Employment Service. Last year this committee approved and Congress subsequently appropriated $26,421,000 to add about 4,100 positions in the employment service, and funds for another 169 positions in the Bureau.

JOB PLACEMENT SERVICE

I thought I would like to report to the committee this morning some of the actions we have taken in trying to improve the Employment Service. We have initiated a broad program to improve job placement services, and we have concentrated our efforts to a considerable extent in the large metropolitan centers. We have given priority to some of the nationwide problems such as automation and technological changes, persistent unemployment, and the placement of professional and technical workers.

As part of all this, we are realining the Bureau staff to strengthen both the Employment Service and unemployment insurance operations.

Each State during the past year has developed and has had approved an action program for each major labor market center within the State. This program specifies the types of job market services which will be improved and the resources which will be committed to make those improvements.

One of the earliest efforts undertaken with the funds appropriated was a successful "hire now" campaign which was launched in May by Secretary Goldberg. This was an all-out effort to induce as many employers as possible to place their orders with the local employment office. The program received wide public support from Governors, heads of local governments, newspapers, and from radio and television stations. It contributed to an increase in nonagricultural placements in the July to December period of 1961 of about 10 percent over 1960.

Part of this increase was due to the improvement in the economy; but we feel that part of it was also due to this job drive that was put on at that time.

The 3,391,000 placements made is the largest number ever produced by the Employment Service in a similar period in peacetime. The figures indicate that this improvement has continued.

REORGANIZATION OF THE EMPLOYMENT SERVICE

I indicated that, as a major part of this rebuilding of the Employment Service, we have been restaffing and reorganizing the employment offices in the larger cities. Much of the effort has been in the 55 largest cities in the country. In terms of population about one-half of the Nation's population is in these 55 centers.

The labor market in these cities is extremely complex. The Employment Service up until now has been less adequately staffed than it has been in smaller communities.

One measure of adequacy of the Employment Service staff is the ratio of staff to nonagricultural wage and salary employment in a community. In April of 1961 the national average for all offices was one Employment Service staff member to every 3,700 of nonagricultural wage and salaried employment. The ratio for all of the 55 largest cities was 1 to 5,424. So the nationwide average was 1 to 3,700; and in these cities it was 1 to 5,424.

We put in these cities the major portion of the additional positions approved by Congress in late 1961 and 1962. With these additions, the ratio at the end of 1962 will drop to about 1 in 3,500 in these cities, and the disparity will be greatly decreased.

There is still some disparity because part of the money went into the smaller cities, and they still have an advantage as far as this kind of a ratio is concerned.

We have taken other actions in these major metropolitan areas. One is that we are physically separating the Employment Service and unemployment insurance operations in most of these large cities. This will, in our opinion, improve the Employment Service activities and also improve unemployment insurance operations.

Our experience has demonstrated over the years that large crowds, the peak loads, that are filing claims for the payment of unemploy-

ment insurance are an extremely disruptive influence as far as doing an adequate job of placement work is concerned.

This is one of the basic changes which we feel will go far to improve the quality of the work that is being done in the local communities.

We are also establishing separate lines of management and supervision from the State office to the local office. We feel that the scope of activity that is involved in the supervision of unemployment insurance and the Employment Service in the local office is too broad. The demands of unemployment insurance are too great and too intense to permit the attention needed by the Employment Service. We feel that this division is an essential part of getting a better result from the Employment Service.

We are concentrating Employment Service offices in central locations within the area where most of the jobs are located. In other words, we are not going to have the Employment Service offices in the so-called bedroom areas of cities, where people live; but the offices will be located within a reasonable distance of the heartland of the area and will be closer to where the employment opportunities are.

We have created in the Employment Service a new unit to work on problems of automation and technological change. In cooperation with the State employment services we are identifying plants where such changes have taken place or where they are about to take place; and we are making a maximum effort to work out a plan for the placement of these individuals who are affected.

This program is pretty much in its initial stages, in its infancy. But we have had enough experience with it so that we feel important results can be obtained.

We are working with the Presidential Youth Employment Committee, and we have provided for a national youth employment service which will be staffed with specialized personnel whose objective is to improve the job placement services for young applicants.

ATTEMPTS AT RETURNING HARD CORE UNEMPLOYED TO WORK

We have launched a pilot project to find and apply effective methods for returning hard core unemployed to gainful employment. One of the characteristics of the labor market in the last few years has been the increasing amount of hard core unemployment, of long-term unemployment.

We still have, even with the improvement that has taken place in recent months, among the 4 million unemployed about 700,000 who have been unemployed for a half year or longer.

This group becomes increasingly difficult to place the longer the unemployment goes on. We are setting up a special pilot service for this group and from it we hope to be able to improve the kind of service that the Employment Service is giving.

For these improvements in the Employment Service, we are requesting an increase of $20,749,000 in the "Grants to States" appropriation. In addition to continuing efforts to strengthen the service in the 55 largest metropolitan areas with a population of 500,000 or more, we will allocate additional positions to those areas with populations from 200,000 to 50,000, so that there will be a better balance of resources between these areas.

We will also take account of the problem in the rural areas. Actually in terms of the lack of resources and in the assignment of resources as it has been done at times in the past, we have a problem in rural areas as well. In other words, the middle-sized community has fared best in the way the resources have been allocated previously. The rural areas and the very large cities have been the ones where we have had our biggest problem as far as imbalance is concerned.

The additional staff that we are asking for will increase contacts with employers, get more job orders, intensify placement service generally for youth, older workers, the physically handicapped, veterans, and those displaced by automation.

PERMANENT ENTRY OF ALIENS

We are planning to make more investigations in connection with the permanent entry of aliens under Public Law 414. This provision of the law applies to the nonquota countries. The law provides that the Secretary of Labor can make a certification that it would adversely affect domestic workers if what any specific employer proposes to do is carried through.

In other words, the way it works, an employer makes application to bring in a specific number of foreign workers. A good many of them come from Mexico. These are brought in on a permanent basis as contrasted to the temporary basis provided for Mexican workers in Public Law 78.

The Secretary of Labor has an opportunity to certify that, if these workers come in, it will adversely affect domestic workers.

Due to the workload that is involved in this, we have never been able to cover anything more than a request for 25 or more. We are requesting funds here to permit us to bring this down one or more, so that we would pass on all applications of aliens coming in under this provision of the law.

We also plan some expansion in our labor market research, which is needed to support the buildup of the Employment Service. As a result of these increased efforts, we estimate that the State employment services will make about 7,130,000 placements in 1963, which is an increase of 15 percent over the estimate for 1962. And for Bureau direction of this expanded effort of the U.S. Employment Service, we are requesting an increase of $1,065,000.

ATTEMPT TO PLACE INCREASED NUMBER OF DOMESTIC WORKERS IN FARM JOBS

A second major area of emphasis in our request for 1963 is the initiation of an all-out drive to increase the number of domestic workers placed in farm jobs. The President, the Secretary, and this committee have expressed great concern over the wages and working conditions in agriculture and the importation of Mexican nationals for farm jobs while we still have capable American citizens who are unemployed or underemployed.

In 1963 we plan a more vigorous enforcement of the Secretary's regulations for the interstate recruitment of agricultural labor. As you will recall, a condition for using the U.S. Employment Service is that certain standards must be met by agricultural employers as far as wages, housing, and transportation are concerned.

Our problem on this is that we have never had adequate personnel to see that this was enforced as well as it should be.

We plan also some expansion of the annual worker plan to cover more workers and more jobs. As you know, this plan is used to schedule workers to a series of jobs so that their annual earnings are greater than they otherwise would be.

We also propose to improve selection methods of farm labor to get better qualified workers for the farmer. In the Mexican labor program we plan greater and more intensified efforts to locate and eliminate the adverse effect arising from the use of Mexican workers. We firmly believe that agricultural jobs can be filled with American citizens to a much greater degree than they now are, and we are going to do everything we can to bring about this result.

We have achieved some rather significant results in the last year on this point, but much more needs to be done.

For this purpose, we are requesting an additional $4,168,000 for grants to States, and $1,035,000 for salaries and expenses of regular Bureau employees, and $841,000 for the Mexican farm labor program.

UNEMPLOYMENT INSURANCE RESEARCH

The third major area of emphasis in 1963 is the initiation of a broad program of research to collect facts for revising the policies and operations of the unemployment insurance program. For this purpose we are requesting $1,218,000 for grants to States, an increase of $443,000 for salaries, and expenses of the Bureau.

As I indicated earlier, the nature of the unemployment problem is changing. The development of automation, technological changes, plant relocations, changing consumer demands, have all combined to produce more long-term, persistent unemployment.

Instead of being widespread, in some cases it tends to be concentrated in particular localities and in specific industries and occupations.

All these changes emphasize the need for more facts upon which to base program decisions to more adequately meet the changing character of unemployment.

The Congress expressed its concern over this problem last year when it appropriated funds for a comprehensive survey of claimants drawing temporary extended unemployment insurance. This study, the first part of which will be released within the very near future, will provide badly needed data for dealing with problems of long-term unemployment which occurs in recession periods.

However, there is need for a great deal of information on other phases of unemployment. Therefore, we propose to gather facts not only on the persistently unemployed, but also on all workers who are not now protected by the program; on workers whose attachment to the labor force is open to some question; and on the adequacy of existing benefits and on the financial structure of the system.

The reserves in some States have been declining, and there are a number of States where the financial problems they are facing are severe.

Our 1963 request shows some reductions because of the anticipated lower level of unemployment in 1963, and the expiration of the temporary extended unemployment insurance program. That is designed to end April 1 and be phased out and end finally on June 30. So

the costs we have justified for that program in the past have been eliminated as far as this request is concerned.

During fiscal 1963 we expect that the economy will continue to show improvement. We anticipate that the overall economic activity and employment will reach record levels during the year. The expansion is expected to be sufficiently large to absorb both the growth in the work force and the effects of increased productivity and, at the same time, it will reduce to some extent the level of insured unemployment from that which we assumed for fiscal year 1962.

GRANTS TO STATES BUDGET

We estimate that insured unemployment will decline from an average of 1,900,000 per week to 1,700,000 per week. The 1,900,000 is still our best estimate for 1962.

Since fewer claims are expected in 1963, the grants request shows reduction in administration cost for the State employment security agencies of $10,722,000, and $774,000 for the Federal unemployment insurance program for exservicemen and civilian workers.

The grants appropriation has also been reduced $13,300,000 because of the expiration of the temporary extended unemployment compensation program which I referred to a minute ago. The expiration of this program also accounts for a reduction of $800,000 in our salaries and expenses request.

There is a further reduction because of the expected improvement in the economy. We expect to pay out about $16 million less in unemployment compensation for Federal employees and unemployment compensation for exservicemen.

Before concluding, there is one more item that I want to call to your attention. The authorization in title IX of the Social Security Act limits grants to States to $350 million. This limitation was temporarily increased to $385 million in 1961, and $415 million for 1962.

Since this temporary increase expires on June 30, 1962, our appropriation request has been submitted in two amounts—$350 million under existing legislation, title IX; and $74,900,000 under proposed legislation.

The administration is requesting legislation to deal with this limitation. I have discussed the problem with the chairman of the Committee on Ways and Means, and he has given general assurance that action will be taken.

This concludes my general statement, Mr. Chairman and members of the committee. As I indicated earlier, we have prepared statements on each of the requests. I would like to submit those for the record and make a few observations on each one as we come to them, if it meets with your approval.

(The statements follow:)

GRANTS TO STATES

Mr. Chairman, before I go into the details of our budget requests, I would like to report to this committee the substantial start we have made in developing an adequate and modern public employment service.

The economy now seems to be expanding vigorously, following the recession lows of just about a year ago. In general the recovery began early in the second quarter of 1961, but unemployment did not show any real improvement

until November when it dropped to a seasonally adjusted rate of 6.1 percent. The same rate continued in December when there were 4.1 million people unemployed.

Despite the improvement in the closing months of 1961, unemployment continues to be a major problem in the economy. Six percent is too high a rate to be viewed with complacency. Furthermore, among the unemployed in December were 1.2 million who had been without work for 15 weeks or more, nearly 700,000 of whom had been jobless for more than 6 months.

Unemployment is personal and its causes and solutions are many. Some of the unemployed are young and inexperienced and do not have much to offer an employer. They have difficulty in finding employment and in making a satisfactory job choice. Older workers have skill and experience but have difficulty in locating a job where their abilities are needed. Some of the unemployed have been displaced because not as many people are needed when new machines and processes are introduced. Others of the unemployed have been left stranded when demand for a product declined or when the plant moved to another community.

There are other problems in the operation of the labor market. The labor force is growing rapidly and more than 1 million jobs must be created each year to provide work for these new entrants. The movement of people from rural areas to seek jobs in the larger cities continues. Industry is continually shifting the location of its plants so that matching the job and the worker becomes more difficult. Improved production methods and automation call for better educated, better trained, and more highly skilled workers. With many of the unemployed not possessing the training and skill required for these new jobs, there is a serious imbalance between labor demand and supply.

There is serious public concern about these problems. Both the administration and the Congress have taken steps to attack these problems. One of the first actions of the present administration and Congress was to enact the Temporary Extended Unemployment Compensation Act which is providing income to persons who have exhausted the unemployment insurance benefits. The payments made are helping to sustain these individuals until they can get work. The Area Redevelopment Act passed last year and the manpower retraining bill now before the Congress are efforts to resolve some of the problems of individuals in the labor market. The solutions to unemployment are often beyond the individual, therefore assistance is needed to locate a job. Similarly, the employer needs assistance in locating available workers. The Federal-State employment service helps both the employer and the worker resolve their employment problems. By its very nature, the system must be at the heart of almost every program to reduce unemployment and increase employment.

The administration and the Congress last year recognized that the employment service had not been able in recent years to keep up with the growth and change in the economy and the labor market. To enable the building up of the Employment Service so that it will be adequate for coping with the serious problems of the labor market, the Congress provided funds in late 1961 and for 1962 which will permit us to add 4,100 more employees in 1962. I would like to give the committee a report on some of the actions we have taken and of progress made.

The 55 largest cities in the country contain about one-half the Nation's population and in them there is a high concentration of unemployment. Also, the labor markets in those cities are highly complex. However, the employment services in these cities were much less adequately staffed then those in smaller communities. Therefore, the major portion of the additional staff made available by the Congress in late 1961 and 1962 was allocated to the local office in these 55 largest cities.

Additional resources were not allocated to individual areas without some study of existing organizational relationships. From this study, we concluded that the very large numbers of people who come to the local office in the large cities to file claims for unemployment benefits impede the rendering of effective job-placement services. When offices are overcrowded with unemployment insurance claimants, the obvious inclination of management is to take their claims as rapidly as possible and to defer other work. In these circumstances, Employment Service employees have been shifted to claims work all too often at the very time when job finding and placement efforts needed to be intensified and expanded. Therefore, we decided to reorganize the services in these large cities to bring about more effective operations.

To the maximum extent possible, we are trying to provide separate facilities for the Employment Service and unemployment insurance operations in these offices. Usually, in these local offices there has been one line of management and supervision for both the Employment Service and unemployment insurance operations. We have also concluded that each program will be better administered if it has its own line of management and supervision. Therefore, we are in the process of working with the State agencies to establish separate management for each program. Quite naturally, we have encountered some difficulties and delays in carrying out these reorganization plans. The hiring and training of additional staff, the establishment of new supervisory relationships, and the leasing of new local office quarters are time-consuming. However, the State agencies have responded vigorously and are working hard to accomplish these changes.

One of the earliest and most heartening evidences of State and local office response was the successful "Hire Now" campaign, which was launched in May by Secretary Goldberg. This was an all-out effort to contact as many employers as possible and to induce them to place job orders with the local employment offices. This program received widespread interest and support. Official proclamations or endorsements of the campaign were issued by 47 Governors and 1,783 mayors or other heads of local government; 1,200 daily and weekly newspapers, and numerous radio and television stations throughout the country helped to promote the campaign in their local communities; during May and June local employment office employees increased the number of personal visits to employers by 78.4 percent over the same period in 1960 and telephone contacts with employers by 38.7 percent. This intensified effort to induce employers to list their jobs with the local employment officers is helping to reduce the time workers are idle while between jobs. This effort has been sustained in the current fiscal year with the volume of visits and promotional telephone calls to employers running at an alltime high for this time of the year. Largely as a result ofthese efforts job placements during July–December 1961 were higher than they have ever been for this 6-month period during any peacetime year. The number of individuals given aptitude and proficiency tests and the number of persons receiving employment counseling interviews to aid in job placement, have reached new heights within the last 6-month period.

These results indicate only that we have made a good beginning. Much more needs to be done and additional resources will be required in fiscal year 1963 to sustain the impetus of the movement to create the effective Employment Service which the Nation requires.

EMPLOYMENT SERVICE INCREASE

While the net increase requested for the grants to States for 1963 is $20,400,000, the amount required for further improvement of the Employment Service is $20,749,000. There are other increases and decreases from 1962 within the 1963 total request of $424,900,000 for State administration of the employment security program which I shall discuss later.

The increase of $20,749,000 requested for the Employment Service will provide 2,500 more positions for 1963. With the intensified efforts of the augmented Employment Service staff, increased workload accomplishments can be expected. For fiscal year 1963 we expect to make 7,130,000 job placements which is 930,000 or 15 percent more than in 1962. To achieve this number of placements we estimate that 11 million new applications will have to be taken, 2,300,000 persons will be tested, and 1,300,000 counseled. All of these are substantially in excess of any workloads previously experienced.

In 1963, it will be necessary to allocate additional resources to achieve an equitable distribution of staff among the local offices, regardless of size. Therefore, some additional staff will be allocated to local offices in some of the larger areas but, at the same time, staff will be added to smaller offices where economic developments create placement potentials and will permit particularly effective use of local office staff.

While we have found that the most serious understaffing exists in the largest cities, there are also needs for more employment services in smaller communities and rural areas. These needs are particularly acute for young people needing guidance in getting jobs and for those people who can obtain employment for only a part of the year, usually for seasonal work. Therefore,

staff will be added in many smaller towns, and additional services will be extended to rural areas of serious unemployment or underemployment.

The role of the local offices in many of these smaller communities will be modified to meet their growing needs. Planned program expansions include extension of job testing, counseling and placement services to graduating seniors in additional rural schools, employment counseling for all age groups, support of local employment development programs, and giving information on available jobs to the unemployed in rural areas not presently reached by the Employment Service.

People seeking jobs through the Employment Service cannot be referred to work commensurate with their skills and abilities unless employers use the Service to fill a wide variety of vacancies in adequate numbers. Since employer acceptance and use of the Employment Service is so vital to its effective performance, we will continue our stepped-up efforts to get job orders from additional employers and to bring to their attention the qualifications of applicants seeking work through the local offices. When employers require workers which the local offices are unable to supply we will intensify interarea recruitment activities, and advertise these job openings to attract qualified workers for the employer and to give workers an opportunity to become employed at their highest skills.

During the past 10 years, because of lack of staff, we were not able to keep current on the changes in job requirements and the worker skills needed for many of the new jobs. Such data are needed to help employers get workers with the required skills, to select workers for the new jobs becoming available in plants using the new technologies, and for use in guiding the training and educational development of individuals so that they can meet the requirements of these new jobs. Therefore, we will expand our work with employers to develop the more precise data on job content, skill, and educational requirements, and other job specifications in these new occupations which will enable us to fulfill these needs. As the data is collected new aptitude tests will be devised for use in selecting workers for referral to these new jobs.

We are continuing our efforts to improve the placement facilities available to professional workers and their employers. The labor market for professional workers is national in character rather than local and frequently the available job and the available job applicant are separated by long distances. This characteristic of the labor market is also being recognized increasingly as a factor which workers in other occupations must recognize as they find it necessary to move to other communities after losing jobs when automation and plant relocations take place. With the available job and the available worker more frequently being located in different communities, rapid communication is becoming ever more important in reducing the time that jobs remain vacant and workers idle. We are planning to provide more effective interoffice and interstate placement service by using rapid automatic communications systems to link many of our local offices into a recruitment and placement network. Also, to improve job services for professional workers, placement services will be extended to more college campuses where, in cooperation with college placement officers, graduating seniors will be exposed to a wider range of job opportunities.

For a number of years there has been considerable interest and concern in the Federal Government about the problems of disadvantaged jobseekers such as the physically handicapped, the older worker, the minority group member, and the inexperienced youth. This committee has given us much encouragement and financial support for our programs to give such workers specialized and intensive job services. We believe that the general strengthening of the Employment Service in which we are now engaged will increase our ability to place disadvantaged workers. As an example, the increased job development program with employers is bringing in more orders for workers. This creates more opportunities for placing these workers. During 1963 we shall be watching closely to see that overall Employment Service improvement is actually translated into better service to these groups.

The President has indicated his concern and awakened a greater national interest in the youth, numbering almost a million, who are out of school and out of work. The rate of unemployment for young people between 16 and 21 who are not in school is double that for the total work force. At the President's direction the Employment Service system is undertaking a vigorous attack on this problem. Efforts will be made to persuade those in school to complete an

education commensurate with their talents. Working with community groups, we will attempt to influence dropouts to take more schooling or training and assist them in getting jobs where they can receive training. We plan to give greater emphasis to the particularly hard-to-place group found within the central and slum areas of the larger cities. Counseling and placement service will also be extended to youth in the rural communities, many of whom migrate to unfamiliar surroundings in cities to find jobs.

Our basic program for high school graduates conducted in cooperation with the schools has continued its steady growth. During the last year local offices provided services to 9,300 schools and to almost a half million students. Total placements for all youth under 20 numbered 739,300.

In addition to providing for better service to unemployed youth throughout the Employment Service system, we are starting demonstration projects to determine what can be accomplished by an adequately staffed and carefully supervised Employment Service effort in concert with other community groups. Smaller scale experiments in the past have indicated that persistent individualized job-finding assistance can be successful in placing even the most difficult problem cases. These projects, which will continue through 1963, will provide valuable information on the approaches to the youth unemployment problem that should later be introduced in other cities.

In recent months there has been increasing concern among employers, unions, and especially the workers and communities affected, over the impact of automation upon employment. The files of the Employment Service contain a distressingly large number of cases of plant closings or sizable layoffs because of changes of production methods, introduction of new production machinery, or installation of electronic data-processing equipment. The pace of these developments has accelerated so rapidly that it is necessary to deal with problems on a more organized, systematic, and forward-looking basis. We are starting this year to organize specific local action programs in cooperation with individual employers to identify in advance the occupations in an enterprise that will be affected by automation and to determine skill transfer possibilities and training needs to minimize worker dislocation. A total of 10 such action programs will be undertaken this year. We expect to learn a great deal from these efforts and to use this knowledge in a greater number of plants in 1963.

While there is ample evidence of the job displacement effects of automation and technological changes, there is a scarcity of facts upon which solutions can be devised. We will initiate a reporting program in all States to secure information of impending mass layoffs, the kinds of workers involved, and other job opportunities in the community. Also, special studies will be undertaken in local communities to determine the impact of such changes on long-term unemployment and the effectiveness of various local employment office activities to place workers affected.

The Employment Service with the requested additional resources will take another major step toward becoming a more dynamic factor in helping to solve present and emerging labor market problems. Also it will contribute to the more effective use of the Nation's manpower in building national strength and provide a greater degree of individual assistance to both employer and jobseeker.

FARM PLACEMENT INCREASE

Up to this point, I have been discussing employment service improvements which are primarily related to the nonagricultural labor force. The imbalances in the farm labor market are even more critical than in the nonagricultural labor market.

If farm jobs are to be attractive to domestic workers, wages and working conditions must be more nearly comparable with those for jobs in other occupations in which such workers might become employed. The Secretary of Labor has issued regulations limiting the use of the Employment Service in interstate recruitment of farmworkers to employers who offer the wage prevailing in the area, safe and sanitary housing, and transportation in accordance with the prevailing practice in the area or equal to that offered by other employers who have successfully recruited in the area of supply. Since the issuance of these regulations on December 20, 1959, the State agencies have not been given adequate funds to carry out their responsibilities.

We are requesting additional funds in three of our appropriation requests in order to carry out these responsibilities: Salaries and expenses of the Bureau, compliance activities of the Mexican farm labor program, and grants to States.

The additional amount requested for grants to States is $4,168,000. This amount will be used in a variety of activities, all directed to increasing the number of domestic workers placed in farm jobs. Prevailing wage data is presently collected in areas where foreign workers or Puerto Rican workers are used. In 1963, we propose to extend the wage survey program to areas in which domestic interstate workers are used and to include in the data collected, information on wages paid to such workers who were not recruited through the Employment Service.

The inspection and regulation of housing for interstate domestic farm workers is largely neglected by the States. Although 25 States have housing codes, in only 11 are they enforced and the degree of enforcement between areas varies. Within the limitations of available staff, the State employment security agencies have inspected some farm housing. However, State agencies have had to accept grower statements that housing was satisfactory in other cases because staff was not available to make inspections. In 1963, the State agencies will make more inspections of the housing of employers seeking interstate workers to determine whether it meets the Secretary's regulations and thus reduce the number of cases where they have to rely on grower statements.

Finally, in carrying out the Secretary's regulations, State agencies must obtain more information on transportation offered by employers and make greater efforts to assure that it is safe.

In addition to actively carrying out the Secretary's regulations on the use of the Employment Service, the State agencies in 1963 will be improving the following activities which are directed to increasing the number of domestic workers placed in farm jobs:

The annual worker plan which routes workers to a series of employers in succession will be expanded and improved and new migratory routes arranged. This plan now provides services to approximately 175,000 workers. This plan will be extended to additional workers. It will be made more effective by screening crew leaders more effectively, and by selecting and registering individual agricultural workers.

Plans are underway for Employment Service staff from demand States to recruit directly workers in certain labor supply States, notably, Texas. They will visit Texas with orders and will make arrangements for the selection, referral, and transportation of workers. Twelve States will participate in this pooled interview recruitment and it is expected that some 2,300 crews of more than 30,000 workers will result. It is estimated that in Texas a long-range goal of some 58,000 workers in 6,000 labor crews will be realized.

In a similar recruitment campaign in Florida in 1961, scheduling of 651 crews totaling more than 33,000 workers resulted.

By extending this practice of recruitment of all appropriate States we shall be able to provide increased continuity of employment and higher earnings for migrant workers, and simultaneously provide a better qualified, more reliable work force for the farmer. Mechanization has reduced the need for hired farmworkers. This trend will increase. At the same time it disrupts the established movement of migrant workers or their continuity of employment and makes it necessary to develop new patterns of migration.

We will attempt to meet the labor needs of farmers in areas where labor is in short supply by recruiting unemployed or underemployed workers from other areas. This will reduce the dependence of farmers on foreign labor.

Amendments to Public Law 78, eliminating the use of foreign workers in other than temporary or seasonal jobs and as power-driven equipment operators will require intensified recruitment to replace such workers. It will be necessary for the State agencies to improve interviewing and selection processes to assure referral of qualified workers.

The State agencies will be required to undertake additional work supporting the compliance activities of the Bureau in the Mexican farm labor program. These expanded activities will be directed toward locating and eliminating adverse effect on the wages and working conditions of domestic farmworkers resulting from the use of Mexican nationals. In conjunction with and under the supervision of the Bureau, State agencies will make adverse effect studies in all crop wage areas annually. These studies will compare wage trends over a 10-year period in areas where Mexicans are used with trends in similar areas where Mexicans are not used, determine the adequacy of piece rate earnings of Mexican nationals, and measure the displacement of U.S. workers in areas where Mexican nationals are used. Also to prevent adverse effect, wages paid in areas dominated by Mexican nationals will be examined carefully.

The entry of aliens to take jobs in the United States may have important implications for the job opportunities of domestic workers. Under the Immigration and Nationality Act, the Secretary of Labor is responsible for certifying that the wages and working conditions of domestic workers will not be adversely affected by the entry of such alien workers. In the past, we have reviewed requests for the permanent entry of foreign workers from nonquota countries only when the aliens to be imported on an individual request numbered 25 or more. This procedure must be tightened up so that maximum consideration is given to available domestic agricultural and nonagricultural workers before the entry of aliens is approved. In 1963, in order to properly fulfill the Secretary's obligations, the State agencies will be required to investigate and make a determination on each request for importation that the entry of the alien will not adversely affect the employment of domestic workers, even though the requisition be for a single worker. The vast majority of importation requests are for only one worker, and the investigation of clearance cases involving aliens will increase the workload from 11,000 to approximately 85,000 cases per year, based on the experience of the U.S. Immigration and Naturalization Service.

UNEMPLOYMENT INSURANCE INCREASES

An essential aspect of the Federal-State unemployment insurance programs is the constant research and study needed to evaluate the effect of current programs and to develop improvements designed to insure not only that the benefits are adequate but that they are paid only to bona fide workers. We are currently engaged in a large national study of the workers who are claiming temporary extended unemployment compensation benefits. This study, however, will not cover the workers who have not exhausted their State benefits, nor will it deal with those workers who are not presently afforded the protection of the unemployment insurance program. Such studies are badly needed.

The many changes in the labor market we are now experiencing have created pressures for drastic changes in the unemployment insurance program. Recent recessions have also dramatized the fact that protection against the adversity of complete wage loss is now denied to large segments of our working population. The failure to cover some of these groups stems partly from untested assumptions about the problems involved. Through more intensive research, facts can be uncovered upon which to base sound recommendations for law changes.

In only four States and in the railroad industry are workers covered by temporary disability insurance. Eighty percent of all wage and salaried workers have no such statutory protection. Studies are needed to develop the facts upon which legislation can be based. Recent criticism of the program highlights the need to evaluate the tests in the various State laws that separate the workers who should be protected from those who should not. Our 1963 requests, therefore, includes $1,218,000 to enable the States to conduct the necessary research. The Bureau will be in close consultation with each State undertaking these studies to insure maximum effectiveness of the study projects as well as maximum comparability of techniques and methods with those used in studies in other States.

We are concerned because during the recent recession the reserves in a number of the major industrial States were extremely low. The taxing and benefit schedules of the system need to be reviewed at both the State and Federal level. In some States tax income is not adequate and the distribution of the tax among employers needs reconsideration. At the same time benefit amounts and in some cases duration and eligibility provision in State laws need to be reviewed. These reviews can only be successful if all the facts are available for consideration.

MANAGING THE LABOR FORCE IN AN EMERGENCY

We are also requesting a program increase of $650,000 for emergency management of the labor force. This is the program formerly carried out under delegation from the office of Civil Defense Mobilization. This will provide for about the same level of activity as was financed in 1962 by allocation of delegate agency funds from the Department of Defense and the Office of Emergency Planning.

SUMMARY

The above four program increases total $26,785,000. In addition, this request also takes into account $24,796,000 of decreases related to the anticipated improvement of the economy in 1963 and $18,411,000 of mandatory increases. The net increase is $20,400,000.

INSURED UNEMPLOYMENT

State insured unemployment showed more recovery last year than did total unemployment as laid-off workers were recalled to employment. As a result, insured unemployment in the July–November 1961 period averaged 2.1 million per week on a seasonally adjusted basis, as compared with an average of 2.4 million for the first 6 months of the year. A year ago, we estimated that insured unemployment for fiscal year 1962 would average 1.9 million per week. A recent reappraisal of developments confirms our earlier estimate for the current fiscal year.

Our budget requests for fiscal year 1963 are based upon the assumption that the economy will continue to show further improvement and will continue to expand. The assumed expansion is expected to be sufficiently large to absorb both the growth in the work force and the effects of increased productivity—and, at the same time, to reduce to 1.7 million the average weekly volume of State insured joblessness.

REDUCTIONS FROM 1962

The improvement in the economy and the concurrent decrease in insured unemployment from an average of 1,900,000 per week in 1962 to 1,700,000 in 1963, will reduce the number of unemployment insurance claims filed and processed by the State agencies. This will result in a reduction of administrative costs of $10,722,000. We also estimate that fewer claims will be filed in the Federal unemployment insurance programs for ex-servicemen and civilian workers. Therfore, administrative costs for these two programs are expected to be $774,000 less in 1963 than in 1962. Finally, the temporary extended unemployment compensation program expires on June 30, 1962, so that administration costs in 1963 will be further reduced by $13,300,000. These reductions total $24,796,000.

MANDATORY INCREASES

There are certain costs of the State agencies which are not controlled within the system. The average State agency salary rate is expected to increase from $4,813 in 1962 to $5,020 in 1963. In November the rate had reached $4,929. Costs will therefore be increased by $13,590,000. Nonpersonal services costs of the State agencies are affected by the general price rise. For 1963, the State agencies will require an additional $3,048,000 to meet such increases. The program is expected to cover 50,000 more employers and 900,000 more workers in 1963. To collect the taxes and maintain records for the new employers and workers will require $1,773,000. These mandatory increases total $18,411,000.

This completes my statement, Mr. Chairman.

UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

Mr. Chairman, we are requesting $131 million for unemployment compensation payments to ex-servicemen and Federal employees for 1963. This request is based upon our anticipation of improved economic conditions for 1963 and is a reduction of 11 percent from the $147 million appropriated for 1962.

These payments are authorized under title XV of the Social Security Act which provides that benefits shall be paid to ex-servicemen and Federal employees in the same amounts and under the same conditions, generally, as are provided under State laws for workers in private industry in the State where the claimant is located. By that act former employees of the Federal Government and ex-servicemen are given the same protection against unemployment as other workers with whom they must compete in the labor market in their efforts to become reemployed.

The unemployment experience of both of these groups of workers, as reflected by claims filed for benefits, generally parallels trends in insured unemployment in the State programs. We estimate that insured unemployment in the State programs will decline from 1,900,000 per week in 1962 to 1,700,000 in 1963.

With the conditions expected for 1963, we estimate that fewer individuals will file claims for benefits and that those eligible to receive payments will do so for a shorter period of time in 1963 than in 1962.

We also expect that the reductions in cost arising from fewer claims will be partially offset by a rise in the average weekly benefit amount. This will result primarily from wage changes and changes in the State unemployment insurance laws. In 1961, 15 States changed their laws to increase the maximum weekly benefit amount and these changes are continuing. The average weekly benefit amount for ex-servicemen is expected to rise from $31.25 in 1962 to $31.60 in 1963 and that for Federal workers from $34.75 to $35.50.

The net effect of these three factors is a decrease from 1962 of $16 million.

SALARIES AND EXPENSES

Mr. Chairman, this request provides $12,865,000 for operation of the Bureau in 1963 and is a net increase of 154 positions and $2,365,000 over the $10,500,000 required in 1962.

The additional funds requested will provide (1) $1,065,000 for continuing the buildup of the Bureau's Employment Service to better enable it to direct and supervise the improvement and expansion of the State employment services; (2) $1,035,000 for the Bureau's share of a coordinated Federal-State effort to increase the number of domestic workers placed in farm jobs; (3) $443,000 for work with the State agencies to increase the operating efficiency and program effectiveness of the State unemployment insurance programs; and (4) $622,000 for other purposes. These increases will be offset by a decrease of $800,000 in the costs of the temporary extended unemployment compensation program.

The $1,065,000 increase for Employment Services of the Bureau will be used primarily to direct and coordinate the improvement and building up of the State employment services. This buildup began late in fiscal 1961 and in fiscal year 1962 when the Congress approved a substantial increase in Employment Service staff. This was concurrent with the approval of resources in the State grants appropriation that made possible a major step toward restoring adequate levels of local office staffing. During the past 8 months, the Bureau has been hiring, training, and assimilating its new staff, and at the same time providing national leadership in the expansion and improvement of the employment security system. Major emphasis was given to developing a competent staff to provide direct field assistance to State agencies in such important efforts as the organization and management of placement resources in metropolitan areas, developing an awareness and coping with the impact of automation on workers, providing specialized services to youth, and promoting greater employer usage of the Employment Service. Some further additions in fiscal year 1963 will be needed to carry out the Bureau's total responsibility for program development, assistance to State agencies, evaluation of performance, and collection and analysis of additional data.

During fiscal 1963, program emphasis will continue to be placed on improving local office management and strengthening basic placement operations, especially in the larger metropolitan areas. More information is needed on the operations of the labor market in these major metropolitan areas. We need to know more about occupational and industrial composition of the current work force, anticipated trends by occupations, and the kinds of workers by age, sex, and skill currently seeking employment and those that will be available at future periods. The Bureau will develop techniques for conducting studies to obtain such information. Efforts will be intensified to extend and coordinate placement activities in professional occupations, including research on the possible application of improved communications and automatic data processing systems to service nationwide placement operations. Overall services to youth will be strengthened. We plan to establish a Division of Youth Employment to provide leadership to the youth program carried out through the nationwide network of public employment offices. The cooperative high school counseling,

testing, and placement program will be extended to additional rural areas and to provide more service to dropouts in all schools. There will be emphasis on extending and improving the development and use of aptitude and performance tests for counseling and placement purposes, and on improving employment counseling techniques to identify training needs of individuals. Emphasis will also be placed on developing a college placement program, in cooperation with college placement officers, to bring graduating seniors in contact with the maximum number of job opportunities. We will also stress technical assistance to community employment development organizations in analyzing community manpower resources to develop additional local job opportunities and to form the basis for decisionmaking with respect to needed training programs.

The rapid advances of automation and technology in recent years have left very few American industries or occupations unaffected. Whole new industries have emerged, and many workers are employed in occupations that were unknown a short time ago. Other jobs and industries have passed from the scene. As a result of this accelerated process the Dictionary of Occupational Titles, used by the Employment Service in its placement and counseling activities, and last revised in 1949, has been rendered almost completely obsolete. Work on new definitions and classification structures will be ready for assembly and printing in fiscal year 1963. Of the total of $1,065,000, $250,000 is for this printing.

During 1962, a program to cope with the effects of automation and technological change was undertaken with selected firms in different industries and areas. The program's objectives are to determine action that could or should be taken to minimize occupational dislocation. The jobs and the workers are and will continue to be the subject of intensive studies to find what skills and abilities are associated with occupations in which there is a declining demand for workers, and how such skills and abilities can be related to potential job opportunities, with or without additional training.

These problems are being studied, in part, through pilot projects in which investigation and action are combined. Progress is being made in 1962 and the projects need to be continued in 1963. Others will be undertaken in additional States in order to encompass different labor market conditions and other industries; to determine placement possibilities or training needs of workers who have relatively obsolete skills; to help increase the mobility of technologically displaced workers by making available to them comprehensive job information on other areas; and to identify relatively new occupations. Job descriptions and employers' new hiring specifications will be obtained in such occupations as are related to electronic data processing, computer operation, or automatic process controls, to help improve worker selection for training. Experiences and ideas resulting from the projects will be integrated into regular employment office operations to improve their capacity to help lessen the unemployment impact of automation on workers.

To facilitate carrying out project activities and action programs, the Bureau will take the initiative in designing projects, developing research techniques, modifying reporting requirements, and providing technical guidance to State agencies in conducting projects and in obtaining information needed. Improvements and implementing efforts will be made in an "advance notice system" to identify plants in individual localities anticipating technological changes or shutdowns and kinds of workers affected; to determine the extent to which technological change contributes to long-term unemployment; and to determine the occupational adjustments that are made by workers displaced by automation.

There is urgent need to increase the staff to assist State agencies to meet the increased demand for placement, counseling, and testing activities under the expanded Employment Service program, and to relate these activities more closely to changing economic conditions, industrial employment trends, and manpower developments affecting Employment Service programs and operations.

Furthermore, in order to provide a sound basis for effective management, planning, and evaluation of the public Employment Service, additional data and more effective administrative and supervisory tools and techniques are needed. One of the basic measures of effectiveness of the Employment Service is the relationship of placements made by a local office to all new hires in a community. New hires data will be developed on nonagricultural industries in all larger areas for use in planning and evaluating day-to-day operations and program goals of the local employment offices. Also, more comprehensive analyses of Employment Service activities nationally and by State will be undertaken to determine shifts

in emphasis required by changing economic conditions, to promote more effective evaluation of program accomplishments, and to identify areas in need of further improvement.

The $1,035,000 increase requested for farm placement services of the Bureau will be used for an intensive drive to increase the number of domestic workers placed in farm jobs. The Bureau will direct and coordinate the State employment services in this drive. In addition, because so many of the solutions of the problems of the farm labor market necessarily involve the interstate movement of workers, the activities of Bureau staff in the field will have to be increased substantially and new functions undertaken.

The drive to place more domestic workers must take into account the changes in labor requirements resulting from the rapid mechanization of farmwork which is taking place and the changes being made in the kinds of crops being produced. Traditional migratory patterns of movement for farmworkers are being upset because of the introduction of such machines as the snap bean harvester, potato and green pea combines, sweet corn pickers and cottonpickers. The result has been the creation of larger gaps between jobs for migrants. At the same time labor requirements are increasing for such food crops as strawberries, tree fruits, berries, and fresh vegetables. We plan to reschedule the movements of migrant workers to take advantage of the additional employment opportunities in crops where the yield and labor requirements are expanding.

We also plan to go into labor surplus communities and organize movements of unemployed workers to perform farmwork in areas where farmers do not have a large enough supply of workers for growing and harvesting operations. This recruitment will take place in those areas suffering from chronic unemployment and in Louisiana and Mississippi where large numbers of farmworkers are unemployed.

To keep abreast of these rapid shifts in farm labor demands and supply, the Bureau will, in conjunction with the State agencies, speed up and expand information gathering activities. These data will support our efforts to place more domestic workers and reduce the employer's dependence on foreign labor.

One of the serious problems in placing domestic farmworkers has been the lack of staff to conduct adequate selection interviews so that the worker is able to do the job when he is hired by the employer. We will work intensively with the State employment security agencies to get improved selection procedures adopted and carried out. Funds have also been requested for the State agencies for this work in the grants appropriation.

We will also work closely with the State agencies to see that every effort is made to select and refer to employers competent domestic workers for year-round and power-driven machinery operator jobs to replace the Mexican nationals used prior to the recent amendments of Public Law 78.

As a further step in increasing employment opportunities for domestic workers we will tighten up the review of applications for permanent entry of workers under the Immigration and Nationality Act. Previously, we reviewed only those cases involving 25 or more workers. We will, in 1963, review every case regardless of the number of workers involved.

Among the principal barriers to the employment of more domestic workers in farm jobs are the wages and working conditions offered. In my statement on grants to States, I indicated the additional work which the State employment security agencies will perform in 1963 to carry out the Secretary's regulations on the use of the Employment Service. These regulations limit the use of the Employment Service to farm employers meeting specified conditions on wages, housing, and transportation. The Bureau will work closely with the State agencies in directing and supporting their efforts to see that these conditions are met by farm employers. Primarily reliance for obtianing compliance with the Secretary's regulations will be with the State agencies. However, we recognize that in some instances there are barriers to effective local implementations of the regulations. Bureau employees will therefore supplement State efforts in such cases to assure that there is compliance with the wage, housing, and transportation conditions of the regulations or that the Employment Service does not furnish interstate workers to violating employers. We believe that strict enforcement of the Secretary's regulations will help to improve conditions to where more domestic workers will be attracted to such jobs.

The request provides an increase of $443,000 for Bureau staff to work with the States on improving their unemployment insurance programs. The unemployment insurance system has just come through a rather critical time, with

two recessions in a 4-year period. Certain problems in the structure of the system have been highlighted during this period. Among these problems are: the exclusion from coverage of large segments of the work force, inadequate benefits, the charges by some critics of the program that it fails to keep out those claimants who are not genuine members of the work force, and the serious depletion of reserves in a large number of States.

At the same time controversy is increasing on the proper future role of the unemployment insurance system in our economy. A more intensive research effort than has heretofore been possible is essential if we are to have the kinds of information which are needed as a basis for legislative consideration of these pressing problems. To insure that these studies are planned and carried out efficiently, and that the techniques in the State are basically comparable enough to permit the development of national results, it is necessary for the Bureau to develop study outlines, assist in launching the studies, and summarize the findings from each type of study.

The research will be directed toward analyzing the problems of (1) covering the 14 million workers now excluded from the unemployment insurance programs; (2) the need for temporary disability insurance; (3) attachment of workers to the labor force and the effect of disqualification of certain groups of workers from benefits; and (4) assuring the financial soundness of State reserves for the payment of benefits under all forseeable conditions.

The formulation of specific legislative proposals to effect the needed improvements within the Federal-State system is a specialized skill in which the Bureau has provided technical assistance to the States. Increased State legislative activity will create increased demands for legislative reference assistance from the Bureau. We propose to improve our capability to meet this need.

We are also concerned with the administration of the program in the State agencies. The administrative task is an enormous one, involving the receipt of nearly 10 million tax returns per year, and the processing of 83 million weekly claims from the unemployed, even in a year of relatively low unemployment. To safeguard properly the public moneys involved in these millions of claim actions requires a systematic examination of claims in the local offices, and a carefully controlled system of accounts and disbursements. The State laws are becoming more complex in their eligibility conditions, and presenting new problems for the claimstaker to consider. Also, new administrative problems are arising from the sheer growth of the operation, due to the increasing population, extension of coverage, provisions for longer duration of benefits to the individual, the trend toward higher rates of unemployment, and at times, the temporary extension of benefits under Federal or State laws.

New developments in automatic data processing equipment hold promise for improvements in efficiency and economy in the performance of the vast amount of administrative work involved in the insurance operations. The rapid changes that are occurring in data processing technology present a very difficult choice to a State seeking to find the best solution to its operating problem. If the advantages of this new technology are to be realized in the State unemployment insurance operations, the Bureau must do much more work with the States in the selection, testing, and installation of data processing machines.

Local office claims operations are the most vital part of the program's administration, since the correct decision to pay or deny benefits often hinges on a proper examination of the claimant. Criticisms of the program are commonly directed toward its administration rather than its intent. This is an area in which intensive study and developmental work are needed. We propose to work with the States in conducting test office programs in which new and improved techniques for detecting and adjudicating questionable claims can be developed and tested.

We propose also to expand our time and cost studies of the major unemployment insurance operating functions in the State agencies. These studies are essential to the maintenance of adequate budgetary controls in our allocation of Federal grants to the States.

The substantial expansions of the responsibilities and staff of the Bureau and the States in recent years and proposed for 1963 require an intensification and expansion of our efforts to achieve the most efficient use of the money appropriated for operating the system. The system collects and pays out each year billions of dollars. State and Federal administration costs in 1963 will be more than $435 million. Also, the system is being given responsibility for a variety of complex programs in addition to the basic ones of unemployment insurance and employment service. Therefore, we are requesting 26 positions and $272,000

for improving the management and accountability of the Federal-State employment security system. The work of the Bureau needs to be carefully examined to determine if it is being accomplished as economically as possible. We will expand our work simplification and manpower utilization studies to achieve this result.

Management studies concerned with developing work measurement techniques and applications, examining manpower utilization to improve efficiency of operation, improving and simplifying work methods, and making appropriate changes in organizational structures and staffing patterns are vitally needed to meet the Bureau's continually changing functional responsibilities and workloads.

The workload in the Audit Division has been increased with the addition of new programs and the expansion of other programs without a proportionate increase in staff. Audits of State agency expenditures have had to be performed on a "skip year" basis in order to keep the backlog of audits at a reasonable level. Unless an audit discloses serious irregularities, it has been the custom not to examine previous fiscal years' expenditures. Staff limitations have forced us into this situation. With the increased request we expect to be able to audit each agency's expenditures on an annual basis so that assurance can be had that granted funds are expended as authorized.

The Bureau will assist the States in improving their overall management and general administration. This will include providing training in executive leadership and management, performing management surveys, and installing management controls to insure economic and effective program accomplishment.

Also in 1963 we will initiate a complete review and updating of our fiscal standards, some of which date back to the early days of the program. These standards inform the State agencies which practices are considered acceptable and necessary for proper and efficient administration.

For carrying out our responsibilties under the national plan for civil defense and defense mobilization we are requesting 21 positions and $250,000. This is an increase of five positions and $50,000 from 1962. In 1962 the Bureau's civil defense functions were financed from delegate agency funds provided by the Department of Defense and the Office of Emergency Planning. This is a change in method of financing. Under delegations of authority from the Office of the President, the basic responsibility for managing the Nation's manpower in the event of a mobilization or a civil defense emergency rests upon the national employment security system. The Bureau of Employment Security, to prepare itself and its affiliated State agencies for this responsibility, cooperates with those agencies in planning not only for the continuity of their own operations, but for the recruitment of workers for essential mobilization and civil defense work, the allocation and distribution of workers in relation to the urgency of such employment (including the direction of individuals to high priority work within a pattern of voluntary cooperation), the most effective utilization of currently employed workers, the assurance of income maintenance for displaced members of the labor force awaiting absorption into essential employment, and the expansion of the Nation's worker potential through the use of segments of the population which are not normally in the labor force or which may be underemployed. The additional five positions and $50,000 is for a new project—task force development—to provide a built-in manpower readiness in those geographic areas which are most likely to feel the manpower impact of a large scale enemy attack on this country.

The Veterans' Employment Service is playing an important role in our overall efforts to strengthen the employment service. Mr. Omohundro, Chief of the Veterans' Employment Service, is here today. He will go into more detail about the Veterans' Employment Service. I am sure the committee will be interested in hearing from him on this important segment of our program.

Compliance Activities, Mexican Farm Labor Program

Mr. Chairman, for compliance activities of the Mexican farm labor program in 1963 we are requesting $1,740,000, an increase of $591,000 over 1962. Of this increase $247,600 and 25 positions are for carrying into effect the amendments to Public Law 78; $323,000 and 32 positions are for preventing adverse effects on wages and working conditions of the domestic agricultural workers; and $20,400 is to provide for the cost of the travel allowances increases authorized by Public Law 87-139.

At the last session of Congress, Public Law 78 was amended and extended 2 years to December 31, 1963. The amendments (except for undue hardship cases) bar the contracting of Mexican nationals to farm employers for year-round agricultural work and the use of Mexican nationals in jobs involving the operation or maintenance of power-driven machinery for planting, cultivating, or harvesting.

To obtain compliance with these two new restrictions in Public Law 78 we will require 25 field employees, 19 of whom will be professionals, at a cost of $247,600. In fiscal year 1963, these new employees will make about 10,000 field visits to worksites in States wherein Mexican nationals are employed to (1) acquaint employers and workers with the recent amendments to Public Law 78; (2) to make investigations which will serve as a basis for decisions to approve or disapprove employer requests for exceptions to avoid undue hardship; (3) to insure that Mexican workers are not used in prohibited occupations; (4) to make determinations on the "seasonality" of occupations in which Mexican nationals are employed; and (5) to investigate fully allegations of violations of these amendments.

During the committee hearings and debate in Congress on the extension of Public Law 78, extensive testimony was presented to the effect that the importation of Mexican workers has had an adverse effect on employment opportunities and wage rates of the U.S. farmworkers. In many areas where Mexican workers were used, wage rates paid to U.S. farm laborers have remained stable or declined during the last 10 years. In other areas, wages have risen but at a slower rate than the increase for farmworkers in areas in which Mexicans are not used.

The Department of Labor sought additional authority to eliminate adverse effect by restoring wage rates to levels they would have reached without competition of foreign workers. In the congressional debate, it was brought out that the Secretary of Labor has sufficient authority under the existing statute, and what is needed is more specific criteria for identifying adverse effect and intensified compliance activities to administer this phase of the law.

In signing H.R. 2010, which extended the Mexican farm labor program, President Kennedy said: "The adverse effect of the Mexican farm labor program as it has operated in recent years on the wage and employment conditions of domestic workers is clear and is cumulative in its impact. We cannot afford to disregard it. We do not condone it. Therefore I sign this bill with the assurance that the Secretary of Labor will, by every means at his disposal, use the authority vested in him under the law to prescribe the standards and to make the determinations essential for the protection of the wages and working conditions of domestic agricultural workers."

In accordance with the wishes of President Kennedy, Secretary Goldberg is taking action to bring about greater assurance that the Mexican farm labor program does not have an adverse effect on the wages and working conditions offered our own citizens.

To bring about this result, the Bureau requires 32 positions and $323,000 for 1963. Among other things these new employees will (1) make more frequent and more numerous studies to determine areas in which the use of Mexican workers is having adverse effect as a basis for administrative actions; (2) establish wage rates for Mexicans in crop areas where the labor supply is dominated by Mexican workers; and (3) develop an improved system for arriving at opening wages in each crop area in which Mexican workers are concentrated.

In conjunction with the State employment security agencies, we expect to make 1,000 adverse effect investigations. These investigations will involve (1) a detailed analysis of the level and trend of wages in the area and comparison with data for similar activities in each State; (2) examinations of employers' payrolls to determine that earnings under piece rates do not have an adverse effect; and (3) studies of displacement of U.S. workers.

In addition to the adverse effect studies, special procedures are being developed to determine prevailing wages in 150 areas which are dominated by Mexican nationals to the extent that wages of foreign workers have set the pattern for the area and usual procedures for determining prevailing wages do not apply. In such cases special surveys of wages and earnings of workers in comparable areas will be necessary.

The intensified effort to prevent adverse effect will involve not only the Bureau's headquarters and regional office staffs, but the State employment security agencies as well. While the funds for State efforts are requested in the grants

appropriation, the employees requested and financed by this appropriation, will be responsible for directing State agency activities as well as for performing directly functions not performed by the State agencies.

Mr. Chairman, the new administration has placed new and greater responsibilities upon us in performing the compliance activities of the Mexican farm labor program. We require the committee's support to enable us to successfully accomplish these responsibilities.

SALARIES AND EXPENSES, MEXICAN FARM LABOR PROGRAM

Mr. Chairman, for the Mexican farm labor program we are requesting $2,269,000, an increase of $750,000 above the amount authorized for this program for 1962. This will provide $1,519,000 for expenses of Bureau activities, the same as 1962, and $750,000 for State activities.

All of the $750,000 increase above the authorization for 1962 is for work performed by the State employment security agencies in administering Public Law 78. However, $500,000 of this amount was financed in the "Grants to States" appropriation in 1962, therefore, only $250,000 is being requested for additional work above that done in 1962.

The committee will recall that prior to 1959, all of the Bureau's administrative expenses for this program were financed by direct appropriations from general revenue. State administration costs were financed in the "Grants to States" appropriation. Beginning with 1959, the Congress transferred the cost of the appropriation for all Bureau expenses except those for compliance activities from general revenues to the farm labor supply revolving fund. No change was made in the financing of State administration costs.

At the last session of Congress, Public Law 78 was amended and extended for 2 years to December 31, 1963. One of the amendments provided that all costs of the program except those for compliance activities were to be borne by the users of Mexican nationals.

It is estimated that in 1962 the State agencies will spend $500,000 performing noncompliance functions of the Mexican program. In accordance with the amendment of Public Law 78, we are decreasing the "Grants to States" request for 1963 by $500,000 and increasing the request for salaries and expenses of the Mexican farm labor program by a like amount. However, the State agencies will require an additional $250,000 in 1963 above the 1962 amount because of new activities required by other amendments to Public Law 78.

As a result of the recently enacted amendments to Public Law 78, State agencies will have a greater workload in advising potential users of Mexican nationals of the prohibitions contained in the amendments; visiting employers to insure their understanding and responsibilities under the amendments; and in reporting on the availability of domestic workers for the restricted jobs and the efforts of the employer to recruit domestic workers through the employment service in cases where it is claimed that failure by the employer to secure Mexican workers would result in undue hardship.

The total amount 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. It will be necessary to increase grower fees for contracting and recontracting Mexican workers to pay for the State agency costs which will be charged to the revolving fund. On July 1, 1962, we propose to increase the fees for contracting and recontracting from the current $10 and $5, to $15 for either contracting or recontracting a worker.

RATE OF INSURED EMPLOYMENT

Mr. FOGARTY. Generally one of the basic assumptions on which the bulk of your appropriation request is based is that insured unemployment will decline from 1,900,000 per week in 1962 to 1,700,000 in 1963.

Mr. GOODWIN. Yes, sir.

Mr. FOGARTY. Has anything happened in the last few weeks to make you think these estimates should be adjusted?

Mr. GOODWIN. No; we still think that these estimates are good, Mr. Chairman.

Mr. FOGARTY. You do?

Mr. GOODWIN. Yes.

Mr. FOGARTY. Will you place in the record a table showing the actual figures for each month since January 1959.

Mr. GOODWIN. For each month since January 1959? Yes, sir.

(The requested information follows:)

Average weekly insured unemployment, regular State programs—U.S. total, January 1959 to December 1961

	Weekly average		
	1961	1960	1959
January	3,265,800	2,179,600	2,489,000
February	3,393,800	2,157,300	2,368,000
March	3,168,200	2,209,500	2,077,000
April	2,779,400	1,939,300	1,767,900
May	2,328,200	1,681,700	1,463,900
June	1,991,100	1,588,400	1,298,400
July	1,958,200	1,686,400	1,332,800
August	1,743,500	1,656,900	1,291,400
September	1,558,300	1,598,300	1,203,000
October	1,501,600	1,678,400	1,309,400
November	1,662,400	2,039,300	1,677,000
December	2,017,500	2,639,100	1,841,000
Annual average	2,290,300	1,905,800	1,682,500

COLLECTION OF LABOR STATISTICS

Mr. FOGARTY. You have an increase for the collection and interpretation of labor market information. I thought that work was being done by the Bureau of Labor Statistics.

Mr. GOODWIN. We do the collection on area statistics. The statistics that grow out of the unemployment insurance and the Employment Service system are collected by the Bureau of Employment Security. We have one or two projects on a joint basis with the BLS whereby they utilize the same basic source of information as we do on data arising from unemployment insurance statistics primarily.

I think Mr. Levine, the Deputy Director, might want to comment on this particular problem, if it is all right with you, Mr. Chairman.

Mr. FOGARTY. We had considerable testimony yesterday from Mr. Clague about many of these areas. I thought he was doing most of this work.

Mr. LEVINE. Mr. Chairman, the collection and analysis of labor market information, as set forth here, relates entirely to information which grows out of Employment Security activities.

Essentially the program, as you know, is highly decentralized. It deals with local labor markets. We don't go into national statistics, national statistical collection of employment data, for example. However, the program that is joint with BLS, in which the State employment security agency is used as the source, is the sample collection of current employment statistics.

From unemployment insurance sources we have each quarter as a part of the tax program in the State, employment, and payroll data. This covers more than 2 million employers. A sample is taken on a

voluntary basis and jointly financed between BLS and ourselves to provide more current employment statistics data monthly. Those data are released by the State agencies and the Bureau of Labor Statistics each month. That is employment statistics.

The other joint program is a sample of employers providing information on labor turnover. This is information on hires, accessions, and on layoffs, quits, and discharges. Such information is, of course, extremely important to the Employment Service because a large volume of its transactions arise out of the turnover of labor in firms.

The BLS issues that information nationally and by State for manufacturing and mining only. We find it necessary to collect labor turnover data for trades and service which the BLS is not collecting. A very large part of the employment hiring transactions are in trades and services, so we need to know about new hires, quits, and layoffs in that area.

For all the rest of it, the information that we get is on a local labor market basis. For example, the classification of labor market areas, the defining of these local markets, their employment and unemployment trends, shifts in hiring channels on a local area basis, occupations which are emerging, providing new employment opportunities and occupations which are becoming obsolete or declining. This is used for guidance and employment counseling in the local offices.

All of that kind of information is derived out of operations, out of the records of the Employment Security setup, and then fed back for application and use within the operations of the system.

Mr. FOGARTY. It is not clear in my mind yet. It seems to me Mr. Clague spent some time yesterday talking about the hard core of unemployed which is going up and up and looking into the causes of it and into the areas where there is persistent unemployment. That would be on a local area basis, wouldn't it?

Mr. LEVINE. Mr. Chairman, I wasn't present when Mr. Clague was testifying, but I am fairly certain that his testimony with respect to the hard core of persistent unemployment was the need for getting some expansion in a sample of household surveys that are made under the Monthly Labor Force Report and from which is issued the total unemployment figure each month.

They get a breakdown of those who are jobless for 15 weeks or more, and those unemployed 26 weeks or more. But that is a national total. It is based on about 30,000 households, as I recall.

Mr. FOGARTY. I think that is true. But he had some charts showing the type of information you people are asking funds to gather.

Mr. GOODWIN. When he makes his economic presentation, he uses a great deal of the data that comes from us.

Mr. LEVINE. That's right.

Mr. GOODWIN. I think you need to recognize that Mr. Ewan Clague operates—as far as the Department of Labor is concerned—as the Department's chief economist. When he talks, he uses material and data that he gets from all different sources. He gets some of it from us. He gets some of it from the Department of Commerce. Then some of it, BLS collects.

Mr. LEVINE. I would like to make it clear though, for the sake of the record, that my reference to manufacturing and mining data from BLS, was only with respect to labor turnover data.

On the current employment statistics sample that BLS and we jointly finance with the State employment security agencies, that covers manufacturing, mining, trades and services—all categories. But that is current employment statistics. On labor turnover, that is limited only to manufacturing and mining.

Mr. FOGARTY. It has been brought to my attention that you do work together in many of these areas. I see that the Monthly Report on the Labor Force is a joint project.

He has asked for an increase of $357,000 under the heading of "change in the structure of employment and labor force and studies of worker mobility."

Mr. LEVINE. Those are national data, however, not directed to specific local labor markets.

Mr. FOGARTY. He wouldn't be doing anything in these areas like West Virginia?

Mr. LEVINE. This is done by the Buerau of Employment Security.

Mr. FOGARTY. Does he accept your figures on that?

Mr. LEVINE. The only source of local area data are the Employment Security data.

OPERATIONAL ASPECTS OF AUTOMATION

Mr. FOGARTY. What about automation and technological changes? Everybody is going into that this year. I notice you are asking for additional funds in this area, too.

Mr. GOODWIN. Our role in that is largely an operational one to deal with the specific problems that we are faced with in local employment.

Mr. FORARTY. I am not trying to find fault.

Mr. GOODWIN. I realize that.

Mr. FOGARTY. But if there is any duplication at all, we had better find out about it now and see if we can't straighten it out. That is why I am asking these questions.

Mr. GOODWIN. I think the general answer on this as far as our activities are concerned is that most of what we are doing and propose to do in this area is in the operational field. We are proposing some demonstration centers; but again, these centers are to demonstrate what can be done from an operational point of view to test ideas out in a few offices before we try to apply them on a broad basis.

Mr. FOGARTY. He is asking for $200,000 more to study the effects of technological changes.

Mr. LEVINE. Mr. Chairman, this matter of automation is, as you know, a very important problem. The Department is putting all the resources that it has in various bureaus to work on that particular problem.

In the case of the Bureau of Labor Statistics, its concern has been primarily with some of the national trends to identify, nationally, industries which are automation-prone, so to speak—where technological changes are likely to occur as in broad industries.

We are working together with the Bureau of Labor Statistics and other parts of the Department. We in the Bureau concentrate our resources in a local community. We identify a particular employing establishment in a locality where changes are anticipated or have taken place, identify which occupations in that establishment the changes took place in, what kinds of workers were laid off, what are

their characteristics and their potentiality for reemployment through supplemental training or some other device to get them back on a job.

All research we do on automation is linked directly with Employment Service activities to get those people in jobs.

YOUTH EMPLOYMENT ACTIVITIES

Mr. FOGARTY. Mr. Motley yesterday asked for $500,000 more for next year to revitalize the youth employment programs in order to improve their effectiveness, especially with regard to the protection of young workers and their preparation for gainful employment.

It was my understanding that the Employment Service was the manpower arm of the Federal Government. You mention in your prepared statement that you are working with the President's Committee on the Employment of Youth. Is that the right name for it?

Mr. GOODWIN. That's right; yes, sir.

Mr. FOGARTY. Why should the Bureau of Labor Standards be asking for this additional amount if you are also in this business of the employment of youth?

Mr. GOODWIN. I have not seen their justification.

Mr. FOGARTY. You are the manpower arm of this Government; aren't you?

Mr. GOODWIN. Yes; we consider that we are the operating arm for manpower in the Department. On the youth program, we have already launched a program to deal with this problem, which includes asking the local employment offices to work with the community in the establishment of a committee to help.

Mr. FOGARTY. Is it something similar to your program for finding employment for those over the age of 45?

Mr. GOODWIN. Somewhat; yes, sir.

Mr. NORWOOD. I believe it would more nearly parallel the employment of the physically handicapped program, with which you are familiar, Mr. Chairman.

Mr. GOODWIN. You might like to have Mr. Norwood say something about that.

Mr. FOGARTY. Go ahead, because I don't want to be asked something about this and not be able to explain it. I don't think there should be two operations in the Department of Labor trying to do the same thing.

Mr. NORWOOD. We feel it is inevitable that the local office will be in the center of this operation in trying to improve employment opportunities for youth, so that the local manager or members of his staff will have a day-to-day working relationship with people in the community.

This responsibility cannot really be escaped, and probably will become larger as the services actually improve at the local level.

As I understand it, Labor Standards has traditionally been in the area of child labor—that is, protection. The fact that you have full-time services locally would not preclude additional field staff assistants—not on a resident basis, it seems to me—to look into these areas particularly with respect to the question of whether there are hazardous occupations involved.

Mr. FOGARTY. As far as you are concerned, you are still the manpower arm of the Department of Labor, whether it is youth, handicapped, over 45, or whatever group it might be?

Mr. GOODWIN. I think the point Mr. Norwood makes is that the local employment office can hardly escape its responsibility.

Mr. LEVINE. As a matter of fact, I should like to point out, Mr. Chairman, that last year when the President directed the strengthening and improvement of the Employment Service and instructed the Secretary of Labor to move in that direction, among the categories that he wanted improved and specifically mentioned was youth.

DOMESTIC MIGRATORY WORKERS

Mr. FOGARTY. The Bureau of Labor Standards asked yesterday for some $40,000 to provide additional staff for aiding States and local communities in improving conditions of domestic migratory workers. I thought you were concerned about the conditions of migratory workers, but never had the staff to enforce the regulations.

Mr. GOODWIN. This is in an area where they have been operating for a good many years in working with State departments of labor primarily, I believe, in improving the State laws and the State programs for dealing with some phases of the migratory labor problem.

Mr. FOGARTY. I said yesterday that we have been listening to a lot of talk for many years, but I didn't think we had made much headway. That was my observation yesterday when this request was made.

Mr. GOODWIN. You mean in State legislation?

Mr. FOGARTY. In the conditions and employment of migratory workers. You are in the same field; aren't you?

Mr. GOODWIN. We are in this field from the standpoint of labor supply and demand, and also in the Secretary's regulations denying the use of the Employment Service to employers who do not meet certain standards in this field.

The biggest way we are in this is in the impact that the Mexican farm worker program has on it, and it is here where we plan to make our biggest improvement, I think.

Mr. FOGARTY. The President's committee recently made a report on this. This was issued on January 17: "The President's Committee on Migratory Labor. The Cabinet group recommends broad program to aid farm migrants."

Are you responsible for carrying out the recommendations of this group?

Mr. GOODWIN. In part only.

Mr. FOGARTY. Who else is?

Mr. GOODWIN. A good many of the things that that group recommended would call for additional legislation to deal with health problems, school problems, general relief problems. We are not involved in the administration of those particular problems. We are very much interested in them because we see every day the conditions under which these people live and the problems with which they are faced. We know how great the need is.

These services also have an important effect as far as our ability to recruit domestic workers is concerned. So we are very much interested in the laws that have been proposed to deal with many of these problems. Some of them we might even administer.

Mr. FOGARTY. These aren't regulations. This is a policy statement, isn't it?

Mr. GOODWIN. Yes, that is.

Mr. FOGARTY. So you have to have legislation.

Mr. GOODWIN. Some of those things, I think, could be done. Some improvements could be made without legislation.

Mr. FOGARTY. We have corrected some of these things as far as the Mexican labor program is concerned. Actually we don't have as big a problem in some respects with the Mexicans as we do with the domestics do we?

Mr. GOODWIN. No.

Mr. FOGARTY. There aren't any stranded Mexicans without food or shelter, are there, that we know of?

Mr. GOODWIN. No.

Mr. FOGARTY. It doesn't seem right that we would be treating these braceros better and providing these standards for them and not for American citizens.

Mr. GOODWIN. The basic point here is the difference in our legislative authority to deal with the problem.

Mr. FOGARTY. Yes, I understand that. In your farm placement program, you are asking for an increase.

Mr. GOODWIN. Yes, we are.

Mr. FOGARTY. If these farmers who ask for migratory workers are not complying with the minimum standards which have been developed, you can withhold supplying them with this help, can't you?

Mr. GOODWIN. That's right. Of course we have some important changes this year over last year. The Congress did make some amendments to Public Law 78.

Mr. FOGARTY. I am talking now about the domestic migratory workers. In your farm placement program you can deny farmers such help, the farmers who violate the standards in housing and safe transportation?

Mr. GOODWIN. We can if the recruitment crosses State lines. The Secretary's regulations in general provide that, if we accept an order to recruit across State lines, the order must provide for standards in housing, transportation, and wages which are at least not less favorable than those prevailing in the community.

We are still tied to the prevailing practices in the community, which is a very real limitation in some communities. But it at least means that we can eliminate the worst kind of orders that sometimes come in to the local offices.

EXTENSION OF PUBLIC LAW 78

Mr. FOGARTY. As long as we are talking about domestic labor, what about the extension of Public Law 78? What are some of the changes that were made by Congress last year, and how long was the act extended for?

Mr. GOODWIN. Two years.

Mr. FOGARTY. When does it expire?

Mr. GOODWIN. It expires December 31, so it runs to December 31, 1963.

Mr. FOGARTY. Is the agreement with Mexico the same?

Mr. GOODWIN. Yes.

Mr. FOGARTY. Was that for a 2-year period, our agreement with Mexico?

Mr. GOODWIN. Yes. It was extended for a 2-year period. That doesn't mean it can't be amended. It can be amended if the two countries agree to it. But the agreement is for the full period of the law.

CHANGES IN LAW

Mr. FOGARTY. Tell us about the changes in the law.

Mr. GOODWIN. The two principal changes that the Congress made in the legislation—there were two specific changes that were made, and then there was one very important development as far as an understanding of what can be done under existing law.

Of the two specific changes that were made, the first one had to do with the use of Mexicans on year-round work. The old Public Law 78 was written—and the way it had been interpreted from the beginning—so that it placed no limitation on the length of time for which they could be used.

The change that was made was to restrict their use to seasonal work. This requires an interpretation by the Department of Labor as to what is seasonal. But the language of the law deals in terms of seasonal work.

The second major change made was one that says that Mexicans cannot be used on power-driven machinery except in specific cases of undue hardship.

We have undertaken to come up with our interpretation of what these changes in the law mean. We held a hearing on December 8 and invited anyone interested to come in and give us their views on what the law meant. We then released, I think on January 9, our proposed interpretation of Public Law 78.

Mr. FOGARTY. Can we have a copy of that?

Mr. GOODWIN. Yes, we will submit this for the record. Our proposed interpretation of Public Law 78—this was issued in the form of a show cause as to why these interpretations should not be applied as of February 1.

(The matter referred to follows:)

PROPOSED INTERPRETATION OF RECENT PUBLIC LAW 78 AMENDMENTS

The purpose of this memorandum is twofold:

(1) To apprise regional directors of proposed Department of Labor interpretation of recent amendments to Public Law 78 following the Secretary's public hearing on this matter on December 8, 1961.

(2) To direct that regional office notification of this proposed interpretation be furnished to interested parties in order that they may be afforded the opportunity of showing cause why such interpretation and implementation should not be placed into effect on February 1, 1962.

What follows constitutes the notice which is to be given to interested parties not later than January 20, 1962:

"NOTICE

"Notice is hereby given to all interested parties of their opportunity to show cause, if any they have, why the Secretary of Labor should not give effect, beginning February 1, 1962, to the following interpretations of the identified portions of Public Law 78, 82d Congress, as amended, arrived at after public hearing on December 8, 1961, in Washington, D.C."

Effective October 3, 1961, certain sections of Public Law 78 (title V of the Agricultural Act of 1949) were amended to read as shown below. Proposed Department of Labor interpretation follows each quotation.

a. "SEC. 502. No workers shall be made available under this title to any employer unless such employer enters into an agreement with the United States—

* * * * * * *

"(2) to reimburse the United States for essential expenses incurred by it under this title, except salaries and expenses of personnel engaged in compliance activities, in amounts not to exceed $15 per worker * * *."

The language of this amendment is very clear. It means that all Mexican labor program expenses, including those of State employment security agencies, are to be paid from the funds derived under the quoted language.

The contracting fee will be raised to the maximum $15 if necessary and, effective February 1, 1962, there will be no distinction between a contracting fee and a recontracting fee. The same amount will be required for each.

b. "SEC. 503. No workers recruited under this title shall be available for employment in any area unless the Secretary of Labor has determined and certified that * * * (3) reasonable efforts have been made to attract domestic workers for such employment at wages, standard hours of work, and working conditions comparable to those offered to foreign workers."

This amendment requiring that the employer offer domestic workers working conditions comparable to those offered Mexican contract workers must, because of its legislative history, be confined to the physical conditions under which the work is performed unless other conditions are necessary to meet the requirements of the interstate recruitment regulations. This means that the amendment applies to conditions such as sanitation and safety, for example, and not to terms of employment such as housing, transportation, subsistence, insurance, and work guarantees. Under the amendment an employer is required to make a bona fide offer to domestic workers of conditions of employment which include the same free tools, free equipment, field toilet and washup facilities, protective clothing, etc., which he has in the past provided or which he intends to provide to the Mexican contract workers, if any, whom he employs.

c. "SEC. 504. No workers recruited under this title shall be made available to any employer or permitted to remain in the employ of any employer—

"(1) for employment in other than temporary or seasonal occupations, except in specific cases when found by the Secretary of Labor necessary to avoid undue hardship; * * *."

This amendment prohibits the employment of Mexican contract workers for other than temporary or seasonal employment, except in specific cases when found by the Secretary of Labor necessary to avoid undue hardship. Prima facie, the nature of agricultural employment is such that employment for a period or periods aggregating more than half a calendar year must be presumed to be other than temporary or seasonal agricultural employment. No individual grower-employer (including a member of an association) will therefore be permitted to have a Mexican contract worker or Mexican contract workers in his employment for a total of more than 180 calendar days during a calendar year. The days on which the employer chooses to employ Mexican contract workers during a calendar year need not be consecutive; the employer may select the days. This means that temporary occupations and seasonal occupations are presumed to be those not furnishing employment for more than 180 days during a calendar year. Such presumption may, however, be rebutted by the facts existing in specific cases. The fact that an employer may be authorized to employ Mexican contract workers on as many as 180 calendar days during a calendar year does not mean that he will be permitted to employ them at any time domestic workers are available. When a domestic worker is available to perform the work, a Mexican contract worker cannot be employed to do it.

An exception, in a specific case, to avoid undue hardship under this amendment may be made by regional directors only upon approval by the national office of the Bureau of Employment Security. The applicant for an exception (the individual grower-employer or member of a farm association) will be required to furnish detailed information as to wage offered, efforts to recruit, training offered and conditions of work other than wages offered.

d. "SEC. 504. No workers recruited under this title shall be made available to any employer or permitted to remain in the employ of any employer—

* * * * * * *

"(2) for employment to operate or maintain power-driven self-propelled harvesting, planting, or cultivating machinery, except in specific cases when found by the Secretary of Labor necessary for a temporary period to avoid undue hardship."

The amendment prohibiting Mexican contract workers from the operation or maintenance of power-driven self-propelled harvesting, planting, or cultivating machinery is interpreted as including any power-driven self-propelled machine

that is normally used in planting, cultivating, or harvesting activities. Mexican contract workers will not be permitted to perform these tasks whether or not the machine is actually being used at the time in the harvesting, planting, or cultivating operation.

The "operation" of a machine includes any activity performed that is essential to the full functioning of the machine. For example, a potato harvester with an elevator truck utilizes a combine operator, four sorters, and three truck drivers. The sorters ride on the combine and pick stones and trash from the potatoes as they pass by on the conveyors. All of these activities are identified with the operation of the machinery and Mexican contract workers cannot be employed in them.

The mechanical lettuce harvester requires cutters who work ahead of the machine and toss the lettuce heads into the hopper where they are trimmed and sealed into plastic bags by workers on the machine. The cutting and loading activity is one in which Mexican contract workers may be engaged, but the trimming and bagging operations are essential to the operation of the machine, thus Mexican contract workers cannot be used in this activity. In other words, any activity that must be performed, other than the manual loading and unloading of the machine in question, is considered a part of the machine operation and is available to domestic workers only. Work performed on the machine is prohibited to Mexican contract workers.

An exception, for a temporary period, in a specific case, to avoid undue hardship under this amendment can be made by regional directors only upon approval by the national office. The applicant for an exception (the individual grower-employer or member of a farm association) will be required to furnish detailed information as to wage offered, efforts to recruit, training offered and conditions of work other than wages offered.

Interested parties desiring to show cause or offer reasons why the interpretations detailed in this notice should not be given effect beginning February 1, 1962, must submit their presentations in writing to reach Assistant Secretary Jerry R. Holleman, U.S. Department of Labor, 14th and Constitution Avenue, room 3110, Washington, D.C., on or before that date.

OPPOSITION BY GROWERS

Mr. GOODWIN. This has stirred up considerable opposition. The Secretary met last week with a California delegation and with a great many growers, most of whom were from California.

Mr. FOGARTY. Most of the growers were from California?

Mr. GOODWIN. There were a great many from Texas, a great many from California, a few from Arizona.

Mr. FOGARTY. Were most of them from the Imperial Valley?

Mr. GOODWIN. There were some from the Imperial Valley. They were interested in another problem, a wage determination that I had made early in January on the harvesting of lettuce.

This wage finding originally covered the Imperial Valley and the Riverside area. There was a group in here protesting that action last week, too, and they held several meetings with the Under Secretary of Labor and with me. That issue is now settled. I issued last night a slight modification of the original order that was put out.

Mr. FOGARTY. Why?

Mr. GOODWIN. They convinced us that it was desirable to include an alternative of an hourly wage. The original order had been confined to a piece-rate wage of 24 cents a box for all operations involved in the harvesting of lettuce. They convinced us that under some circumstances it was desirable to have an hourly wage in addition.

So we modified the order to provide for an hourly wage.

Mr. FOGARTY. What was the wage?

Mr. GOODWIN. The hourly wage was $1. The order was modified with the very important provision that the worker has the choice as to whether he will work at the piece rate or at an hourly wage. A part of the order provides that if he works at the piece rate, there is to be an hourly guarantee of $1. So it is a little difficult to see why they would choose anything except piece rate under the circumstances. But the growers seem to think that this would have some value.

Mr. FOGARTY. That has been straightened out, that wage question?

Mr. GOODWIN. Yes, sir; this has been straightened out.

OBJECTIONS TO PUBLIC LAW 78 INTERPRETATIONS

Mr. FOGARTY. What is up in the air now?

Mr. GOODWIN. The proposed interpretation of amendments to Public Law 78, which were scheduled to go into effect on February 1. The Secretary has extended that date now to show cause by February 10 why they should not go into effect by February 15.

There are two objections being raised to our interpretation. One has to do with the definition of seasonal work. We define that as not more than 180 days in the year. We said this would be by any one employer.

Any one employer could use Mexicans not in excess of 180 days a year. We are getting complaints from those areas where they operate in some kind of harvest virtually the year round.

Mr. FOGARTY. You mean where they change harvests, have different harvest seasons?

Mr. GOODWIN. That's right. They may be growing one crop for a part of the year and another crop in other parts of the year. In a few cases, such as citrus, they may be working the same crop the year round, either cultivating or harvesting operations. Citrus grows virtually the year round in some sections.

Our interpretations on this point were based on the assumption that the Congress intended this Mexican labor to be used only for peak workloads.

Mr. FOGARTY. And stoop labor. That was the intent, I thought. They couldn't get domestics to come in and harvest crops that require stoop labor.

Mr. GOODWIN. The theory on which we based the interpretation of 180 days was that if you have employment for longer periods than that, it should be possible to recruit domestic workers. This may mean in given instances that wages have to be increased some.

But certainly in such cases you can't use the argument that has been so frequently used with us under the conditions we have had up to now, that you can't go from, say, Arizona to Arkansas and recruit people for 6 weeks or maybe 2 months, that travel distances are too far and transportation costs are too high.

You can't get people to leave their homes for that period of time. However, if you can offer them year-round work or substantially close to year-round work then we see no reason why some of these other areas can't be tapped for labor where they have not been successfully tapped in the past.

These recruiting areas cover much of the southeastern part of the United States, where we have a great deal of unemployment and a great deal more of underemployment. People in those areas are

getting a small amount of work over the year and are just eking out an existence.

Mr. FOGARTY. There is a difference between the employment of Mexicans in the Southwest and the employment of West Indians in the Southeast, isn't there?

Mr. GOODWIN. I was talking of the Southeast in terms of the source of domestic labor really. I was thinking of some of those States in the South where there are lots of unemployed and underemployed people. They work only a very small portion of the total year.

If you have got employment in Arizona or California where you can offer them a job for two-thirds of the year or all the year, then we say that it should be possible to recruit that type of labor.

We don't deny that there are many crops in many areas where they won't be able to meet all their labor needs in 180 days. We are just saying that if we have got employment that is that consistent, then the employees ought to be able to get domestic workers.

The other argument has to do with the operation of machinery and the use of Mexicans on such machinery. Here the law, we think, is pretty explicit.

Mr. FOGARTY. It is not stoop labor either, is it?

Mr. GOODWIN. No, it is not stoop labor. But the law specifically says the Mexican worker shall not be used on machinery except in individual cases of undue hardship. What the growers are asking for now, we don't think, conforms to those provisions of the law. They are asking for a much broader exemption or extension on this provision. I imagine we will hear a good deal more about this point in the next couple of weeks.

But as of now, we have put out our interpretation of the law that only individual exemptions from the law can be given because of undue hardship.

In connection with this point, we are saying that we shouldn't be asked to look at a request for an exemption until and unless the employer can show that he has made real efforts to do something about his problem. In other words, we think the law meant that he should do more to recruit workers than he has done in prior years.

We are saying that before he comes in with a request for an exemption, he should be able to demonstrate that he has taken all possible steps to recruit domestic workers.

Again we think that domestic workers are available for work on power driven machinery.

Mr. FOGARTY. Do you have any other problems on the Mexican labor program?

ADVERSE EFFECT OF MEXICAN FARM LABOR

Mr. GOODWIN. Yes. There is a third area that I wanted to refer to, Mr. Chairman. We asked for another change in the law, a very important one, giving us specific authority to deal with the problem of adverse effect on the wages and working conditions of domestic workers.

There was a great deal of debate on this point when Congress was considering the extension of the law and the amendments. The legislative history establishes the point that in the view of the Congress we already had adequate authority to deal with adverse effect.

So, at the time the law was passed in the Congress, statements were made on the floor setting forth what could be expected under the provision of Public Law 78, section 503. Following that, President Kennedy took note of this in his message when he signed the extension of Public Law 78 and specifically instructed the Secretary of Labor to tighten down on this particular part of the administration bill.

If I may, I would like just to read this. It is not too long. The President said when he signed the bill:

> The adverse effect of the Mexican farm labor program as it has operated in recent years on the wage and employment conditions of domestic workers is clear and is cumulative in its impact. We cannot afford to disregard it. We do not condone it. Therefore I sign this bill with the assurance that the Secretary of Labor will, by every means at his disposal use the authority vested in him under the law to prescribe the standards and to make the determinations essential for the protection of the wages and working conditions of domestic agricultural workers.

In connection with this activity, we are initiating a series of hearings. They will begin toward the middle of February. I think the first ones now are scheduled for California. Out of these hearings we hope to come to a conclusion as to how much adverse effect there has been, and specifically where the rates for these workers will have to be established in order to avoid adverse effect.

We still do not have authority to set a minimum wage, but we have been told that we have clear authority to set a wage which will eliminate adverse effect. This may be an exercise in semantics.

Mr. FOGARTY. It seems to me that was the intent of Congress when it passed the law. Certainly that was one of the points made by the proponents.

Mr. GOODWIN. The action that we took in the Imperial Valley in connection with the lettuce harvest was under this provision—adverse effect. What we said there in effect was that a good many domestic workers were formerly used in the harvesting of lettuce in the Imperial Valley, when piece rates were paid. They could earn a good deal more money on piece rates.

That practice has gradually gone out, primarily because Mexican workers were available. So we asked for the reinstitution of piece rates and for comparision we went back to 1960 when they did pay some piece rates. We found out what they were paying at that time and used that as a basis for arriving at the 24-cents-a-box rate.

GRANTS TO STATES

EFFECT OF LIMITATION ON APPROPRIATION

Mr. FOGARTY. On the grants to States, the appropriation for 1962 was $405 million; the request for 1963 is $424,900,000, an increase of $19,900,000. What is the maximum amount authorized to be appropriated?

Mr. GOODWIN. $350 million. This is the limitation.

Mr. FOGARTY. This is the limitation that you mentioned in your opening statement; and you mentioned your talk with the chairman of the Ways and Means Committee, Mr. Mills, of Arkansas?

Mr. GOODWIN. Yes.

Mr. FOGARTY. If we don't get that limitation removed, what position are we in?

Mr. GOODWIN. We are in very serious trouble if we don't get it removed. I developed a statement, Mr. Chairman, on what has happened since that limitation was put on and why it needs to be removed.

Mr. FOGARTY. We will put that in the record. I think it should be removed, but we don't have that authority.

(The statement referred to follows:)

STATEMENT OF REASONS WHY THE 1963 APPROPRIATION REQUEST EXCEEDS THE $350 MILLION LIMITATION IN TITLE IX OF THE SOCIAL SECURITY ACT

The $350 million limitation on grants to States for unemployment compensation and employment service administration in title IX of the Social Security Act was enacted on September 13, 1960. It was considered by the Congress when it also had before it the original 1961 request for grants to States which totaled $325,819,000. Therefore, it can be presumed that the Congress expected that the limitation would not hamper essential operations.

In the period since the enactment of the limitation it has never been effective. It was lifted to $385 million for fiscal year 1961 and to $415 million for fiscal year 1962. These temporary raises in the limitation were to enable the States to process the claims workloads of the recent recession, to administer the Temporary Extended Unemployment Compensation Act of 1961, and to begin the expansion and improvement of the U.S. Employment Service. The temporarily raised limitation of $415 million expires June 30, 1962, and the amount reverts to $350 million. However, conditions have changed so markedly that more than $350 million will be required by the State agencies in 1963 to operate at the quality level which was proposed in the 1961 request. Therefore, to require the State agencies to operate within a total of $350 million in 1963 would require a cutback in services essential to workers and employers.

To demonstrate the problem of the State agencies we have made an analysis of the major differences between our original requests to the Congress for fiscal years 1961 and 1963. This analysis indicates that costs for items over which the Bureau has no direct control have increased by $47,431,000. Therefore, even with no changes in program from that projected for 1961, a minimum of $373,250,000 will be needed by the State agencies in 1963.

The appropriation request for 1961 was	$325,819,000
The mandatory increases needed for 1963 are:	
1. Unemployment insurance operations	12,900,000
There are 3 major reasons for this increase:	
A. There will be 106,000 more employers covered by the State unemployment insurance laws in 1963. For these additional employers, tax rates must be determined, accounts kept, tax returns processed, and delinquent taxes collected.	
B. The State agencies will have to process and maintain 5,000,000 more wage records for the 1,800,000 more workers who will be covered by the system in 1963.	
C. Insured unemployment at 1,700,000 per week is estimated to be 300,000 per week higher than in 1961. Therefore, the State agencies will be required to take and process 17,400,000 more claims.	
2. Higher State salary rates	12,000,000
The salary rate estimated for 1963 is $245 higher than the rate estimated for 1961. As salary rates generally increase, State government salaries also rise. Statewide compensation plan increases in fiscal year 1962 to date have averaged $174 per employee in the State agencies.	
3. Nonpersonal services, building maintenance, and postage costs	12,331,000
A. More claims and placement workloads in 1963 require higher payments to the Post Office Department.	
B. Employment security agencies must pay higher prices as the cost of goods and services have increased.	

4. Retirement, unemployment insurance, workmen's compensation and group insurance costs	$10,200,000
A. There will be 12,200 more State agency employees in 1963.	
B. More employees will be covered under State retirement systems, old-age and survivors insurance and group insurance plans.	
Total mandatory increases	47,431,000
Total amount required for 1963 with no change in program	373,250,000
In addition to mandatory increases, there are three program increases in the 1963 request not contained in the President's budget for 1961; these total	51,650,000
1. Employment Service expansion and improvement	47,000,000
A. Congress approved more than $26,000,000 for Employment Service improvement in 1962.	
B. Further improvement of $20,749,000 is requested for 1963.	
2. Intensified efforts to place more domestic workers in farm jobs	4,000,000
3. Defense and mobilization costs	650,000
A. These were financed in 1961 by appropriations to the Office of Civil and Defense Mobilization.	
Total program increases	51,650,000

SUMMARY

1961 original appropriation request	325,819,000
Mandatory increases, 1961–63	47,431,000
Subtotal	373,250,000
Program increases, 1961–63:	
Employment Service improvement	47,000,000
Farm placement	4,000,000
Defense and mobilization	650,000
Grand total	424,900,000

STATUS OF PROPOSED LEGISLATION REMOVING LIMIT

Mr. FOGARTY. What is the status of the proposed legislation? Have any hearings been set?

Mr. GOODWIN. No, not as yet.

Mr. FOGARTY. It is just under discussion at this time?

Mr. GOODWIN. All we have now is the assurance of the chairman of the Ways and Means Committee that it will be removed.

Mr. FOGARTY. Are you generally successful in getting what you ask for from this committee?

Mr. GOODWIN. They have been very cooperative on matters of this kind.

COMPARATIVE TRANSFER TO MEXICAN FARM LABOR REVOLVING FUND

Mr. FOGARTY. Will you explain this comparative transfer of $500,000 to the Mexican farm labor revolving fund?

Mr. GOODWIN. One of the amendments to Public Law 78 dealt with the charges against the revolving fund and made it clear that all charges except those for compliance should be charged against the revolving fund.

We had never charged the costs of the State agencies to that fund, but we felt under this amendment it was necessary to do so.

Mr. FOGARTY. I was under the impression that was what we were supposed to be doing all along.

Mr. GOODWIN. It was clear, Mr. Chairman, as far as the salaries and expenses budget was concerned. We have been on that basis now for several years. But it was not clear prior to that time as far as any expenses of the States was concerned.

Mr. FOGARTY. How long has this appropriation been subsidizing the Mexican farm labor program?

Mr. GOODWIN. The Mexican farm labor program has been in operation since 1951—10 years.

Mr. FOGARTY. How much has this amounted to?

Mr. GOODWIN. We will have to submit that, I am afraid. I couldn't give you the figure offhand.

(The information follows:)

Statement of estimated cost of State administration of the Mexican farm labor program paid from grants to States for unemployment compensation and Employment Service administration, fiscal years 1952 through 1962

Fiscal year:	*Amount*	Fiscal year—Continued	*Amount*
1952	$207,700	1959	$679,800
1953	228,700	1960	458,500
1954	242,500	1961	516,900
1955	229,900	1962	500,000
1956	278,200		
1957	300,800	Total	4,195,500
1958	552,500		

Mr. FOGARTY. Why shouldn't the unemployment trust fund be paid back?

Mr. GOODWIN. I think there is a practical problem on that, Mr. Chairman. We are now limited to a contract charge of $15 per Mexican brought in. This is the maximum fee we can charge the grower now. We are moving to this $15 as of July 1 in connection with the increases that are involved here.

So we would have no way of collecting under existing legislation additional amounts of money that would be involved. There may be other legal problems. I don't know. But this is the practical problem.

Mr. FOGARTY. It has been brought to my attention that in the appropriation act for 1961 we had a proviso—

Provided, That reimbursement to the United States under agreements hereafter entered into pursuant to section 502 of the Act of October 31, 1949, as amended (7 U.S.C. 1462) shall include all expenses of program operations except those compliance activities of the type separately provided for herein.

Mr. GOODWIN. That is right, Mr. Chairman. Rightly or wrongly, we interpreted this, at the time, as applying only to Bureau costs.

Mr. FOGARTY. You could have been wrong in your interpretation.

Mr. GOODWIN. We could have been wrong.

DECREASES IN UNEMPLOYMENT INSURANCE PROGRAM

Mr. FOGARTY. You have decreases totaling about $25 million attributable mainly to an estimated decrease in insured unemployment and termination of the temporary program. Is there anything more you would like to say about these decreases than you said in your opening statement?

Mr. GOODWIN. I think I covered all that needs to be covered on those, Mr. Chairman.

TAX DELINQUENCY

Mr. FOGARTY. While we are on the unemployment insurance program, I notice on page 15 you say, "Tax delinquency has increased sharply within the last year." How serious is this? Tell us why it has happened and what you are doing about it.

Mr. GOODWIN. Mr. Miller can answer that.

Mr. MILLER. Mr. Chairman, the tax delinquency situation has not reached an alarming figure, but it has increased to higher than any amount we have experienced in the program before. This is due to two things.

It is due to the extension of coverage in some States, and the extension of coverage to small employers. The small employers do present problems in tax collections during the first 2 years of coverage. After that it levels off.

Mr. FOGARTY. What are the worst States?

Mr. MILLER. New York has experienced the greatest increase.

Mr. FOGARTY. In tax delinquency?

Mr. MILLER. Yes. Their tax delinquency increased from June 30, 1960, to June 30, 1961, by about $3 million—about 50 percent.

Mr. FOGARTY. Give us the next four or five States.

Mr. MILLER. I would have to pull out my notes. Florida, which did not extend coverage, however, has experienced a very sharp increase in tax delinquency. That is due to the seasonal nature of some of the establishments down there.

Ohio, which has not experienced an extension of coverage—an exception from the rule again—due to some rather adverse employment conditions out there in the last year or two, has experienced perhaps a 25-percent increase in tax delinquency.

The total for the country as a whole is $54 million as of September 30, 1961.

Mr. FOGARTY. What percentage is that?

Mr. MILLER. That $54 million, Mr. Chairman, is a cumulative figure. It goes back a long period of time, maybe up to 6 or 7 years, depending on the statute of limitations in the State.

Mr. FOGARTY. What are you doing about it?

Mr. GOODWIN. The ratio of delinquent taxes to all collections is 2.25 percent.

Mr. MILLER. Keep in mind that is a cumulative figure.

Mr. FOGARTY. What was it a year ago?

Mr. GOODWIN. That is 1961.

Mr. MILLER. The year before it was 2.07; the year before that, 2.1. It has stayed right around 2 percent. The increase is what is alarming.

Mr. FOGARTY. What are you doing about it?

Mr. MILLER. Well, we have allocated more resources to States within the limits that were approved by Congress to tackle delinquency where it is appearing to be the sharpest. We also have tried to increase our field auditing activities because this is part and parcel of the collection of taxes from employers who are in trouble.

Mr. FOGARTY. In places where you have allowed these increases to the States, have they shown any improvement?

Mr. MILLER. Yes; they have. They have; but it is a little too soon to say in some of them. This is a fairly recent development, Mr. Chairman.

The other factor that has caused an increase in the delinquency is the general rise in the tax level itself. In 1958 the average tax paid by employers was 1.3 percent. In 1959, 1.7; 1960, 1.9; and 1961, 2.1. This is the average tax paid.

Mr. FOGARTY. What will it be next year?

Mr. MILLER. Next year we think it will go around 2.2 or 2.3. It is not clear as yet just what that will be.

EMPLOYMENT SERVICE

Mr. FOGARTY. The big increase you are requesting is $20,749,000 for the Employment Service.

Mr. GOODWIN. That's right, sir.

Mr. FOGARTY. You received an increase of about $30 million last year. Tell us first what you are doing with that increase and then why you need another $20 million in 1963.

Mr. GOODWIN. I would like to suggest that Mr. Norwood speak of this.

Mr. NORWOOD. This will be a continuation of the type of improvements that were undertaken on a very substantial scale last year, Mr. Chairman.

Mr. FOGARTY. You mean this year, 1962?

Mr. NORWOOD. That's right. Actually you gave us funds in late fiscal year 1961—May and June.

Mr. FOGARTY. Tell us about how the improvements have affected your service.

Mr. NORWOOD. Mr. Goodwin has already alluded in his statement to our concentration of efforts on the 55 larger metropolitan areas, where there was a relative understaffing as compared to the system as a whole. We have concentrated our resources and attention on trying to reorganize and bring about a more effective employment service in these locations.

Mr. FOGARTY. What do you mean by that—to find more jobs? Are you talking about the placement service now?

SEPARATION OF UNEMPLOYMENT AND PLACEMENT OPERATIONS

Mr. NORWOOD. To try to improve the management and the supervision, to provide more offices of a specialized nature. For instance, to deal with sales as a separate office, or professional and managerial as a separate group of occupations, to separate physically from unemployment insurance operations in these areas, and to step up employer relations, the job development aspect of placing applicants.

Mr. FOGARTY. How has the separation of the Employment Service and the unemployment insurance program benefited your program?

Mr. NORWOOD. It is too early to tell. This has moved somewhat slowly.

Mr. FOGARTY. What do you expect to happen?

Mr. NORWOOD. The pressures of handling large numbers of claimants, the actual traffic involved in bringing people in, has created in large part this unemployment office image which has caused many employers and workers, for that matter, not to think of it in terms of a place that is really an effective job finding or job placement agency.

We propose to establish a separate identification of the employment office as a placement office and identify that function; the unemployment insurance office as an insurance office, and identify that function.

A part of this will call for continued coordination. Between these two operations, one of the things the Employment Service will continue to do, of course, is to provide job tests for unemployment insurance applicants. However, in our belief it is necessary to identify the placement function and really to begin to do an effective employment service job in these larger areas. That is required.

Mr. GOODWIN. On your question, we do have some examples of where the services have been separated in substantially the same way we are now recommending, in a few States—not very many.

Mr. FOGARTY. I think in Rhode Island you have some separation now, haven't you?

Mr. NORWOOD. To a degree.

Mr. FOGARTY. In Providence, anyway.

EMPLOYMENT OFFICES BY OCCUPATIONAL GROUP

Mr. NORWOOD. That's right. In Providence there will be additional offices opened. There will be an industrial office and a separate clerical and professional office, where we think we can concentrate on the particular needs of employers of those types of workers, learn more about those occupations, and develop a greater degree of proficiency in dealing with a smaller band, if you will, of occupations in industries.

Mr. FOGARTY. This will have some effect on that growing employment in the services?

Mr. NORWOOD. That's correct.

Mr. FOGARTY. Is that a good example?

Mr. NORWOOD. Yes, sir. There will be professional offices. There will be clerical and sales offices. There will be industrial offices. If they were justified—even offices for needle trades, or something of that sort, have been opened; and we would try to specialize in this activity.

JUSTIFICATION OF INCREASES FOR EMPLOYMENT SERVICE

Mr. FOGARTY. This is a pretty good increase in a 2-year period. If somebody questions me, what is the best answer I can give him for this increase?

Mr. NORWOOD. We have fallen far behind the services——

Mr. FOGARTY. For a 2-year period it is a pretty good increase.

Mr. NORWOOD. That is correct. Actually our aim is to try to get back by 1966. We have a projection here. This would require another substantial increase. By 1966 we would hope to be just about abreast; so if we could stay even with the growth in the labor force, we would maintain an effective employment service which it has not been in recent years primarily because of the growth both in the size and complexity of the labor market and the shortage of staff.

What we will do in 1963 is a continuation of what has been started thus far in 1962, of adding additional staff. We will try to install the same types of principles of separate management and concentration on placement efforts in the next smaller tier—say in cities with populations of from 200,000 to 500,000—and also to go to the other extreme, to try to improve the services in rural areas.

INCREASE FOR RURAL AREA DEVELOPMENT

Mr. FOGARTY. That was going to be my next question. There is an increase of $609,000 for the rural area development program. How much are you spending on that program now?

Mr. LOVE. Seventy-five positions and about $400,000 were added in 1962.

Mr. FOGARTY. What are you doing now and what more do you intend doing if you get this increase in the rural area development program?

Mr. NORWOOD. For several years we had what we call an experimental rural area program of attempting to work with these areas which were characterized by unemployment or underemployment, attempting to analyze the labor supply that was there in terms of what were their capabilities, making a manpower analysis of what these people can do, and then to take an approach in this order: Having analyzed who these people are and what they can do, first to try to bring industry into this area, working with community groups.

It would not be our responsibility, per se, to bring industry in, but to cooperate with a local group working on this problem.

Second, if this were not immediately feasible, to try to develop additional jobs within commuting distances of this area, some nearby employment. Third, to utilize this information to see if they could be placed outside the area after they move from these areas of low employment opportunities.

This is the general direction we would take. Of course I am sure you are aware of the fact that what I have been describing has some similarities to the ARA type of activity which has now entered the picture within the last year.

But it would be our general approach to try to have outstationed representatives rather than try to put full-time offices in each of these small communities. We would have persons serving as an extension of the Employment Service and they could be backed up by a mobile team of counselors, occupational analysts, and others as were necessary.

Mr. GOODWIN. I would like to say one word, Mr. Chairman, on the point that you raised about the expansion.

As we made the presentation last year, we pointed out that over a 10-year period the Employment Service has dropped about 2,000 people. In other words, we have not even kept current with what we had 10 years ago. During that period of time we have had a growth in the labor force of about 8 million.

Right now the estimate for the rest of this decade is that we are going to need about a million new jobs a year just to take care of the growth in the labor market. This is important, it seems to us, in terms of what we need to do, not only to get current but to keep it current.

FARM PLACEMENT ACTIVITIES

Mr. FOGARTY. You have a sizable increase of $4 million for farm placement activities. How much are you spending on this now?

Mr. LOVE. We are spending about $7 or $8 million on it now, Mr. Chairman, in the State agencies. In 1962 we allocated 1,596 jobs for the State employment services; in terms of personal service costs, this is about $8 million.

Mr. FOGARTY. Why do you feel you need this increase, and what do you plan to do with it?

Mr. GOODWIN. This increase is tied in directly with our determination to get more domestic workers on available farm jobs.

Mr. FOGARTY. It will help to cut down the importation of farm workers?

Mr. GOODWIN. Yes, and not only to get more workers, but get them scheduled to more jobs. Something has to be done about the total income that this group is receiving. It is much too low. This grows from the fact that the rates are low and the amount of employment they get during the year is low.

We don't have authority to deal with the rates on a broad basis, but we should be able to schedule their work so that they get more work than they are now getting.

AUTHORITY FOR CHARGING AGRICULTURAL ACTIVITIES TO TRUST FUND

Mr. FOGARTY. How do you justify spending money from the trust fund for the farm placement service and for the rural area development program?

Mr. GOODWIN. You are talking now about the Federal Unemployment Tax Act funds?

Mr. FOGARTY. Yes.

Mr. GOODWIN. The Wagner-Peyser Act covers employment services for all types of workers. The basic decision that was made a number of years ago was that the Federal Unemployment Tax Act money could be used to finance operations under the Wagner-Peyser Act.

Mr. FOGARTY. The farmers actually do not contribute much to this fund?

Mr. GOODWIN. No; they do not contribute because they are not covered. We have other groups for which that is true—domestic workers, principally. The employment service has been placing domestic workers for years, since the beginning of the program. They pay no taxes.

Mr. FOGARTY. They are covered for OASI now, aren't they?

Mr. GOODWIN. They are covered now for old-age and survivors' insurance, but not for the Federal Unemployment Tax Act.

Mr. LEVINE. Mr. Chairman, I should like to call to your attention that there is a high degree of interdependence and shifting constantly between agricultural and nonagricultural work; and far more important than anything else in the conservation of unemployment benefit funds and keeping unemployment low is getting people on jobs and having people in all fields have income.

This is all interrelated. In that respect the employment service works across the board.

Mr. GOODWIN. Mr. Chairman, I would like to add a point, if I may. The social security amendments in 1960 included Wagner-Peyser activities specifically in funds that were authorized.

INCREASE FOR UNEMPLOYMENT INSURANCE RESEARCH

Mr. FOGARTY. I notice you have an increase of $1,218,000 for research into unemployment insurance problems. Why shouldn't this be done at some one central point rather than being scattered among the States? How long a program is this? Is this a 1-year program or 2 or 3, or what?

Mr. GOODWIN. We regard this—at least as far as we can see ahead now—as a continuing program. It is my feeling that we have done all too little research in the field of unemployment insurance. We have had the experience a number of times of going before the Ways and Means Committee and having questions asked in many of these areas and we just have not had full answers.

For instance, in some of the proposals that have been made to increase coverage, we have been asked questions about the actual unemployment situation in some of these groups. We have not had the answers. We hope to get them through this research.

Mr. FOGARTY. Why shouldn't it be done at one central point rather than scattered all over?

Mr. GOODWIN. The most effective way to do this is a combination of resources of the Bureau and the States. Actually the data, much of it, has to be collected in the States. Part of that job can be done most effectively by State people.

We need to bring it together nationally and to make the tabulations and the interpretations. But part of the job can be done most effectively by State people.

The States also use this information in some cases.

Mr. LEVINE. The same research has to be applied to the provisions of State laws on such questions as: What would be the impact in any given State for a change in extension of coverage for modification and eligibility provisions, or for a change in benefit amount or duration?

All of this research in the Federal-State program is particularly applicable to the State laws.

Mr. FOGARTY. This would be a continuing program?

Mr. GOODWIN. We would expect this to be a continuing item. It might go up or down some, but we think that we need to continue this type of research program.

Mr. FOGARTY. We will have to recess until 1:30.

AFTERNOON SESSION

Mr. DENTON. The committee will come to order.

The chairman has been detained and wanted me to go ahead.

PROGRESS WITH OLDER WORKERS, HANDICAPPED WORKERS AND YOUTHS

Now, what progress have you made in regard to older workers, handicapped workers and youths?

Mr. GOODWIN. In the area of the placement record, I think Mr. Norwood might answer this question if it is all right, Mr. Chairman.

Mr. DENTON. All right.

Mr. NORWOOD. All placements are up about 10½ percent this last 6 months of 1960 over the comparable period last year, Mr. Chairman, and the older worker placements have kept pace pretty well with this.

They were up about 9 percent over the comparable 6-month period in 1960.

Placements of the physically handicapped did not keep pace with this general increase. They were up around 3 percent over this same period.

You may recall that our approach to this really is trying to improve the total operation. We feel that by giving service to individual applicants according to their needs that we will best serve the needs of the physically handicapped and the older worker.

We are not happy with the way the thing has been looking thus far, and we are planning to step up our evaluation of the services actually being rendered, particularly to the physically handicapped.

OLDER WORKERS

Mr. DENTON. Let us take first the older workers, the people over 45.

Mr. NORWOOD. All right.

Mr. DENTON. We spend a good bit of money making reports and investigations on that.

Mr. NORWOOD. That is right.

Mr. DENTON. Do you think you can solve that by your employment agencies and by counseling, or are you going to have to do something else?

Mr. NORWOOD. This will make a material contribution, but it will not create jobs for them per se. Some other things are needed which now seem to be closer at hand, for example, training in some instances. Some training under the ARA Act is available. But on a comparable basis, just on intake and placement of older workers, there are a slightly larger percentage of placements of older workers than there are applicants coming in.

Mr. DENTON. I think we should make it an unfair labor practice——

Mr. NORWOOD. Yes, sir, I recall.

Mr. DENTON. To refuse to employ men on account of their age, just the same as you have a minimum wage law. And I understand that law has been passed in New York and Massachusetts and Connecticut and some other States.

Mr. LEVINE. That is right.

Mr. DENTON. How it is working out?

Mr. NORWOOD. There are several States that do have such laws. This is a difficult one for administration, but it undoubtedly does set a climate which makes it easier in these States, I think, actually for older workers to at least receive consideration.

For one thing, in those States, it is not possible to put unusual restrictions in newspaper advertisements, for instance. You just do not look in there and see "Nobody over 45" and "None over 35" in the ads.

Mr. DENTON. I think more people talked to me about that than anything else, that men over 45 cannot get a position. And it is especially bad when an industry goes out of business.

Mr. NORWOOD. Yes, sir.

Mr. DENTON. Now, in my hometown there was a brewery company. It had been there over 100 years. They closed down, and for men who had been there over 30 years, it is impossible to get any work.

When Servel discontinued operations, they had the same problem. As long as a man stayed on the job, he had the seniority when he stayed there, but when his company goes out of business, then he is in an awful bad way.

Mr. NORWOOD. This is a particular problem on the plant closings—automation, for instance. In some instances we have found that this has caused the plant closing. These people tend to be older workers, because particularly if this has been a flourishing industry, these people have stayed on longer, have more seniority, and therefore are in the last group that is laid off.

Mr. DENTON. What do you think about that legislation on a national basis that has been enacted in New York, Massachusetts, Connecticut, and in other States?

Mr. NORWOOD. This has been seriously considered as to the possibility for adding this, for instance, to the equal employment opportunity committee's activity.

At the present time, I am not sure that there is a specific position yet formulated on it.

HANDICAPPED WORKER

Mr. DENTON. Now, General Maas, of course, and you work together on the employ the handicapped?

Mr. NORWOOD. Yes, sir.

Mr. DENTON. And you have made quite a bit of progress on that?

Mr. NORWOOD. We think a good deal of progress has been made in general attitudes toward the employment of the physically handicapped. But in the type of labor market that we have had very recently, where there is still a substantial amount of unemployment, employers tend to be selective, and it is more difficult to place the physically handicapped.

YOUNG WORKERS

Mr. DENTON. Now, this youth is comparatively a new problem. We have not had that until the last year or two. That is, when it was brought to our attention.

Mr. NORWOOD. That is right. The birth rates of the war years and postwar years are now beginning to produce 17- and 18-year-old youngsters that are leaving school. And this problem is only just beginning to reach this magnitude, and it will continue at least through the decade of the sixties.

Mr. DENTON. What have you done about it?

Mr. NORWOOD. We have attempted to stay abreast of this growth in population of high schools and have expanded our services to the schools under cooperative programs which we have discussed with the committee before, I think, for testing, counseling, and placement.

During the last school year, we reached 9,930 of the 21,000 high schools in the country. We plan to continue to reach high schools and plan to step up our placement efforts with these. We have reached many more with testing and counseling than we actually have with placements.

STATUS OF THE TRUST FUND

Mr. DENTON. Now, what is the trend regarding the financial status of the trust fund? Is it improving or is it deteriorating?

Mr. GOODWIN. Well, the increased unemployment in the last couple of years has reduced the size of the trust fund. At present there is $5,800 million in the trust fund.

Mr. DENTON. That means in all theStates?

Mr. GOODWIN. In all the States, that is right, sir, yes.

Mr. DENTON. And how much do you have in your loan fund?

Mr. GOODWIN. Well, the loan fund, we have only about $2 million of it. Is that right?

Mr. MILLER. That is right.

Mr. GOODWIN. A little bit more than $2 million.

Mr. DENTON. Only $2 million?

Mr. GOODWIN. Yes.

Mr. DENTON. I mean where the three-tenths of 1 percent is kept by the Government and it goes into a fund until you get a certain sum and then you distribute that fund to the States. We used to call it the Reed Act.

Mr. GOODWIN. There are loans outstanding against that fund of about $230 million.

Mr. DENTON. And how much do you have in that fund at present?

Mr. GOODWIN. Well, the present balance is only $2 million.

Mr. DENTON. That is all?

Mr. GOODWIN. Yes.

Mr. DENTON. Have you ever made any distributions to the States under that three-tenths of 1 percent since the Reed Act was passed?

Mr. GOODWIN. Oh, yes. However, none have been paid in the last couple of years. The last distribution was made about 3 years ago, I believe. July 1, 1958.

Mr. DENTON. Now, are there any of the States that are in a really serious situation?

Mr. GOODWIN. Two years ago, the rules for making loans from that fund were tightened up considerably by the Congress so that States cannot qualify for a loan now unless they are virtually out of money. Before that, they could get a loan if they were were down to 1 year in expenditures.

The present rules require that they be down to the point where they will either be out of money or out of money within 1 month.

Now, under those conditions, we do not expect any State to qualify for a loan within the next year.

Nevertheless, there are a number of States, perhaps 15, whose reserves are lower than they should be, in our opinion, because they are not high enough to withstand a long period of unemployment.

Mr. DENTON. What are those States?

Mr. GOODWIN. Have you got the list for us?

Mr. MILLER. I am sure I have the list. It is not in the proper form, but we can supply it for the record.

Mr. DENTON. Yes; put it in the record.

Mr. GOODWIN. Here it is. Now, actually, this list, there are 22 States on it, and I would like to make it clear that we do not consider that all of these States are in imminent danger of running out of funds. But they are what we call in a poor fiscal condition, and their reserve ratios as of September 30, 1961, are below 1½ times their highest 12-month benefit-cost rate.

This is the test that we apply—in other words, 1½ times their highest 12-months' experience is what we think they should have in their reserves.

The States whose reserves were below that were Alabama, Alaska, California, Connecticut, Delaware, Illinois, Indiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, and West Virginia.

Unemployment Compensation for Federal Employees and Ex-Servicemen

Mr. Denton. I am going into the "Unemployment compensation for Federal employees."

Now, in the appropriation for 1962, it is $147 million, but the estimate is that approximately $3 million of this will not be required. The request is for $131 million, a decrease of $13 million from the current 1962 estimates. Is that right?

Mr. Goodwin. There is a decrease between the 2 years of $16 million.

Mr. Denton. That includes $3 million that you think you will not spend of the 1962 appropriation; is that right?

Mr. Goodwin. No, it does not.

Mr. Denton. It does not?

Mr. Goodwin. You may want to explain this, Mr. Love.

Mr. Love. Mr. Denton, this $3 million which is in reserve is a part of $5,069,000 which we had allocated to the States in 1961. As you know, we are not able to allocate exactly what the States will need. We have to have a pipeline going out there so that funds are always available for payments. Well, we missed it more than usual in 1961.

The laws under which these two programs are operated provided that we can recover from the States those funds which are unexpended at the end of the fiscal year and put them in the succeeding year appropriation. That amount, as I said, at the end of 1961 was $5,069,000.

We recovered that and we put it into the Treasury. The Bureau of the Budget put $3,069,000 into a reserve which, if needed, we can tap.

So that we have available $2 million to include within our figures for 1962, and we have a similar pipeline figure for 1963.

Our appropriation for 1962 is $147 million. Our request and estimated expenditures for 1963 are $131 million, and the difference is $16 million less, which we do not expect to need because of the improved economic conditions in 1963.

Mr. Denton. While we are talking about that, do you not expect more for ex-servicemen though? You will have to spend more for ex-servicemen now.

Mr. Love. At the moment, Mr. Denton, our estimates look very good. We think that the $147 million which we had projected for 1962 will be very accurate.

Now, as you know, these programs have a way of slipping out from under you sometimes.

Mr. Denton. Yes.

Mr. Love. And this could happen. None of us know the full course of the economy. But that $3 million is available to us by reapportionment if we need it.

Mr. DENTON. Now, you arrived at this by applying a mathematical formula to your basic economic assumptions; that is right, is it not?

Mr. LOVE. Yes, sir.

Mr. GOODWIN. That is right.

Mr. DENTON. Now, has anything happened since these estimates were made to indicate that they should be revised?

Mr. LOVE. No, sir.

EFFECT OF DISCHARGING RESERVE FORCES

Mr. DENTON. Now, the fact that a number of men were called up in the Reserve, in the National Guard, because of the Berlin crisis, during the last years, who will be discharged probably in the next 6 months, do you think that will cause an increase in compensation rates, and did you take that into account when you made these figures?

Mr. GOODWIN. These are mostly—those callups were from the Reserves. Now, most of those men are protected by reemployment rights.

Mr. DENTON. Yes.

Mr. GOODWIN. And when they come out and are discharged from the service they do not apply, by and large, for unemployment insurance. We expect very little, if any, impact from the Reserves.

REASON FOR LARGER DECREASE FOR EX-SERVICEMEN THAN FEDERAL EMPLOYEES

Mr. DENTON. Now, why is it that you estimate the percentage decrease for ex-servicemen to be considerably greater than for Federal employees? Is that because of the reason we have been talking about?

Mr. LOVE. Mr. Congressman, as you know, it is very difficult to estimate these costs precisely, and we have repeatedly asked for open-end appropriations because of that difficulty. We have never been able to get that authority, and therefore we have to do the best we can in estimating these costs.

We have established that there is a general trend relationship, both for the program of unemployment compensation for Federal workers and for the one for unemployed ex-servicemen, which roughly parallels the general trends in the economy.

However, they do not precisely parallel the trends to the same degree. In other words, you may have a 10-percent decrease in unemployment. That does not necessarily insure a 10-percent decrease in the benefits cost for both programs.

But the unemployed people in both programs are in the labor market looking for jobs, and the degree to which they have success in finding jobs obviously affects how long they draw benefits.

Mr. DENTON. What bothers me about it is that the decrease is greater for servicemen than Federal employees.

Mr. LOVE. Yes, sir.

Mr. DENTON. It looks to me like it ought to be just the other way around, since these people are coming out of the service.

Mr. LOVE. Well, you have two factors, Congressman, working with regard to the Federal workers. One is the labor market in which they find themselves competing for jobs. The other is the extent to which

they become unemployed. There is not necssarily any great change or great reduction in Federal employment forecast for 1963.

Mr. LAIRD. Not if the Department of Labor's budget is a good example. You will have an employment level of about 1,400 above the figure that you have as of today.

Mr. LOVE. Yes, sir.

SALARIES AND EXPENSES

Mr. DENTON. Now, the appropriations for 1962—and I am going to salaries and expenses—the appropriation for 1962 is $10,500,000 and the request for 1963 is $12,865,000. That is an increase of $2,365,000 and 154 positions, of which $250,000 and 21 positions are for defense mobilization activities. Is that right?

Mr. GOODWIN. That is right.

Mr. DENTON. Now, the increase is made up of many relatively small items. Would you briefly explain the need for each of the program increases set forth on pages 5 and 6 and then submit supplementary material for the record where you feel it would be helpful?

Mr. GOODWIN. Well, the first item on increases is the one involving nine positions and $89,000. This is for meeting worker dislocation problems resulting from automation and persistent unemployment. This is for the Employment Service and for our program of review and analysis.

The second item here is for 38 positions and $376,000. This is for continuing the improvement and expansion of the Employment Service operations and this item was dealt with in some detail in my opening statement this morning in terms of what we expected to do with this increase.

Mr. DENTON. Let me suggest this, Mr. Goodwin.

Mr. GOODWIN. Yes.

Mr. DENTON. You covered all of these, at least briefly, in your opening statement.

Mr. GOODWIN. Yes.

Mr. DENTON. Suppose you just put more detail on each in the record. Will you do that?

Mr. GOODWIN. We will be very glad to do that; yes. We will take each one of these increases and put in the material.

(The information requested follows:)

Summary of changes from 1962

Termination of the temporary extended unemployment compensation program ($900,000 in 1962, less liquidation costs of $100,000, 1963)	−$800,000

Public Law 87-6 provided for the payment of temporary extended unemployment compensation to individuals who have exhausted all rights to unemployment compensation. Benefit payments are made by the State employment security agencies under the direction and supervision of the Bureau.

The Congress appropriated $900,000 for Federal administration costs for 1962. The reduction of $800,000 from 1962 is due to the termination of this program on June 30, 1962, and will provide $100,000 for liquidation costs. The estimate is based on experience with the temporary unemployment compensation program of 1958.

Meeting worker dislocation problems resulting from automation and persistent unemployment (9 positions, $65,600 for personal services, $23,400 for nonpersonal services)	+$89,000

During 1962, studies of the effects of automation and technological change on the labor force were begun in selected firms and areas to identify occupations that were affected, and to determine skill transfer possibilities and training needs, all with a view to actions that could or should be taken to minimize occupational dislocation.

Studies of labor market trends were begun to analyze the employment impact of technological changes, and to identify occupations with either expanding or declining employment opportunities.

In 1963, other projects will be undertaken: (1) With additional firms and industries undergoing change to identify new or changing occupations and training needed for these occupations and to determine skill transfer possibilities; (2) with selected industries in individual areas to identify relatively obsolete skills and the workers formerly employed in these industries who have such skills in order to determine other placement possibilities or training needs for such workers; (3) with groups of long-term unemployed, displaced because of technological change, to explore the various kinds of work they might perform and, through multiple job classifications, to broaden their placement possibilities; (4) with groups of technologically displaced workers to help increase their mobility by making available to them comprehensive job information on other areas; (5) with workers displaced when firms move or close because of technological advancement; (6) in various areas to identify relatively new occupations, in specific firms and to obtain descriptions and employer hiring specifications covering such occupations, as those related to electronic data processing, computer operation, or automatic process controls and to select workers and make arrangements for training those who might thus qualify to fill likely vacancies in these occupations; and (7) in selected areas, where employers agree to 100 percent listing of vacancies and to use the public employment service to the fullest extent possible in filling vacancies, to better identify labor demands and training needs in the respective areas.

To facilitate the carrying out of the projects and the action program, the Bureau will take the initiative in developing research techniques, modifying the State agency reporting requirements, and providing technical guidance to the State agencies to obtain information needed: (1) To refine and implement an "advance notice system" to identify plants in individual localities anticipating technological changes or shutdowns; (2) to determine the extent to which automation and technological change contributed to long-term unemployment; (3) on the occupational adjustments made by persons displaced by automation as a basis for service programs to assist those workers facing displacement due to technological changes; (4) to prepare a supplement of a guide to employer practices which have proven successful in helping workers make the transition from an obsolete skill to a new occupation; and (5) to stimulate the exchange between States of facts, plans and action programs which bear on the problems of automation and technological change.

Continuing the improvement and expansion of the employment service operations (38 positions, $279,400 for personal services, $96,600 for nonpersonal services) ---------- +$376,000

During the past 8 months the Bureau has been hiring, training, and assimilating new staff, and at the same time providing national leadership in the expansion and improvement of the employment service system. In the current fiscal year, major emphasis has been given to developing an employment service staff with greater competence for providing direct field assistance to State agencies in such important areas as the organization and management of placement resources in metropolitan areas, coping with the impact of automation on employment providing needed specialized services to youth, and promoting greater employer usage of the employment service facilities.

During fiscal year 1963, program emphasis will be placed upon: (*a*) Improving local office managment and strengthening basic placement operations, especially in the larger metropolitan areas through providing for more assistance to these areas by the regional offices; (*b*) extending and coordinating placement activities in professional occupations, with particular emphasis upon the possible application of automatic data processing to a nationwide program; (*c*) strengthening overall services to youth by establishing a Division of Youth Employment to provide leadership and direction to the youth program carried out throughout the nationwide network of public employment offices; (*d*) extension of the cooperative high school counseling, testing, and placement

program to rural areas, and to reach more dropouts in all schools; (*e*) extending and improving the development and use of aptitude and performance tests for counseling and placement purposes; (*f*) refining the techniques of employment counseling that relate specifically to identifying the training needs of individuals; (*g*) developing a college placement program to assure that the employment service, in cooperation with placement officers in the colleges, brings graduating seniors into contact with the maximum job opportunities; and (*h*) providing technical assistance to community employment development organizations in analyzing community manpower resources to develop additional job opportunities locally.

Placing more domestic workers in farm jobs (44 positions, $315,300 for personal services, $136,700 for nonpersonal services) ---------- +$452,000

An improved and expanded interstate recruitment program under the annual worker plan is needed to serve the needs of farmworkers and employers, reduce unemployment and underemployment of domestic workers, and replace foreign workers with domestic workers in shortage crop activities.

In spite of mechanization in several major food crops, the need for harvest hands in others, such as strawberries, tree fruits, bush berries, cucumbers, tomatoes, and other fresh market vegetables, is increasing. If the Bureau cannot supply harvest labor for these hand picked crops, at the times and places needed, production of these crops will be severely curtailed causing economic hardship to growers.

We are deeply concerned, along with all government, with the many areas of chronic unemployment and underemployment as well as those that will be rehabilitated under the Administration's Area Redevelopment Act. Until industrial development and retraining of workers results in rebuilding a depressed area, we can alleviate, temporarily, some of the unemployment and bring earnings back into these areas while broader long-term projects are developing.

Recruitment teams will go into these areas to offer harvest jobs, in other areas, to those workers in need of immediate income.

To carry out this new program for depressed areas the Bureau will, of necessity, have to concern itself with more details about transportation, housing, and supervision.

The Bureau and regional offices need to furnish additional leadership, guidance, and training to State agencies in an effort to improve the quality of selection and referral of domestic workers. More careful screening of crew leaders will be done in order to refer the more reputable ones to growers.

In addition, the Bureau will have to develop procedures and techniques and provide the State agencies with technical assistance in the studies of the kinds of workers available in areas of heavy unemployment or underemployment. These studies, to be conducted by the States, will provide information of the labor supply necessary for recruitment purposes and for use in the retraining and occupational readjustment of unskilled farm laborers. Such workers can then be used to replace alien workers. The required skills include those of ranch and farmhands, irrigators, machine operators, and tractor drivers.

We have a congressional mandate to keep aliens out of year-round and skilled jobs and replace them with domestic workers. As workers move into this better paid agricultural employment they will leave the migrant streams and must be replaced. At least, in this area, we will partly achieve the goal of settling migrants in their home districts with permanent employment.

The Bureau must also stimulate and guide the development of labor market information. Studies on a local and national level need to be expanded to appraise the effects of technological changes and improved management practices on labor requirements, skill levels, use of migratory labor, and the need for redirecting farm labor to other areas and activities.

A more rapid systematic method of gathering and exchanging employment information needs to be explored to reduce dependence on foreign labor. The Bureau and regional offices will provide technical assistance to States in improving methods of estimating farm employment to provide more essential facts needed for both local and interstate operations.

Our interest in protecting the status of American workers requires us to analyze and control the importation of all aliens, not only Mexican, for agricultural work. The use of foreign workers is directly related to our ability to find Americans to do the job. While we must replace the skilled and semiskilled foreign workers mentioned earlier, we have an obligation to replace

as many additional aliens as may be necessary to insure that able, qualified, domestic workers get the job opportunities they need.

Under Public Law 414 (Immigration and Nationality Act) the Secretary of Labor, in order to adequately safeguard the wages and working conditions of agricultural workers in the United States, has to certify that the wages and working conditions of domestic farmworkers are not adversely affected by the importation of alien workers. State agencies are required to make the investigations while regional offices have to review requests for foreign workers and recommend approval or disapproval when forwarding the request to the Bureau for final disposition. Although the Secretary's responsibility applies to all cases of one or more aliens seeking permanent entry, State agencies are now only investigating cases of 25 or more. In order to fulfill the Secretary's responsibility pertaining to cases of one or more, which will increase the load from 100 in 1962 to about 20,000 in 1963, additional personnel are needed to follow through on the investigations made by the States.

We will inaugurate a new approach next season, to aid the annual worker plan toward obtaining more continuity of employment for migrants. We will use the basic form of the annual worker plan, the migratory labor employment record, in a matching process with orders from employers in the several States. They will be matched with groups of migrants known to be unemployed at the time of an employer's late-season need. The Bureau will arrange to bring individual employers and crews together to reach employment agreements, to provide more continuity of employment and higher earnings for workers while cooperating with employers to get their crops harvested.

Enforcing the Secretary's regulations pertaining to domestic farm labor (56 positions, $396,700 for personal services, $186,300 for nonpersonal services)---------- +$583,000

The Secretary's regulations, which became effective December 20, 1959, limits the use of the Employment Service facilities in the interstate recruitment of workers to employers: (1) who offer wage rates which are not less than the prevailing wages paid in the area of employment to workers employed in the activities for which additional workers are needed; (2) who offer housing which is adequate to assure that the health and safety of the migrant worker will not be endangered; and (3) who offer transportation arrangements which assure safety and reasonable comfort for workers moving between States or between housing and job locations.

Looking toward uniformity, consistency, and continuity in the administration of the Secretary's regulations, it is proposed to establish a Domestic Farm Labor Compliance Branch in the Farm Labor Service of the Bureau. This Branch will be responsible for obtaining and maintaining compliance with the regulations through the regional and State offices.

The Bureau recognizes certain barriers to effective local implementation of the Secretary's regulations. Therefore, the Bureau must accept a degree of responsibility for the program designed to improve employment and living conditions of agricultural workers. The Bureau, acting through the regional offices and the additional staff assigned for compliance purposes, will assure the proper administration and operation of a compliance program in the States, for the very necessary in-season surveillance of conditions affecting agricultural workers.

Therefore, it is necessary for the Bureau, through its regional offices, to work more closely with the State agencies in hastening the implementation of the Secretary's regulations. The administration of the compliance program will entail, in addition to constant liaison with the States, considerably more research, planning, training, and evaluation.

Prevailing wages.—During the active season, workers and employers will be contacted to determine (1) that the prevailing wage is being paid; (2) that the wages paid local domestics have not been reduced due to the availability of additional out-of-State workers; and (3) that, if the rates to workers are increased during the season, as is customary, no additional workers are brought in from out of State at rates less than the rates prevailing at the time the additional workers are recruited.

There are a number of situations where a crew leader is in effect the actual employer. It has been found that crew leaders frequently violate their agreements with workers and actually pay the workers less than the wages to which they are entitled. In order to combat these abuses, wages and earnings will be checked with employers, crew leaders and workers, and payrolls will be audited where appropriate.

Housing.—It is extremely important that housing offered by employers be in such condition that the health and safety of the migrant worker will not be endangered. To implement the Secretary's regulations, the Bureau has developed criteria for determining the adequacy of housing for agricultural labor.

Bureau staff will inspect housing, when State agency staff are unable to make all the inspections necessary, after its occupancy by agricultural workers. If major deficiencies are found which would imperil the health or safety of the occupants, immediate notice will be given the employer and the appropriate agency of local or State government for appropriate action.

Transportation.—The adequacy of vehicles used in the transportation of agricultural workers between States and from the place of residence to the job location is an equally important aspect in the consideration of the safety, health, and welfare of migrant workers. Many States have laws and regulations setting forth minimum safety requirements for such vehicles.

The Bureau will work with the Interstate Commerce Commission and State departments of public safety to assure that vehicles used to transport workers both between States and intrastate meet the safety requirements.

Bureau staff will review the orders involving workers recruited through interstate clearance and will ascertain that assurances made to workers concerning transportation arrangements have been carried out. An agreement by an employer to provide transportation or to advance monies for transportation, whether reimbursable or not, is tantamount to a contract, and the worker may have civil recourse.

Similarly, Bureau staff will look into agreements between employers, crew leaders, and workers and will assure that multiple payments are not made to crew leaders for transportation services.

Studies to provide bases for making improvements in wage loss insurance programs (22 positions, $169,000 for personal services, $79,000 for nonpersonal services)..... +$248,000

The two recessionary periods within the last 4 years have called increasing attention to the large number of workers not yet protected against wage loss resulting from unemployment; to inadequacies in the amount of wage loss compensated by the present system; to the need for identifying with greater precision the workers who should be protected; to the vast gap in wage-loss insurance protection provided for temporary periods of sickness and disability; and to the need for ascertaining the extent to which the unemployment insurance system should contribute toward resolving the problem of persistent unemployment.

The increase requested for 1963 is needed to enable the Bureau to develop and initiate, in cooperation with the States, basic studies which will provide a sound basis for effecting structural improvements in the programs. This work will fall in the following categories:

(1) Extension of protection against wage loss to protect the nearly 14 million workers who are unprotected against loss of income when unemployed due to lack of work, and to further explore and study alternative programs for substantially increased protection against wage loss due to temporary sickness and disability.

(2) Reappraisal of unemployment insurance program policies and of the problems of persistent unemployment: This will provide studies to determine which of the unemployed workers should be entitled to benefits, how much should be paid to them, and what the system should reasonably be expected to accomplish for those studying persistent unemployment.

(3) Legislative reference services to States: The Bureau provides technical assistance to the State agencies in drafting legislation because the Bureau can advise them on how to conform to applicable Federal laws in this Federal-State program. This will involve the review of about 3,000 bills on unemployment insurance during a 2-year period. This includes preparation of a Manual of State Employment Security Legislation, which contains alternative statutory provisions in draft form.

(4) Financing benefit costs: State reserves have been declining since 1953, and currently, about 23 States have reserves which are inadequate to meet the cost of a full recession equal in severity to the worst experienced in the last decade.

Because of the growing number of States encountering financial difficulties, it is necessary to strengthen the Bureau's actuarial staff. It is also necessary to provide technical assistance to improve the States' actuarial competence. The Bureau will—

(*a*) Develop a manual of cost estimating techniques for use by State agencies.

(*b*) Develop training materials on the actuarial techniques used in unemployment insurance cost estimating.

(*c*) Develop a series of experience tables which will permit a systematic and sound analysis of benefit cost experience by State and by industry.

(*d*) Increase its assistance to State agencies in developing tax provisions.

Strengthening unemployment insurance administration (15 positions, $113,600 for personal services, $51,400 for nonpersonal services) ___ $+165,000

Bureau responsibility for strengthening unemployment insurance administration in the States, stems from Federal law requirements for the Bureau to allocate funds to each of the States in an amount "necessary for proper and efficient administration" of the State law, for determining that the State law includes provision for "methods of administration as are found—to be reasonably calculated to insure full payment of unemployment compensation when due," and for finding that State laws and administration meet the requirements of the Internal Revenue Code. In order to keep pace with new developments in administrative methods and new program requirements, and insure the adoption of the most efficient and least expensive procedures, there is need for a substantial increase in Bureau resources for providing technical assistance to the States, and to make field studies of State operations. The assistance and studies needed range in subject matter from methods for performing mass operations, such as claims taking and benefit checkwriting, to the quasi-judicial functions of determining claims, and the holding of fair hearings for interested parties on appeals from such determinations.

The higher workloads experienced during recession years have three effects: (1) they exposed weaknesses in the current procedures; (2) they gave rise to new shortcuts; and (3) they often resulted in the adoption of inefficient or ineffective procedures. Studies in, and assistance to the States, would include the following:

1. *Methods improvement.*—Surveys of tax and accounting operations to be conducted in each State at least every 4 years to assure adequacy of tax collection procedures and internal control over the handling of tax receipts. This operation, involving more than 8,000 man-years in personnel time, results in the collection of over $2 billion a year through nearly 10 million tax returns.

2. *Use of electronic data processing equipment.*—The mass clerical operations in State unemployment insurance administration represent one of the largest paper processing tasks in the country. To gain the benefits of automation in this task, sharply increased assistance to the States in the area of electronic data processing systems and data communication systems is needed. Although the modern machine installations are costly, they offer the possibility of great savings in personnel time if a proper selection of equipment is made and if it is used effectively. At least 15 States will have installed or will be in the process of installing such systems in fiscal year 1963. Practically all other States will be studying the economic feasibility of electronic data processing systems. Some of the presently installed equipment will be updated to higher speed components. The States need, and have requested, Bureau assistance in the conduct of feasibility studies, in deciding on the type of equipment to be installed, in programing, testing, and perfecting written programs and in the operation and evaluation of installed equipment.

3. *Improvement in handling contested claims.*—Assistance will be provided to the States in improving the adjudication process to assure that the State programs meet the goal of prompt payment to persons entitled to benefits and on the other hand deny benefits to those who are not intended to receive such benefits. In the coming year, about 5 million claims will be challenged on some question of eligibility which will have to be adjudicated. Nearly 300,000 of them will be appealed, either by the claimant or his employer, through a formal hearing procedure. In 1952 the Bureau did considerable work in this area with the States, resulting in very substantial improvement. Recent evaluations of the factfinding and decisionwriting functions have indicated a need for additional work in this area. This need is based on the fact that there has been considerable turnover among the claims examiners and appeals referees since

1952. The newer employees need the same type of training given in 1952. In addition, new complex technical problems have arisen not covered by the work tools prepared by the Bureau in 1952. New factfinding guide cards, and training aids will be developed for special disqualification situations that have arisen or become prominent since the guide cards were initially developed in 1952. The Bureau will develop and help States to apply specific measures of quality in factfinding and decisionwriting as a basis for appraisal, supervision and improvement of the adjudication process. Also needed is a complete revision of existing training units on factfinding and decisionwriting, and developing further training materials, e.g., outlines, visual aids, work problems, etc., for State use. These will cover such subjects as: Preparing evidentiary records, reports, and factfinding statements, interviewing and investigation techniques, rules of evidence, and application of principles of logic to decisionmaking. Assistance to States will include a program of field studies to aid State agencies in analysis of problem areas in their adjudication process and initiation of corrective measures.

Insured work force information (11 positions, $71,600 for personal services, $34,400 for nonpersonal services)---------- +$106,000

Insured work force information consists of (1) covered employment and wage information obtained as a byproduct of quarterly contribution reports received from all establishments covered by State unemployment insurance laws and (2) information on the characteristics of the insured unemployed, based on a sample of unemployment insurance claimants.

Many of the current studies, particularly those where the State must analyze the effect of proposed State legislation, require the reorganization and reassembling of information.

The current program for collecting information on the characteristics of the insured unemployed is based on a sample size providing valid information on major characteristics only for each State as a whole. It is necessary to extend this program in order to make available reliable information for major areas in addition to obtaining data on characteristics not now reported. Technical assistance to the States will be necessary in order to validate sampling methods now used and to make further use of characteristics data in the improvement of techniques for estimating total unemployment.

With the additional staff requested, the Bureau can develop techniques which States can use to build up a reservoir of basic statistical information on the insured work force, simplifying and speeding special studies.

Area and occupational labor market information (13 positions, $96,100 for personal services, $42,900 for nonpersonal services)---- +$139,000

When the current BES-State employment security agency's regular area labor market and classification programs were originally established about 10 years ago, they were designed to cover each of the country's 172 standard metropolitan areas. In 1953, the program was cut back to cover only about 150 areas because of budget and staff curtailments affecting both Bureau and State agencies. It has remained at that level over the past 8 years despite the increasing interest in the varied impact of changing employment conditions throughout the country especially in connection with programs to assist areas with significant unemployment problems, and despite the expansion in the number of standard metropolitan areas from 172 in 1950 to 215 now. The addition of the remaining 65 standard metropolitan areas to the Bureau-State agency regular labor market information program greatly enhances the value of the area classification system as a tool for analysis of changing employment and unemployment developments and trends in various sections of the country.

In expanding its regular area labor market and reporting classification program to cover all standard metropolitan areas, the Bureau will review and analyze detailed reports on employment and unemployment and the employment outlook for an additional 65 major areas. This represents an increase of over 40 percent from the present major area total of 150 areas. Each of the added areas will be classified every month according to the relative adequacy of the labor supply. Such classifications will be widely utilized in the implementation of existing Federal programs relating to the alleviation of localized unemployment, as well as by non-Government organizations, private business firms, and the public at large in plant relocation studies, economic and market research and evaluating out-of-area job opportunities. Information on work

force, total employment and unemployment, and unemployment rates will be published regularly as part of the Bureau's monthly Area Labor Market Trends bulletin. The preparation of these area labor market reports will require a great deal of additional technical assistance to the State agencies in order to develop the requisite series on work force, employment and unemployment for each new area.

Auditing State agency expenditures on more current basis (7 positions, $55,500 for personal services, $34,500 for nonpersonal services) ---------- +$90,000

The workload in the Audit Division has been increased with the addition of new programs and the expansion of other programs without a proportionate increase in staff. Audits of State agency expenditures have had to be performed on a skip-year basis in order to keep the backlog of audits at a reasonable level. This means that only the latest year's expenditures can be examined to determine that granted funds are expended for authorized purposes. Generally, expenditures applicable to previous fiscal years are not examined unless serious irregularities are disclosed. The continuous use of this technique is highly undesirable. Each State agency's expenditures should be audited on an annual basis so that assurance can be had that granted funds have been expended as authorized.

With the additional staff the Bureau will be able to (*a*) audit State agency expenditures on a more current basis without resorting to the skip-year technique; (*b*) handle the additional workload resulting from (1) the expansion of the employment service, (2) the temporary extended unemployment compensation program, and (3) title IX, distributed funds authorized for employment security purposes within prescribed time limits, which no other segment of State or Federal Government audits; (*c*) promote a fiscal control system to assure sound fiscal management and accountability control; and (*d*) process, review, and evaluate audit reports.

Improving internal management practices and procedures (5 positions, $33,100 for personal services, $7,900 for nonpersonal services) _ +$41,000

In order to assure that the Bureau expansion is carried out efficiently and economically, increasing emphasis must be placed on internal management practices and procedures. The Bureau expansion and added programs have also increased the volume of instructions, procedures, and manual revisions requiring analysis, coordination, and clearance.

Management studies concerned with developing work measurement techniques and applications, examining manpower utilization to improve efficiency of operations, improving and simplifyng work methods, and recommending appropriate changes in organizational structure and staffing patterns are vitally needed to meet the Bureau's changing functional responsibilities and workloads.

Assisting the States to improve management practices in the State agencies (14 positions, $104,000 for personal services, $37,000 for nonpersonal services) ---------- +$141,000

The Bureau will assist the States in improving their overall organization and general administration by providing training, executive leadership, and management, and by performing management surveys and installing management controls to insure efficient, economical and effective program accomplishment. The Bureau will prepare guide material, placing special emphasis on salary and classification problems; develop policies governing expenditures of granted funds; and prepare and revise expenditure standards.

The additional positions will be used to fulfill the continuing responsibility of the Bureau to reduce the backlog in the reappraisal of approximately 50 fiscal standards and maintaining these standards on a current basis. New standards will be developed for areas in which they are needed and where there are no fiscal standards.

Managing the Nation's manpower in the event of a mobilization or civil defense emergency. In 1962 the Bureau's civil defense functions were financed from delegate-agency funds provided by Department of Defense and the Office of Emergency Management. In 1963 a new project, "Task force development" is requested at an estimated cost of $50,000 for 5 positions. (21 positions, $187,500 for personal services, $62,500 for nonpersonal services.) Total cost ---------- +$250,000

Under the national plan for civil defense and defense mobilization and under delegations of authority from the Office of the President, the basic responsibility for managing the Nation's manpower in the event of a mobilization or a civil defense emergency rests upon the Federal-State employment security system. The Bureau of Employment Security, to prepare itself and its affiliated State agencies for this responsibility, cooperates with those agencies in planning not only for the continuity of their own operations but also for the recruitment of workers for essential mobilization and civil defense work, the allocation and distribution of workers in relation to the urgency of such employment (including the direction of individuals to high-priority work within a pattern of voluntary cooperaton), the most effective utilization of currently employed workers, the assurance of income maintenance for displaced members of the labor force awaiting absorption into essential employment, and the expansion of the Nation's worker potential through the use of segments of the population which are not normally in the labor force or which may be underemployed.

In 1962 the Bureau's civil defense functions were financed from delegate-agency funds provided by the Department of Defense (OCD) and the Office of Emergency Planning. The increase of $250,000 will provide for carrying on these same functions in 1963 and $50,000 and 5 positions for a new project "Task force development."

Task force development.—There is need to establish, insofar as possible, a built-in manpower readiness in those geographic areas which are most likely to feel the manpower impact of a large-scale enemy attack on this country. The major technique involved in the project includes the identification of groups of workers already functioning and having a peacetime mission closely related to the types of survival activity for which there is likely to be a demand. Their availability must then be assured, as well as training, including the reorientation of their activity toward a postattack environment and its modification where it is closely related to, but not the same as, the contemplated survival work.

The responsibility of the national office of the Bureau in carrying out this activity will be to provide functional direction and guidance to the staffs of the State and territorial employment security agencies who will perform the task of identifying and organizing task force groups in the field. This type of direction and guidance will include the development and continuing improvement of techniques for organizing worker groups and plans for their utilization; development of arrangements for reimbursing workers, for paying injury or death benefits as necessary, and for training programs; and coordination with the specialized task force activity in the construction field to be carried out by the Bureau of Apprenticeship and Training. The national office direction will also include assistance to State agency representatives in the field, as necessary, in the identification of civil defense activities for which the organization of task forces may be feasible in the selected areas and the identification of a negotiation with establishments and organizations whose cooperation will be required.

Allocation and distribution of manpower.—State employment security agencies and their local employment offices must have effective procedures for channeling and distributing the surviving labor force, to the most urgent needs, in those areas where postattack shortages will occur. Priorities will be determined by the civil defense and mobilization officials. A system of manpower controls must be devised which can be relied upon completely to insure that workers will be employed where they are needed most in a general war situation. The readiness of State employment security agencies for limited-war operations must be promoted and maintained. In fiscal year 1963, studies will continue, as initiated in 1962, on the experience of other countries in conscripting manpower. At the same time, staff guidance will be provided to assist State employment security agencies in installing in their local offices the procedural materials which the States prepare, based on the guidelines issued by the Department in 1962, for adapting local office employment service operations to meet a period of full mobilization under conditions short of general war.

Postattack reporting procedures.—The local office must be able to judge rapidly whether emergency labor needs can be filled locally in the required numbers and skills; information on surviving manpower must be forwarded to higher echelons to permit intelligent and comprehensive planning of the optimum utilization of manpower resources.

Further testing is needed of techniques for the estimation of preattack labor force data by defined labor market areas. Considerable work is necessary to refine techniques designed for translating bomb damage assessments into labor

force data needed for manpower operations. In addition, such improved techniques will need to be tested at the local and State levels to insure their practicality.

Coordination of State manpower programs and providing assistance to State agencies.—Several expert units of headquarters specialist and the manpower mobilization representatives in the regional offices will be responsible for the manpower planning and developmental work and for provision of leadership to the 54 State employment security agencies and the 1,800 local employment offices. This kind of guidance to the States encompasses the field of expansion, utilization, and distribution of the labor force; labor market analysis and postattack reporting; emergency payments to unemployed workers; and organizational and operational readiness. A continuing review must be made of readiness plans and programs of the State employment security agencies, and assistance must be given or arranged for where technical, organizational, or operational problems impede such plans and programs.

Coordination is also needed at the regional level between the Department of Labor manpower programs and those of other agencies to which some portions of the emergency manpower planning responsibility have been assigned. For these purposes, a Bureau of Employment Security staff member has been assigned to each DOD–OCD and OEP region.

In addition, these regional office staff members provide continuing direct assistance to the State employment security agencies in developing and improving their overall defense readiness plans, in developing program materials for use in their local offices, in installing such materials and training personnel in their use, in installing task force programs, and in making administrative arrangements for the postattack operation of local employment offices.

To provide for increased travel costs authorized by Public Law 87–139_ +$85,000

Public Law 87–139 authorized an increase in the per diem rate from $12 to $16, an increase in mileage from 10 to 12 cents per mile, and reimbursement for parking fees incurred while performing official duties.

These costs were absorbed in 1962 by a lag in filling new positions. The additional funds requested for 1963 will permit the Bureau to finance the full staffing pattern. Of this amount, $16,000 is for Veterans' Service.

Refurnishing field offices of veterans' employment representatives___ +$15,000

Most of the Veterans' Employment Service field offices are equipped with furniture obtained from various temporary agencies in operation during the 1930's. The average age of this furniture is in excess of 25 years. Many of the State agencies, where the veterans' employment representatives are housed, have moved into new office buildings and have completely reequipped their offices while the VES furniture is shabby and almost unserviceable. It is therefore proposed to replace this wornout furniture over a 4-year period beginning in 1963. The $15,000 requested will provide for refurnishing about 10 field offices during 1963.

Printing new edition of the "Dictionary of Occupational Titles"_____ +$250,000

The rapid advances of automation and technology in recent years have not left many American industries or occupations unaffected. Whole new industries have emerged, and many workers are employed in occupations that were unknown a short time ago. Other jobs and industries have passed from the scene. As a result of this accelerated process the "Dictionary of Occupational Titles," last revised in 1949, has been rendered almost completely obsolete. The collection and analysis of occupational data by the employment service system was stepped up 3 years ago to a level that will permit an updated dictionary every 5 to 7 years, as today's rapidly changing economy requires. Work on new definitions and classification structures will be ready for the assembly and printing of a new "Dictionary of Occupational Titles" in fiscal year 1963. It will describe over 25,000 occupations, known by 40,000 job titles in the American economy. Our request for $250,000 will cover the cost of printing the 20,000 copies needed by the employment service for use in its placement and counseling activities. The publication is also offered for public sale and is widely used by industry and by other Government agencies. Over 200,000 of the previous editions have been sold to the public.

Contract research into problems of employment and unemployment__ +$135,000

There are occasions when necessary information can be obtained more efficiently and economically through the use of other governmental agencies, colleges, universities, and private research organizations. For example, by the addition of special questions in the Bureau of the Census' current population surveys, makes it possible to obtain nationwide information on unemployment among workers not covered by unemployment insurance, hiring channels used by workers to obtain jobs, unemployment, and migrant patterns of seasonal farmworkers, and other supplemental data.

INCREASES RELATED TO GRANTS TO STATES BUDGET

Mr. DENTON. The bulk of your increase is tied rather directly to the increases proposed under the "Grants to States" appropriation, is it not?

Mr. GOODWIN. That is right, sir. And a major part of that deals with improvement of the employment service on the one hand, and the program to place more domestic farm-workers and replace foreign workers is a second major item. Some of the increases in costs are beyond our control, such as increases in the State salary rates.

Mr. DENTON. Is there any limit on this appropriation in the authorizing legislation?

Mr. GOODWIN. Yes, there is. And we have some little discussion on that this morning. The limitation is $350 million, Mr. Chairman.

We have submitted the request in two parts. The first part is for $350 million under existing authorizations, existing legislation. And then we have the remainder of $75 million under legislation which is being requested.

Mr. DENTON. How are we going to be able to appropriate the $75 million without authorization?

Mr. GOODWIN. I assume you will have to have authorization before it is completed, Mr. Chairman. We have talked to Mr. Mills, the Ways and Means Committee chairman. He has given general assurance that his committee will deal with the problem. But, of course, this would have to be translated into action before it would remove the problem from you.

CONTRACT RESEARCH

Mr. DENTON. With what type of organization do you expect to contract for research into the problems of employment and unemployment? What types of organizations?

Mr. GOODWIN. Well, I think Mr. Levine could probably answer that question best. If it is all right with you. I will call on him.

Mr. LEVINE. Mr. Congressman, the funds that are being requested for research with regard to employment and unemployment problems are directly related to the operations of the employment security system. They come either out of the records already developed out of the operations, or they come by contacts with individual employing establishments in particular localities.

For example, with respect to the problem of technological displacement, or automation, this would be by contact with particular establishments in the local area which is displacing people by reason of a change in equipment or something of that type.

Mr. GOODWIN. Mr. Levine, I think he is talking to the point of the contracts.

Mr. DENTON. What I am talking about and trying to get at, you make contracts.

Mr. LEVINE. Oh, we make contracts. We have a request for $135,000 for contract research. Hitherto, all of our research has been handled through either Federal staff, directly doing certain types of things, or, and by far the vast preponderance, has been by grants through title III of the Social Security Act.

Mr. DENTON. Now, who are the people who do this research for you?

Mr. LEVINE. These are the State employment security agencies which have research staffs.

In this request, however, we are asking for $135,000 to permit us to contract with certain organizations as, for example, the survey research center in Michigan.

Mr. DENTON. That is what I am trying to get at. Who are these people you are going to contract with?

Mr. LEVINE. At the University of Michigan, to give you one example, they have a survey research center which develops data on contracts with respect to purchases and so on. By adding a single question or two to their inventory of questions, we can get a great deal of information which would be much more costly if we were attempting to do that research ourselves.

Mr. DENTON. You do not think you can do that research yourselves?

Mr. LEVINE. We cannot do that research ourselves. It is too costly.

Mr. GOODWIN. We have had a few examples, and I think this Michigan one was a case in point, where it would have been much more costly for us to do it.

Mr. DENTON. Now, do you have any other besides this Michigan example?

Mr. LEVINE. Yes. For example, in the Department of Agriculture, they make a survey of the hired farmworkers work force as a part of other data that they collect about farm operations and costs. By adding a few questions on the characteristics of that work force, their earnings or employment, we are able to get, for a very small cost, far more than if we ever attempted to undertake it ourselves. We could not hire the staff and could not go out and make the contacts.

Mr. DENTON. You make this contract with the Department of Agriculture?

Mr. LEVINE. In that case we would purchase the service from them, or in some cases from the Old-Age and Survivors Insurance Bureau. Reference was made here earlier to some need for studies on the attachment to the work force and on extension of coverage. These data could be obtained in that way.

Mr. DENTON. Mr. Laird?

COMPARISON BY STATES OF COSTS AND UNEMPLOYMENT TAX CONTRIBUTIONS

Mr. LAIRD. Mr. Goodwin, I would like to have a comparison of cost and income under the 0.3 percent Federal unemployment tax contribution. I would like to have these figures furnished on a State-by-State basis, showing the cost for each of the States of their (*a*) employment security program; (*b*) unemployment compensation; (*c*) special programs like testing high school students, that type of thing.

Mr. GOODWIN. Yes. Well, we can give you the amount of money that is allocated to each State and relate that to what the tax yield is in the State. This is the first part of your question.

Mr. LAIRD. Yes.

Mr. GOODWIN. We can relate that to the tax yield in the State. Incidentally, there is a substantial variation between the States because in sparsely settled States, the costs of administration are higher than in others. This is one factor. And some of the State laws are more complicated than others. This is another factor. We can give you that picture.

I am not sure that we have the other breakout; we can give a breakout which has to be estimated in part between unemployment insurance and Employment Service. We have estimates for the total expenditure on counseling, testing—let me see——

Mr. LOVE. All of the new applications, counseling, testing, placements.

Mr. GOODWIN. We have got a breakout on these lines, apparently. Administrative staff and technical services, unemployment insurance, direct operations; employment service, direct operations; and joint local office functions. An example of the latter is the manager of the local office and the overall functions of his office. Well, can this be given on a State-by-State basis?

Mr. LOVE. We can get this on a State-by-State basis. But, Mr. Congressman, we have to use the average salary for the State agency, because we are just beginning to collect cost data on the less than agencywide basis this year, and we do not have enough information yet.

Mr. GOODWIN. This will give you a pretty reliable figure on that.

Mr. LAIRD. Well, the best figures you have.

Mr. GOODWIN. OK.

Mr. LAIRD. I would not think that would be too difficult. Your Bureau has made cost estimates for what you think States should spend for each of these functions.

Mr. GOODWIN. That is right.

Mr. LOVE. Yes, sir. Based on these same averages.

(The requested information follows:)

Distribution of State employment security administration costs and comparison with Federal unemployment tax collections, fiscal year 1961

	Personal services costs [1]				Nonpersonal services costs [2]	Total costs [3]	Federal unemployment tax collections [4]	Ratio of funds expended to tax collection (percent)
	Administrative staff and technical services	Unemployment insurance direct operations	Employment service direct operations	Joint personal services cost				
Total	$32,923,988	$139,526,887	$58,923,317	$30,865,944	$95,977,249	$358,217,385	$343,284,000	104.4
Alabama	512,834	1,563,672	831,658	387,626	1,208,111	4,503,901	4,027,000	107.1
Alaska	279,458	518,449	140,637	133,575	409,565	1,481,684	401,000	369.5
Arizona	584,119	1,186,865	930,868	336,106	1,126,577	4,164,535	2,127,000	195.8
Arkansas	356,608	1,153,148	700,433	305,962	943,131	3,459,282	1,880,000	184.0
California	2,755,261	17,435,134	7,275,706	4,124,827	10,789,912	42,380,840	34,474,000	122.9
Colorado	320,705	973,294	992,802	301,882	766,647	3,355,330	3,005,000	111.7
Connecticut	543,760	2,419,508	883,407	542,467	1,284,029	5,673,171	6,526,000	86.9
Delaware	106,831	342,559	121,961	37,633	210,004	818,988	1,120,000	73.1
District of Columbia	325,073	981,563	823,246	27,960	615,722	2,773,564	1,892,000	146.6
Florida	537,208	2,007,825	1,402,903	645,556	2,013,832	6,607,324	7,525,000	87.8
Georgia	522,471	1,563,003	866,509	363,507	1,367,839	4,683,329	5,870,000	79.8
Hawaii	149,926	408,411	208,492	83,011	264,513	1,114,353	1,192,000	93.5
Idaho	274,859	622,314	528,270	168,392	556,572	2,150,407	879,000	244.6
Illinois	1,320,686	6,701,427	2,341,162	1,750,771	3,506,712	15,620,758	23,875,000	65.4
Indiana	501,641	2,470,839	853,377	500,172	1,579,229	5,905,258	9,735,000	60.7
Iowa	297,950	821,814	741,667	317,008	1,016,462	3,194,901	3,769,000	84.8
Kansas	226,014	779,886	683,130	227,294	639,473	2,555,797	2,927,000	87.3
Kentucky	410,228	1,406,854	614,751	346,102	1,068,380	3,846,315	3,663,000	105.0
Louisiana	463,682	1,658,097	751,516	375,639	1,270,619	4,519,553	4,491,000	100.6
Maine	242,019	619,982	206,513	196,730	507,582	1,772,826	1,589,000	111.6
Maryland	640,120	2,528,637	738,506	456,713	1,900,020	6,263,996	5,568,000	112.5
Massachusetts	1,433,408	5,949,604	1,408,278	1,183,051	3,398,529	13,372,870	12,291,000	108.8
Michigan	1,707,521	7,456,639	2,391,721	1,496,044	3,972,996	17,024,921	16,275,000	104.6
Minnesota	587,841	1,683,716	958,540	523,824	1,142,303	4,896,224	5,671,000	86.3
Mississippi	387,516	999,688	922,494	368,359	900,916	3,578,973	2,016,000	177.5
Missouri	550,226	2,266,006	1,062,912	562,199	1,808,574	6,249,917	8,230,000	75.9
Montana	170,663	580,501	397,221	127,132	515,128	1,790,645	891,000	201.0
Nebraska	181,710	403,968	443,476	161,381	381,028	1,571,563	1,904,000	82.5
Nevada	169,640	503,800	236,051	115,437	447,928	1,472,856	744,000	198.0
New Hampshire	192,633	474,667	165,619	101,520	446,519	1,380,958	1,232,000	112.1
New Jersey	1,258,177	6,035,544	1,458,414	1,088,753	3,692,093	13,532,981	14,064,000	96.2
New Mexico	282,815	737,567	447,175	144,620	568,728	2,180,905	1,336,000	163.2
New York	3,239,673	21,193,546	6,582,307	4,904,951	16,557,131	52,477,608	42,325,000	124.0
North Carolina	636,762	2,303,167	1,143,212	539,018	1,630,772	6,252,931	7,080,000	88.3
North Dakota	126,286	340,037	296,829	121,710	349,530	1,234,392	550,000	224.4
Ohio	1,677,249	7,105,903	2,631,751	1,405,630	4,168,344	16,988,877	21,604,000	78.6
Oklahoma	512,431	1,276,418	1,013,225	369,903	2,080,176	5,252,153	3,128,000	167.9

Oregon	392,418	1,688,654	770,747	315,713	1,202,307	4,369,839	3,291,000	132.8
Pennsylvania	2,445,202	13,304,151	3,273,391	1,536,912	6,610,184	27,169,840	24,678,000	110.1
Puerto Rico	300,980	477,864	437,729	145,235	455,764	1,817,572		
Rhode Island	509,800	1,519,466	479,896		785,628	3,294,790	1,901,000	173.3
South Carolina	397,452	1,267,342	684,239	289,260	760,927	3,399,220	3,247,000	104.7
South Dakota	106,055	251,137	231,699	105,964	238,550	933,405	601,000	155.3
Tennessee	378,579	1,623,637	835,109	345,824	1,172,071	4,355,220	5,250,000	82.6
Texas	1,389,022	4,038,989	3,835,915	1,117,515	3,345,086	13,726,527	14,739,000	93.1
Utah	422,459	760,912	597,555	248,841	1,083,150	3,112,917	1,442,000	215.9
Vermont	185,224	306,934	127,563	80,230	300,126	1,000,077	609,000	164.2
Virginia	254,725	1,117,097	668,650	361,508	878,261	3,280,241	5,320,000	61.7
Virgin Islands	24,025	12,308	40,400	8,026	23,826	108,585		
Washington	630,265	2,630,579	1,167,433	618,746	1,776,013	6,823,036	5,260,000	129.7
West Virginia	322,443	1,068,714	280,053	231,350	699,461	2,602,021	2,820,000	92.3
Wisconsin	514,146	1,688,885	1,135,839	532,494	1,281,075	5,152,439	7,520,000	68.5
Wyoming	165,189	296,166	152,354	77,877	255,401	946,987	550,000	172.2
Guam			8,006	7,984	3,793	19,783		

[1] Personal services expenditures are based on the average annual salary rates in the State agencies.

[2] Includes postage reimbursements and repayment to the Veterans' Administration for adjudication of claims filed by ex-servicemen. These have been apportioned among the States on an estimated basis.

[3] Includes costs for direct operations of Federal unemployment insurance programs. Excludes administration costs for temporary extended unemployment compensation program.

[4] State distribution estimated on basis of data from ES-202 reports, "Employment, Wages, and Contributions," and the accompanying certified report, the ES-202, "Taxable Wage Supplement for Calendar Year 1960."

PROPOSED REVISION OF FEDERAL UNEMPLOYMENT COMPENSATION LAW

Mr. LAIRD. Now, you are advocating a new Federal unemployment compensation law?

Mr. GOODWIN. Yes, sir.

Mr. LAIRD. Will this law raise employers' tax rates?

Mr. GOODWIN. In the legislation that the administration sent to the Congress last year, there is a proposal for extended Federal benefits and for a Federal equalization fund which would be financed out of a proposed increase in Federal tax.

One of the Federal standards proposed in that same bill, would require the States, over a period of time, to raise their maximum benefit amount in the law, and this would have the effect of increasing the costs in some States.

It would have very little impact in a few of the States, but over a period of about—let me see, a period of 4 years, I believe it is, the maximum would be required to go from 50 percent of the average weekly wage up to 66⅔ percent of the average weekly wage.

Mr. LAIRD. In my State of Wisconsin, we have a $50 top weekly benefit rate, whereas Mississippi has about a $30 rate.

Mr. GOODWIN. Yes.

Mr. LAIRD. Can employers in a State like Wisconsin look for a reduction so as to average it out as far as the Federal law is concerned?

Mr. GOODWIN. Well, the Federal law is written on the principle of establishing minimum standards, and if the Wisconsin law were higher than that, it would not be affected. So if it were higher and Wisconsin wanted to lower it to those minimum standards, they would not be prevented from doing so under the provisions of this proposal.

UNEMPLOYMENT COMPENSATION STANDARDS

Mr. LAIRD. What voice does the Interstate Conference of Unemployment Compensation Directors have in the matter of Federal standards?

Mr. GOODWIN. Well, they have the right to make their views known to the Congress. The Congress is the one that has the authority in establishing such standards.

Mr. LAIRD. This authority would really be pretty much in the Department of Labor's hands?

Mr. GOODWIN. No.

Mr. LAIRD. Because they cannot delegate the authority.

Mr. GOODWIN. Not unless the Congress passes a law which gave the Department of Labor authority to do it.

Mr. LAIRD. Well, that is what you are asking for.

Mr. GOODWIN. No.

Mr. LAIRD. Aren't you asking for the authority to set the standards yourself?

Mr. GOODWIN. No. The standards would be spelled out in the law, and Congress would decide whether they wanted those particular standards or did not want them.

Mr. LAIRD. Don't you think that when Congress gets into this position of drawing up standards they will be apt to try to average out these benefits on a nationwide basis?

Mr. GOODWIN. Well, I do not know what Congress will do, of course, but on this point of averaging out, unemployment insurance is tied to wages, and this is one of the basic principles underlying unemployment insurance in this country. And on this point we differ from most countries of the world, because most of them have flat amounts of one kind or another.

But we tie wages to loss. Now, the principle that we undertook to follow in the outset of unemployment insurance was to set the benefits at about 50 percent of the wage loss. Most of the State laws still have that principle written into them.

Now, the trouble has been over the years that the 50 percent has not operated in a large percentage of the cases because of the maximum ceiling. So we have ended up with the wage loss replaced on a national basis equaling about 35 percent. I think the latest figure was about 36 percent of wage loss was met by unemployment insurance payments.

What you get is an automatic adjustment. I am not sure what the average weekly wages are in Mississippi, but assume that they are $65, and assume they are $100 in Wisconsin. If you apply the 50 percent of wage loss, you get an automatic adjustment to the wage level of the particular State.

Mr. LAIRD. These people also have maximum benefits?

Mr. GOODWIN. Yes; they do. They have them in both laws. And we think that this has been one of the biggest problems with unemployment insurance. The maximums have been too low, so that we have had the situation in some States where well over 50 percent of all of those receiving benefits were at the maximum. Now, this meant that——

EXPERIENCE RATING FACTOR

Mr. LAIRD. In establishing these new standards on a Federal basis, you do not believe in following the provisions of the Wisconsin law as far as experience rating is concerned, do you?

Mr. GOODWIN. Well, experience rating is not dealt with in the proposal that the administration has made on standards.

Mr. LAIRD. It certainly is not recognized in them; that is true.

Mr. GOODWIN. Well, it is not—I would say it is not nullified in any way by the establishment of the standards, it seems to me.

Mr. LAIRD. Well, as far as the experience rating is concerned on the extended benefits, this certainly was not done on that basis.

Mr. GOODWIN. Experience rating was not applied in the extended benefits plan; that is right.

Mr. LAIRD. Was not?

Mr. GOODWIN. That is right.

Mr. LAIRD. And this was borne across the board, the costs of that program?

Mr. GOODWIN. That is right.

Mr. LAIRD. Without regard to whether an employer was trying to do his best to keep people employed or was not trying to do a good job to keep people employed?

Mr. GOODWIN. That is right. But that is the principle that would follow there. A recommendation is made that when you get into the area of extended benefits, experience rating should not apply.

Mr. LAIRD. Why?

Mr. GOODWIN. Well, we think that in these cases of long-term unemployment, that you cannot very well apply the principles involving individual employer responsibility.

Mr. LAIRD. It is pretty important, I think, to keep that individual employer responsible for employment. I think you are getting completely away from it here, are you not?

Mr. GOODWIN. Well, we would be for the extended benefits program.

Mr. LAIRD. And in this program that you transmitted up here for consideration, you are getting away from the experience rating system.

Mr. GOODWIN. You mean on the extended benefit program?

Mr. LAIRD. Right.

Mr. GOODWIN. Yes.

And I would say that this much modification in the experience rating system is desirable.

Mr. LAIRD. Do most of the State commissions agree with you?

Mr. GOODWIN. I do not know. Probably not. I think the States that have a majority of the workload in unemployment insurance would probably agree.

Mr. MILLER. Mr. Congressman, could I supply something here?

Mr. GOODWIN. Yes.

Mr. MILLER. The State laws that have been modified to provide for temporary extension, in most cases noncharge the temporary benefits so paid.

In other words, most States have felt, in adopting this extended duration, that they did not want to penalize the employer for the extension.

I do not know whether this is true in Wisconsin or not. It is true in California.

Mr. LAIRD. Well, I know what the position of your Bureau is. It just seems to me that this is the start of an attempt to do away with this whole system, which puts the responsibilty on the individual employer and gives him an incentive to keep his people employed. It seems to me that there are too many people that want to do away with this incentive.

Mr. GOODWIN. Well, I do not think you are justified, Mr. Congressman, in assuming that we are trying to do away with it. I think that you can recognize it as playing a valuable role in the system and still think that it ought to operate only within certain limits. I think this is a perfectly justifiable position on that.

I personally cannot quite accept the fact that what an individual employer can do represents some of the ranges we have in tax rates. Now, we have ranges going all the way from 0 to 7 percent. Now, I find it extremely difficult to accept the fact that an employer has this much control over his unemployment.

When we look at unemployment by areas and look at unemployment by industries and examine the areas in which an employer really has a control over what happens to the level of unemployment in his plant, we are just forced to the conclusion that no single employer has this much effect on the unemployment rate.

POSITION ON WORKMEN'S COMPENSATION

Mr. LAIRD. Now, do you feel the same way about workmen's compensation? Here we have rates going all the way from 1 percent to above 20 percent.

Mr. GOODWIN. I do not think that the two are comparable at all. I do not think that the principles of workmen's compensation are applicable to unemployment insurance.

Unemployment insurance is tied to the economic situation, and it is influenced by national factors, many of which are completely out of control of the individual employer. And this is much less so in workmen's compensation.

I mean, in some industries it is more hazardous than others.

But the area in which something can be done in the field of safety offers much greater possibilities of employer control than does the general economic situation.

Mr. LAIRD. Have you looked over the recommendations of the Interstate Conference of Unemployment Compensation Directors in the matter of Federal standards?

Mr. GOODWIN. Yes. They have made recommendations on this at different times in the past. I think I have read all of them.

Mr. LAIRD. Is there not a recommendation from them against Federal preemption in this area?

Mr. GOODWIN. As far as I know, the recent actions by the interstate conference on this question have been opposed to Federal standards; yes.

Mr. LAIRD. That is all I have.

Mr. FOGARTY. Mr. Michel.

Mr. MICHEL. Mr. Goodwin, how long have you been with the Bureau?

Mr. GOODWIN. Well, I have been in various phases of it for about 25 years. I started out in the Social Security Board and in a regional office in Cleveland and then was with the War Manpower Commission and then later was with an employment service, and then later with the Employment Security Bureau, which combined unemployment insurance and the Employment Service. These jobs were all parts of the same thing.

TREND IN BUREAU'S APPROPRIATIONS

Mr. MICHEL. A good, long experience, then.

I look back 10 years, and I see an amount here for salaries and expenses in this Bureau of $5,300,000, and last year, 10 years later, $10,500,000. And this year another increase, so that it would be a total of $12,865,000.

Looking into your crystal ball, another 10 years hence do you see the same proportionate increase? Or what factors are there going to come into play to do other than keeping it from spiraling to the extent that it has in the past 10 years?

Mr. GOODWIN. Well, what the rate of increase will be, I do not know. Of course, I cannot even assure that there will be an increase.

My feeling is, however, that there will be. I think that this area of government represents programs to deal with human problems and was neglected for a good many years, and I feel that the com-

plexities that grow out of our economic system and our urban way of life is inevitably going to lead to further expansions of this type of program.

Now, we still have some 15 million people—well, wait a minute—14 million, I guess.

Mr. MILLER. 14 million.

Mr. GOODWIN. Now that are not covered by unemployment insurance. A good many of them, there is no more reason why they should not be covered than anyone else. And I think inevitably we will move in the direction of covering more of those people.

I think you are going to continue to get the type of thing that Congress has recognized this last year in the Area Redevelopment Act, which is a recognition that we have a lot of areas in this country where unemployment has hit particularly hard, where we have an unusual amount of long-term unemployment, and, as a result, you get Congress setting up the area redevelopment program which involves trying to train some of these people who have been out of employment for a long time, paying them subsistence benefits while undergoing training.

Congress has on the floor now the Manpower Training Act. It passed the Senate. It is now in the House. This does not necessarily indicate that it will pass, but it certainly is being given very careful consideration by the Congress.

Now, this is a recognition that we are displacing a lot of people after they have worked a good many years and many of them have been left pretty much adrift. And many of them need retraining. This brings in the employment security system in many ways to help the administration further.

I think, Mr. Congressman, that we are going to have more expansion of this kind.

How rapidly it will come, I do not know.

Mr. MICHEL. You do not see any limit in the offing for the future then?

Mr. GOODWIN. I do not see any imminent.

DECLINING NUMBER OF VETERANS USING THE PLACEMENT SERVICE

Mr. MICHEL. Under specific items, under Veterans' Placement Service, an increase of $31,000 which is all involved in equipment, I believe, and travel allowance.

Mr. GOODWIN. Yes.

Mr. Omohundro is here, the Chief of that Service.

Mr. MICHEL. Just one brief question in that area.

I note in some of the figures here, the number of veterans that would be utilizing the service, I am sure; in a general way are declining. Could not this item maybe just simply be absorbed?

Mr. OMOHUNDRO. Well, the number of veterans that have been using the service, Mr. Congressman, have been declining. But insofar as the seriousness of the cases, they have been increasing. The average age of the World War I veteran today is now 68. The average age of the World War II veteran is now 43. Of course, the World War II veterans are the majority of the load, but they are the ones that are rapidly going into the older worker category, and they are today experiencing increasing difficulties in finding employment. The age barrier is definitely entering in.

Although our load may be going down, the responsibility and the developing of jobs for these veterans is becoming increasingly harder.

Mr. GOODWIN. I would like to say a word on this, too, if I may.

The Veterans' Employment Service does not have a large staff, certainly not compared with the veteran population of the country. The veteran population is now what?

Mr. OMOHUNDRO. Twenty-two and a half million.

Mr. GOODWIN. All Mr. Omonhundro has on his staff, really, is a few people in each State whose job it is to see that the veterans get what they are entitled to by way of preference under law.

In the operation of the Veterans' Employment Service——

Mr. FOGARTY. It does not have a few people in every State.

Mr. LEVINE. One in some States.

Mr. FOGARTY. Like Rhode Island.

Mr. GOODWIN. I stand corrected, Mr. Chairman.

He has no more than a few in any State.

Mr. OMOHUNDRO. Going back to the formula that you approved, Mr. Chairman, about 6 years ago, if I am not mistaken, it is one veterans' employment representative for every State that has a veteran population over 400,000.

Every State that has a veteran population over 400,000 but less than a million has a veterans' employment representative and an assistant. Every State over 1 million in veteran population has a veterans' employment representative and two assistants. We have a total of 141 people.

INCREASES IN THE FARM PLACEMENT SERVICE

Mr. MICHEL. On the Farm Placement Service, where would these people go?

Mr. GOODWIN. This is on the grants or "Salaries and expenses?"

Mr. MICHEL. Yes.

Mr. GOODWIN. Four of them in the headquarters office, and three, let me see——

Mr. MICHEL. There is an increase of 12 positions, where would that increase of 12 be?

Mr. GOODWIN. Those 12 are all in the Employment Service. You want to know what they will be doing?

Mr. MICHEL. Yes.

Mr. FOGARTY. What—why do you not go right down the list and tell us where they will be and what they are going to do.

Mr. GOODWIN. Well, this group will be working on the general problem of increasing the placement of domestic workers.

Mr. MICHEL. In what section of the country?

Mr. GOODWIN. Well, they will be working on the program in Washington, and they will be going into different sections of the country to work with States and regional offices on this job.

Mr. MICHEL. What States would have the most call for that kind of service?

Mr. GOODWIN. Well, the States with the largest farm problem are California, Texas, Arizona, and some of the Northern States have a substantial amount, too. Michigan, Ohio, Indiana. New York has a lot.

Mr. MICHEL. Would you say principally in the truck farming or vegetable and produce operations as against the breadbasket area of the country.

Mr. GOODWIN. Well, it would be the crops that require large amounts of labor and this includes cotton and vegetable farming, sugarbeets, fruits. Grain requires relatively little labor. We do a job there on organizing the use of combines, but the amount of labor is relatively small.

Mr. MICHEL. Well, it has always been pretty hard to get out in the Midwest, at least, in the kind of farming that is done out there and the actual people that do the kind of job you are looking for.

Mr. GOODWIN. Yes, I know.

COLLECTION AND INTERPRETATION OF LABOR MARKET INFORMATION

Mr. MICHEL. On this matter of collection and interpretation of labor market information, with that sizable increase of $528,000, would that indicate at all that there has been some deficiency in your methods of gathering, collecting, and interpreting that information which you already do today?

Mr. LEVINE. May I speak to that, Mr. Goodwin?

Mr. GOODWIN. Mr. Levine.

Mr. LEVINE. This relates in part, Congressman, to the collection of farm wage information.

Mr. MICHEL. I see.

Mr. LEVINE. We have for a long time relied on the information in our local office records on the basis of what was offered in connection with an order from an employer. This may or may not be indicative of the prevailing wage for farmwork. In fact, it frequently is not indicative.

Under the Secretary's regulations involving the interstate recruitment of workers, farmworkers, we cannot extend an order to recruit farmworkers unless we are sure that the grower is providing the prevailing wage. We have never really collected prevailing farm wage information to support that regulation on the scale that is necessary here. We have done it in connection with the Mexican national program to——

Mr. MICHEL. The Department of Agriculture has no such information?

Mr. LEVINE. That is true. It has no such information; that is right, sir.

THE PLACE OF FEDERAL EMPLOYMENT SERVICE

Mr. MICHEL. In this matter of assistance in maintaining public employment services, there was again another sizable increase of $542,000. And I wonder sometimes whether this program eventually will result in a complete monopoly by the Federal Government of all employment services.

Mr. GOODWIN. We do not think so, Congressman. We occasionally get a complaint from fee-charging agencies, for instance.

Mr. MICHEL. Yes.

Mr. GOODWIN. Actually, fee-charging agencies in the last 15 years have expanded considerably.

Mr. MICHEL. Do you think they do a good job?

Mr. GOODWIN. Well, I think they frequently do a good job in the area in which they operate, yes.

Mr. MICHEL. Do you think there is a place for them in our economy?

Mr. GOODWIN. Yes. I think so.

Our attitude toward this simply is that under the legislation under which we operate, we are obligated to have a good service. I think the analogy that you might use here is the analogy of public schools and private schools. Certainly everyone would be interested in improving the quality of our public school system. But no one, or at least I do not know of anyone, who would argue that we ought to pass legislation that would prohibit private schools from operating or throw unnatural restraints in their way.

So under the Wagner-Peyser Act, we have a mandate to serve all the people with a good employment service, and that is what we are trying to do.

Now, I would point this out: When you get into problems that are involved in the area redevelopment programs, when you get into problems of older workers or special problems of youth, the fee-charging agencies do not touch these problems. They tend to take the cream of the crop. They tend to place people who can afford to pay fees. When you get into the problems that have serious social implications and represent the more difficult part of the labor force, they do not operate. So that we have to take on those jobs.

INCREASES FOR PLACEMENT OF DOMESTIC FARM WORKERS

Mr. MICHEL. In the No. 6 item, "Field guidance, financing, and auditing of State operations," there is an increase in positions of 30-some percent, really, from the 308 to 419, an increase of 111 positions. What is the reason for that big increase?

Mr. GOODWIN. This is largely for the regional offices.

Seventy-eight of those are for the increased drive to get domestic workers jobs on farms, and 12 are in the Employment Service.

Now, the 12 represents 1 person per region. There is an extra one in there. I do not know what that—we have 11 regions.

Mr. CURTIS. This is related to metropolitan areas.

Mr. GOODWIN. I see.

What we are going to use these people for in the Employment Service, in the regions; these are people that will be working with the States and improving Employment Service operations in the large metropolitan centers; and the rest of this group will be working on the farm problem in regions.

Mr. MICHEL. And what is that breakdown between urban farm centers and regional centers?

Mr. GOODWIN. There are 78 jobs on farms, and 50 of those are for a new domestic compliance program tied in with the Secretary's regulations pertaining to the use of domestic farm labor.

Mr. MICHEL. So those people will be employed principally—where would their post of duty be?

Mr. GOODWIN. It will be in the 11 regional offices throughout the country. We have one in Boston, one in New York, one in Chambersburg, one in Atlanta, Dallas, Chicago, Cleveland, Denver, Kansas City, Seattle, and San Francisco.

Mr. MICHEL. Why this much of an increase in 1 year—30 percent?

Mr. GOODWIN. Well, this has been a neglected area as far as the farm problem is concerned, and this ties in with the tightening down we are going to do as far as the Mexican program is concerned. If we tighten down there, we have to make special efforts in trying to meet the problems that we have with domestic workers. And this is why we have such a big jump this year.

Just to give you a concrete example on that, we were talking a little bit this morning about specific amendments to Public Law 78. This will greatly restrict the use of Mexicans on farm machinery and on year-round jobs.

Now, that labor will have to be replaced by domestic workers, and this requires a big step-up in what we are doing with that group.

Mr. MICHEL. Now, does this item tie in with the 34 positions for placing more domestic workers on farm jobs; and the 56 positions, enforcing the Secretary's regulations at all times?

Mr. GOODWIN. Yes, they are tied together.

PRINTING THE DICTIONARY OF OCCUPATIONAL TITLES

Mr. MICHEL. And then on the last one, EES–6 here, printing new edition of the Dictionary of Occupational Titles, $250,000.

How many copies does that get?

Mr. NORWOOD. That would be to provide for the initial 20,000 copies.

The present edition of the dictionary which was published in 1949 has been on public sale, and there were finally 110,000 distributed.

Mr. MICHEL. But the $250,000 here gets you what?

Mr. NORWOOD. 20,000.

Mr. MICHEL. 20,000?

Mr. NORWOOD. Is that not right?

Mr. LOVE. Yes.

I think we should explain, Mr. Congressman, what is involved is not so much the initial number of copies but the setup plates.

Mr. GOODWIN. Then after that, most of them would be purchased by individual purchasers.

Another thing you should know in connection with this is that this represents a long overdue——

Mr. MICHEL. That is how many pages, roughly?

Mr. LOVE. There will be 35,000 occupations listed, Mr. Congressman.

Mr. NORWOOD. I do not know that I have a page estimate on it, but there are 35,000 job listings on it. It is a substantial document.

Mr. LEVINE. It will run more than 1,500 pages with all the different volumes.

Mr. MICHEL. It would be a sizable book, would it not?

Mr. LOVE. These costs have been arrived at by the Government Printing Office, Mr. Congressman.

Mr. MICHEL. Yes.

TAX DELINQUENCY

And just one final question on that matter of tax delinquency. I think the figure was cited at $54 million.

Mr. MILLER. $54 million, yes.

Mr. MICHEL. Is it a rate of, did you say, 2¼ percent?

Mr. MILLER. That is 2¼ percent, Mr. Congressman, in relation to the total taxes collectible for a period of time.

Mr. MICHEL. And what was that period of time?

Mr. MILLER. Well, 1 year.

You see, this is accumulated delinquency figure that represents an accumulation of delinquent accounts for the period within the statute of limitations set by State law.

Mr. MICHEL. I see.

Mr. MILLER. So therefore it is not $54 million delinquent on the basis of just 1 year's operation alone. I tried to make that clear this morning, but I——

Mr. MICHEL. Well, I wanted to be especially clear on that particular point.

Mr. MILLER. Yes, sir.

Mr. MICHEL. And I think we have in the record that increased tax which varies from 1.3 in 1958 to 2.3 in 1962.

Mr. MILLER. That is right.

Mr. MICHEL Would you say that is going up again this year?

Mr. MILLER. I said 2.3 probably will be the rate in 1963.

Mr. MICHEL. I see. Excuse me.

Mr. MILLER. It is actually 2.1 in 1961.

Mr. MICHEL. What would your crystal ball say for next year?

Mr. MILLER. It would be between 2.2 and 2.3, sir, according to present indications.

Mr. MICHEL. That is all.

STATUS OF THE INTERSTATE CONFERENCE

Mr. FOGARTY. Mr. Goodwin, is the interstate conference still alive?

Mr. GOODWIN. Yes. They are still in existence.

Mr. FOGARTY. Are they still trying to run your Department?

Mr GOODWIN. No.

Mr. FOGARTY. Are we still paying for their secretary?

Mr. GOODWIN. Yes; we are.

Mr. FOGARTY. Out of these funds?

Mr. GOODWIN. Yes.

Mr. FOGARTY. What does the secretary of that conference get? What is his salary?

Mr. LEVINE. Grade 15.

Mr. CURTIS. $13,000.

Mr. FOGARTY. $13,000. Is that full time?

Mr. GOODWIN. No. He performs a number of functions for the Bureau in additon to what he does for the conference.

Mr. FOGARTY. About what percent?

Mr. GOODWIN. I would say he works for the Bureau about 50 or 60 percent.

Mr. CURTIS. Yes.

Mr. FOGARTY. Forty or fifty percent for the conference.

Mr. GOODWIN. Yes.

COMPLIANCE ACTIVITIES, MEXICAN FARM LABOR PROGRAM

Mr. FOGARTY. The appropriation for Mexican farm labor compliance for 1962 is $1,149,000. Your request for 1963 is $1,740,000, an increase of $591,000 and 57 positions.

RECENT REVISIONS OF BASIC LAW

You told us what changes were made in the public law. We went over all the changes in our general discussion, did we not?

Mr. GOODWIN. Yes, that is right.

Mr. FOGARTY. But for the purpose of the record, put them in here so we will have them in order.

Mr. GOODWIN. All right.

(The requested information follows:)

AMENDMENTS TO PUBLIC LAW 78 (65 STAT. 119)

The amendments to Public Law 78 provided that all the costs for administration of this program will be paid for from the farm labor supply revolving fund with the exception of the compliance activities; that Mexican nationals could not be employed on year-round agricultural jobs; nor could they be employed in the operation or maintenance of power driven, self-propelled harvesting, planting, or cultivating machinery, including tractors, except in undue hardship cases.

Mr. FOGARTY. Do you think these amendments corrected all the deficiencies in the law?

Mr. GOODWIN. That they corrected all the deficiencies?

Mr. FOGARTY. Yes.

ADDITIONAL REVISIONS RECOMMENDED

Mr. GOODWIN. No, they did not. We had recommended other changes in the law which were not made.

No, I do think——

Mr. FOGARTY. This Committee cannot do much about it anyway. So we will just put the change that you recommended in the record at this point.

Mr. GOODWIN. Yes, sir.

(The requested information follows:)

DEPARTMENTS RECOMMENDED CHANGES TO PUBLIC LAW 78

The Department supports the amendements to Public Law 78 as contained in S. 1945, 87th Congress, 1st session. Senate bill S. 1945 is quoted below.

(S. 1945, 87th Cong., 1st sess.)

A BILL To amend title V of the Agricultural Act of 1949, as amended, to provide, in connection with the employment of workers from Mexico, protection for the employment opportunities of agricultural workers in the United States, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 502(2) of the Agricultural Act of 1949, as amended, is amended to read as follows: "(2) to reimburse the United States for essential expenses incurred by it under this title, except salaries and expenses of personnel engaged in compliance activities, in amounts not to exceed $15 per worker; and"

SEC. 2. Section 503 of such Act is amended by changing the comma at the end of clause numbered "(2)" to a period, deleting the word "and" and clause num-

bered "(3)", and substituting the following in place thereof: "As an additional means of carrying out his responsibilities under this section, the Secretary may, in order to provide such active competition in the labor market as is necessary to assure that wages and working conditions of domestic workers are not adversely affected, limit the number of foreign workers who may be employed by any employer."

SEC. 3. Sections 504 through 509 of such Act are renumbered sections "506" through "511" respectively; the reference to "section 507" in section 508, renumbered as section "510", is changed to section "509"; and the following new sections "504" and "505" are inserted after section 503:

"SEC. 504. No workers recruited under this title shall be made available to any employer or permitted to remain in the employ of any employer—

"(1) unless the employer has made reasonable efforts to attract domestic workers at terms and conditions of employment reasonably comparable to those offered to foreign workers and is furnishing such terms and conditions to domestic workers in his employ;

"(2) for employment in other than temporary or seasonal occupations, except in specific cases when found by the Secretary of Labor necessary for a temporary period to avoid undue hardship; or

"(3) for employment involving the operation of power driven machinery, except in specific cases when found by the Secretary of Labor necessary for a temporary period to avoid undue hardship.

"SEC. 505. (a) No workers recruited under this title shall be made available to any employer or permitted to remain in the employ of any employer unless the employer offers and pays to such workers wages equivalent to the average farm wage in the State in which the area of employment is located, or the national farm wage average, whichever is the lesser: *Provided*, That for the purposes of this paragraph a wage offer equivalent to 10 cents per hour above the highest wage rate prevailing during the last previous season in which workers recruited under this title were employed in the area and in the activity involved, shall be deemed to fulfill the requirements of this paragraph: *Provided further*, That in no event shall such workers be permitteed to be employed by any employer who is paying domestic workers less than he offers workers recruited under this title for the activity in the area.

"(b) The determination of the average farm wage in a State and the national farm wage average required in (a) above shall be made by the Secretary of Labor, after consultation with the Secretary of Agriculture. In making these determinations, the Secretary of Labor shall consider, among other relevant factors, the applicable average farm wage rate per hour for workers who do not receive board and room, or such other appropriate information and data as may be available."

SEC. 4. Paragraph (1) of section 507 of such Act, renumbered as section "509" is amended by changing the comma after the words "Internal Revenue Code, as amended" to a period and deleting the remainder of the paragraph.

SEC. 5. Section 509 of such Act, as amended, renumbered as section "511", is amended by striking "December 31, 1961" and inserting "December 31, 1963".

Secretary Goldberg in his testimony before the Agricultural Research and General Legislation Subcommittee, Senate Committee on Agriculture and Forestry on legislation to extend the Mexican farm labor program on June 13, 1961, stated that the administration supported S. 1945 which would extend Public Law 78 for 2 years with basic amendments to protect the interests of domestic agricultural workers. The amendments referred to are as follows:

(1) Authorize the Secretary of Labor to limit the number of Mexican nationals that may be employed by any one employer to the extent necessary to assure active competition for domestic workers.

(2) Require growers to offer conditions of employment to domestic workers comparable to those they must provide Mexican workers.

(3) Prohibit the employment of Mexican workers in other than temporary or seasonal work or in work involving the operation of power-driven machinery.

(4) Provide that employers using Mexican workers must pay them wages at least equivalent to the statewide or national average rate for hourly paid farm labor, whichever is the lesser. The maximum increase in any one year would be the equivalent of 10 cents per hour.

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Mr. FOGARTY. Now, you estimate, of course, $247,000 to carry these amendments into effect. How do you explain that? How will that money be used?

Mr. GOODWIN. This is for 25 positions. This is for compliance activities. And this would be for carrying out the two changes that were made in the law.

Mr. FOGARTY. All right.

DISALLOWANCES BY THE BUREAU OF THE BUDGET

Now, how severely was your budget request cut, $450,000?

Mr. GOODWIN. You mean in this particular appropriation?

Mr. FOGARTY. Yes, $450,000. Will you give us a breakdown?

Mr. LOVE. A net of $433,000.

Mr. FOGARTY. $433,000.

Will you give us a breakdown for the record of these positions and what they would have been used for if you had received the full amount?

Mr. GOODWIN. Yes, sir.

(The requested information follows:)

COMPLIANCE ACTIVITIES, MEXICAN FARM LABOR PROGRAM ITEMS DISALLOWED BY THE BUREAU OF THE BUDGET

The Bureau requested $773,000 and 67 positions, 46 professional and 21 clerical, for placing more emphasis on departmental policies to eliminate adverse effect on domestic farmworkers. The Bureau of the Budget reduced this request by $450,000 and 35 positions, 19 professional and 16 clerical, to $323,000 and 32 positions, 27 professional and 5 clerical.

These funds were requested to identify and prevent adverse effect of the Mexican farm labor program on the wages and other working conditions of domestic agricultural workers; to establish, through comparable area determinations, wage rates for Mexicans in crop areas where the labor supply is dominated by Mexican workers; and to establish an improved system for arriving at opening wages in each crop area in which Mexican workers are concentrated.

In order to identify and prevent adverse effect on wages and other working conditions of domestic agricultural workers, it is necessary to determine that Mexican workers are paid in accordance with current wage policies. This will be accomplished by making studies of wages and employment trends in individual crop wage areas in which Mexican nationals are employed to determine whether the use of Mexicans has had an adverse effect on wages and working conditions of domestic workers.

Systematic surveys of wage rates and earnings of workers in comparable crop areas will be used as a basis for adjusting wage rates in areas dominated by Mexican workers. A new system for arriving at opening wages in each crop area in which Mexican workers are concentrated was to be developed. Technical assistance and training will be provided State agencies and field personnel in the application of special opening wage procedures and in preparing reports and recommendations.

Because of the reduction by the Bureau of the Budget, the Bureau will not be able to accomplish as comprehensive a job as had been planned. For instance, a principal change in plans which will have to be made relates to the number of areas in which the additional and improved steps will be taken. It will be necessary to limit field investigations and payroll studies to only a small proportion of the most serious adverse effect cases.

Similarly, analyses of wage rates for dominated areas and issuing wage determinations in such cases will have to be limited to the largest areas where the need is greatest. Costly studies of wages and earnings in comparable areas will be held down to the minimum necessary for the most persistent cases.

SALARIES AND EXPENSES, MEXICAN FARM LABOR PROGRAM

Mr. FOGARTY. Now, "Salaries and expenses."

The appropriation for 1962 is $1,519,000. The request for 1963 is $2,269,000, an increase of $750,000, of which $500,000 is accounted for by this appropriation picking up certain expenses they should have borne all along, but which were taken care of under the grants-to-States item. The other $250,000 is work that will be performed by State agencies in carrying out the amendments to Public Law 78.

Will you explain what they will be required to do under these amendments that they did not do before?

Mr. GOODWIN. Well, this would be taking a part in the intensification of the drive to put domestic workers in employment. We are going to call upon the States to help in that function and one of the principal things that they will be doing here will be making wage surveys to help in this area.

STATUS OF THE REVOLVING FUND

Mr. FOGARTY. What is the status of the revolving fund?

Mr. GOODWIN. The Mexican farm labor revolving funds?

As of December 31, it had $1,607,000.

Mr. FOGARTY. How does that compare with a year ago?

Mr. LOVE. The fund has lost money, Mr. Congressman. At the beginning of the year it was a little over $1,900,000.

Mr. FOGARTY. When you get up to $15 in July, do you expect that fund to come back?

Mr. GOODWIN. We are increasing the drain on the fund, too, you see, because the State expenses will come out of that now, too.

Mr. FOGARTY. I see.

Mr. GOODWIN. So actually, I do not expect to see the fund build up any more than it is at this figure.

Mr. FOGARTY. Are you going to make any additional changes in the charges to the growers?

Mr. GOODWIN. Yes. We have already decided——

Mr. FOGARTY. Is that the increase to $15?

Mr. GOODWIN. The increase to $15 effective July 1; yes.

And that will be a flat rate at that time, both for contracting and recontracting.

TREND IN USE OF MEXICAN LABOR

Mr. FOGARTY. Last October the Department put out a press release under the heading "BES Director Sees Less Use of the Mexican Farm Workers."

Has the outlook changed any since then?

Mr. GOODWIN. I am not sure when that press release was; October, you say?

Mr. FOGARTY. Last October.

Mr. GOODWIN. I would say this situation has been steadily improving. The number of Mexicans has been going down gradually. And we think that under the new amendments this will be accelerated some.

So I would say it would be fair to conclude that the picture looks brighter now for further reduction in number than it did at the time that statement was made.

Another thing will be going on at the same time, and that is that some of these workers will be in here for a shorter period of time. We have now cut the maximum time to 6 months.

PERCENTAGE OF MEXICAN FARMWORKERS IN SELECTED STATES

Mr. FOGARTY. Now, what percentage of the workers are accounted for by California, Texas, and Arkansas?

Mr. GOODWIN. Well, let me see, Texas uses the largest number.

Mr. CURTIS. We have a State breakdown there, Mr. Goodwin. Here are the actual figures here, breakdown by State.

Mr. GOODWIN. California had 98,000 in calendar year 1961—98,733.

Mr. FOGARTY. For the record, figure out the percentage and put in in at this point.

(The requested information follows:)

Number and percent of Mexican nationals contracted by State, calendar year 1961

State	Number	Percent of total	State	Number	Percent of total
Total	291,420	100.00	Montana	2,640	0.91
			Nebraska	2,129	.73
Arizona	16,747	5.75	Nevada	83	.03
Arkansas	26,849	9.21	New Mexico	7,503	2.57
California	98,733	33.88	Oregon	327	.11
Colorado	9,083	3.12	South Dakota	252	.09
Georgia	25	.01	Tennessee	688	.24
Illinois	35	.01	Texas	117,368	40.27
Kansas	145	.05	Utah	365	.12
Kentucky	45	.02	Wisconsin	110	.04
Michigan	6,744	2.31	Wyoming	1,549	.53

NOTE.—In addition Indiana, Iowa, and Minnesota used Mexican nationals through recontracting: Indiana, 780; Iowa, 212; Minnesota, 55.

MEXICAN WORKERS USED TO PRODUCE SURPLUS CROPS

Mr. FOGARTY. What about Arkansas?

Mr. GOODWIN. Had 26,849.

Mr. FOGARTY. What percentage of the workers in Arkansas were used in cotton?

Mr. GOODWIN. A very high percentage. I would say 92 to 95 percent.

Mr. LEVINE. Almost all.

Mr. FOGARTY. Is cotton in surplus?

Mr. GOODWIN. Pardon?

Mr. FOGARTY. Is cotton in surplus today?

Mr. GOODWIN. I believe is so considered to be, yes.

Mr. FOGARTY. Do you have any idea what it is costing the Federal Government to support the price of cotton?

Mr. GOODWIN. I saw some figures in rereading our testimony last year on that. We furnished you a statement last year.

Mr. FOGARTY. Furnish the same type of statement for this record. Is cotton still being sold abroad at world market prices?

Mr. GOODWIN. I really do not know, I would have to check it. I think it is. But I——

Mr. FOGARTY. Which is cheaper than the textile manufacturers in New England buy it for, I understand.

Mr. GOODWIN. That was true last year.

(The statement requested above is as follows:)

BRACERO LABOR ON SURPLUS CROPS

Of the basic price-support crops, Mexican nationals are used in large numbers only in cotton. In 1961, 29,000 were employed in cotton cultivation at the period of peak employment, while 121,000 were employed at the height of the cotton harvest in October. They comprised 21 percent of all seasonal hired workers engaged in the cotton harvest. The following table shows peak employment in cotton cultivation and harvest by State.

State	Cotton cultivation		Cotton harvest	
	Month	Number	Month	Number
Texas	August	16,400	October	88,500
Arkansas	June	11,000	do	20,900
New Mexico	do	1,500	do	6,600
Arizona	July	800	do	3,200
California	May	2,500	do	1,100
Georgia			do	800
Tennessee	June	400	do	300
Kentucky	do	60		

Smaller numbers of Mexican nationals are used in production of other price-supported crops. Under the 1961 feed grain program (Public Law 875, 87th Cong.), payments are made to corn and sorghum producers who reduce acreage substantially. Nearly 3,000 Mexican nationals were reported employed in sorghum activities in October and 700 in corn activities in May 1961 in the United States. Wheat, which is included in the regular price-support program, employed about 500 Mexicans in September.

Under the Sugar Act, producers are protected by tariffs, and production payments are made to producers for compliance with quotas. About 15,000 Mexican nationals were employed in this crop at the height of the chopping season in 1961.

DISPARITY BETWEEN ADJACENT STATES IN USE OF MEXICAN LABOR

Mr. FOGARTY. Now, how many are used in Louisiana?

Mr. GOODWIN. None.

Mr. FOGARTY. How many in Mississippi?

Mr. GOODWIN. None.

Mr. FOGARTY. These two States, Louisiana and Mississippi, are not using any?

Mr. GOODWIN. No.

Mr. FOGARTY. But they are bordering States with similar agricultural production, are they not?

Mr. GOODWIN. We do not have quite the concentration, certainly in cotton production, as you do——

Mr. FOGARTY. But the agricultural economy is somewhat the same?

Mr. GOODWIN. Yes, it is similar.

Mr. FOGARTY. And they are closer to the Mexican border, are they not?

Mr. GOODWIN. Yes.

Mr. FOGARTY. Why the big difference? Why do they not use any in Mississippi and Louisiana when they use 20,000-plus in Arkansas producing cotton that is in surplus?

Mr. GOODWIN. Well, we never have been able to quite understand this. We sent some people down to take a look at it, and they—I think it is true.

Mr. FOGARTY. Do they allow you to take a look?

Mr. GOODWIN. Oh, yes. A greater number have been drained off in the Arkansas area. I mean a greater number of domestic workers appear to have been drained off there than they have in Mississippi, for instance.

Mr. FOGARTY. Well, do you think if we did a better job of compliance in Arkansas, it might have some effect on the number of braceros used.

Mr. GOODWIN. Well, the compliance problem——

Mr. FOGARTY. They complained more about your standards than any State in the country, as I remember, when you developed some housing and other standards a few years ago.

Mr. GOODWIN. Yes.

Mr. FOGARTY. I thought they were pretty minimum at the time, but Arkansas certainly complained.

Mr. GOODWIN. They did.

The housing there was in very bad shape. And when we made investigations we did get a lot of complaints. We turned down a high percentage of the housing that was inspected and we did have a lot of complaints on it.

But I think that the use of Mexicans there is related to this question of adverse effect which we discussed earlier, and as I indicated, we did have plans to hold hearings in these areas and arrive at some conclusions as to where the rate needs to be set to eliminate or reduce——

Mr. FOGARTY. You said in your first hearings in the middle of February in California——

Mr. GOODWIN. The present plans are to hold a hearing in California a little bit after the middle of the month. I think it is the 19th.

Mr. FOGARTY. When is the one going to be held that will affect Arkansas?

Mr. GOODWIN. That will follow shortly after the other hearing.

Mr. FOGARTY. Is there anything else you want to say about the Mexican labor program?

Mr. GOODWIN. No, except I have been working in this program for a good many years now and my feeling is, and my evaluation of it, for what it is worth, is that we are closer to getting on top of the program than we have ever been. And I have high hopes that we will substantially reduce the number of foreign workers that are being used in the next year. It looks hopeful to me.

Mr. FOGARTY. I have a letter from the director of the Department of Employment Security of Rhode Island, Mr. Armand H. Cote, who is, I think, doing a good job.

Mr. GOODWIN. Yes.

REPAYMENT OF FEDERAL FUNDS FOR TEMPORARY UNEMPLOYMENT COMPENSATION PROGRAM

Mr. FOGARTY. This is his letter:

DEAR MR. FOGARTY: This is with reference to our recent conversation concerning the repayment of Federal funds made available to our State under the provisions of the Temporary Unemployment Compensation Act approved by the President in June 1958.

As you know, we were one of the States to enter into an agreement on June 16, 1958, with the Federal Government to participate in this program. Payment of benefits to eligible claimants began on July 1, 1958, and ended June 30, 1959. During this period, we paid the sum of $5,470,285 in benefits, plus administrative and liquidation costs amounting to $257,840.55, for a grand total of $5,728,-125.55. The act provides for the repayment of this amount by increasing present Federal tax of 0.3 percent each year beginning January 1, 1963, until the Federal Government has collected the full amount of the advance.

In view of the precedent established by Congress in adopting the 1961 Temporary Extended Unemployment Compensation Act which provides for the financing of the program by a tax on employers under the Federal Unemployment Tax Act, I wonder whether you think it would be possible for Congress to act favorably on a bill which would provide for the repayment of funds made available under the 1958 program from the same source. There could be included in such a bill a provision to reimburse the States that financed this program out of their own unemployment compensation funds. Such a provision might offset any criticism against this bill.

You are aware that the additional taxes beginning January 1, 1963, on employers in this State and other States can only result in placing such States at a more competitive disadvantage with States not required to pay this additional tax.

I would be only too happy to confer with you at any time at your convenience on this subject and, furthermore, to provide any additional data you may require.

Sincerely yours,

ARMAND H. COTE, *Director.*

Mr. FOGARTY. Can you offer any hope along these lines?

Mr. GOODWIN. Well, I do not know of any proposals now existing which would do what is proposed there.

There has been some concern about the cumulative impact of some of these taxes. I mean we have got the regular taxes plus the money that has been borrowed from the Federal Government to be repaid. That, too, is repaid in a similar manner, and in some of the jurisdictions we are going to get the cumulative effect of the State tax, the TUC tax—the two TUC taxes; one of them is TUC and the other is TEUC, so that the sum total would be a rather large impact.

Now, this question was raised by Alaska last year. Alaska is the first State that had to start repayment. This is on the money that they borrowed. They started their borrowings about 2 or 3 years before any other State and they are having to repay this in January for a tax that was levied on last year's payroll.

So they recommended to the Ways and Means Committee last year action which would have postponed that repayment. The Department was asked for a position on this particular proposal and recommended that it be postponed until such time as the whole problem could be looked at by the Ways and Means Committee. That was reported out of the Ways and Means Committee, a simple proposal for extending the period for repayment of loans by 1 year.

But it did not get to the floor because someone objected on a unanimous consent proposition, so it failed. And I assume that Alaska is making the payment of fifteen one-hundredths of a percent in January as a result.

This whole question, I am sure, will be looked at by the Ways and Means Committee at a later date.

But as of now I would see very little possibility of this particular proposal being adopted, in my personal judgment. There is strong feeling on the part of a good many States that this cost on the original TUC program should not be borne by the States.

Mr. FOGARTY. That the collections should be waived?

Mr. GOODWIN. Right.

Mr. FOGARTY. Now, Mr. Omohundro. You have been waiting here a long time.

Do you want to read your statement?

Mr. OMOHUNDRO. Thank you, Mr. Chairman. I would like to submit my formal statement.

If you have no objections, there are a few points I want to elaborate on.

Mr. FOGARTY. We will place it in the record and you may proceed.

(The statement referred to follows:)

REMARKS OF EDWARD L. OMOHUNDRO, CHIEF, VETERANS' EMPLOYMENT SERVICE

Mr. Chairman, I appreciate this opportunity to appear again before your committee and give you a statement on our plans for operating the Veterans' Employment Service for the fiscal year 1963. We are requesting an increase of $31,000 for 1963 for a total of $1,400,000. This increase is required to refurbish 10 field offices of the Service and to pay the increased per diem rates authorized by Public Law 87-139.

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.

In 1963 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 adequate job counseling, registration, and placement services. Particular attention will be given to services provided disabled veterans.

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 give special emphasis to the operations in the larger offices of the State employment services that are located in metropolitan areas. They will continue their efforts to furnish information on available job openings and employment opportunities to local veterans organizations, posts, and chapters at regular intervals. They will also 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 the placement of veterans registered for work in the local U.S. Employment Service offices, veterans employment representatives will 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 training 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. They will prepare and deliver talks before employer organizations, service groups, labor unions, community organizations, etc., to develop interest in the training and employment of veterans.

They will actively participate in National Employ the Physically Handicapped Week, Hire the Older Worker Week, and other organized job promotion programs. They will cooperate with State agency personnel in preparing materials and in obtaining newspaper, radio, and TV time to promote greater training and 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 veterans and to assist all veterans in problems related to employment. It will continue to facilitate the placement in jobs of patients being released 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 employment in the Federal Government and for those having employment problems with 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 will prepare 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 at State and district conferences.

I will also prepare 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 fields of training and employment.

Mr. OMOHUNDRO. First, the improvement of the program Mr. Goodwin mentioned, the State veterans representative had been giving special emphasis to the operation of the larger offices in the metropolitan areas. Now, these large offices are where most of the placement activities are taking place, and also where additional resources have been assigned.

Naturally, we are expecting better services to the veterans in those local employment offices, because with the additional staff that has been assigned to the metropolitan offices, we feel that the local office veterans employment representatives are going to be allowed to carry out their primary responsibility in giving services to veterans.

We likewise are continuing our efforts to improve employment services for the middle-aged and the older veteran.

Now, you can appreciate the fact that we all have a great stake in this group of workers since most of the veterans are moving into the older age category. And as I mentioned before, the average age of the World War I veteran is now 68 and the average age of the World War II veteran is now 43. And the World War II veterans naturally are our biggest group and they are already encountering the age barrier in seeking employment.

The average age of the Korean veteran is now 32 and in a few years he likewise is going to encounter this age barrier. But he is not encountering it at the present time.

But our main effort in this area has been and will continue to be to encourage more individual job development for those in the 40 to 60 age group at the time we make our local office evaluations of the State agencies.

During the last fiscal year, the State veterans employment representatives averaged 2.7 visits per local employment office throughout the country. They also conducted evaluations on services to veterans in over 1,355 of the local offices throughout the country. Now, this represents 80 percent of the offices throughout the United States.

Mr. Chairman, veterans today represent one-third of the total labor force and one-half of the total male work force.

INCREASED DIFFICULTY IN FINDING JOBS

Now, many of these veterans are being displaced through automation and technological changes that are taking place.

Also, considering the fact that they are getting older, they have family responsibilities, and increased responsibilities all around. They are experiencing increasing difficulty in changing jobs or finding new jobs.

In a survey that we took last year, we found that 50 percent of all the veterans who had applications on file in the 1,800 employment offices throughout the country were classified in the semiskilled and unskilled categories. These veterans with the least skills are the ones being displaced first from jobs.

So we are telling the veteran to constantly assess his work status and his skills if he is going to successfully compete in today's labor market.

We are also encouraging these veterans to keep their skills updated and take advantage of any training or retraining programs that are taking place in their local communities.

I am again very happy to report to you, Mr. Chairman, that the major veterans organizations—the American Legion, the Veterans of Foreign Wars, the Disabled American Veterans, and Amvets have again passed resolutions at their national conventions asking for adequate appropriations for the Bureau of Employment Security, the Veterans' Employment Service, and the State employment security agencies so that we all can carry on an adequate employment service program.

Likewise the veterans organizations are also aware of the need for retraining, especially for those whose occupations have been declared obsolete.

VETERANS' ORGANIZATIONS VIEWS ON RETRAINING

In this past year the veterans organizations passed resolutions at their national conventions endorsing the principle of retraining workers.

I have copies of these resolutions, Mr. Chairman, if you and your committee would like to review them.

Mr. FOGARTY. You supply them to the committee, and we will put them in the record.

Mr. OMOHUNDRO. Thank you.
(The resolutions are as follows:)

FORTY-THIRD ANNUAL NATIONAL CONVENTION OF THE AMERICAN LEGION, DENVER, COLO., SEPTEMBER 11–14, 1961

Resolution No. 118.
Committee: Economic.
Subject: Veterans Employment Service.

Whereas it has been the American Legion's long-established policy to promote a maximum employment program for all veterans; and

Whereas the Servicemen's Readjustment Act of 1944, as amended, provides for the establishment of facilities for adequate counseling and placement service for all veterans; and

Whereas the U.S. Department of Labor has the legal responsibility to establish policies for carrying out provisions set forth in the GI bill, as amended; and

Whereas the Director of the Bureau of Employment Security, the Chief of the Veterans' Employment Service, the veterans' representatives in the States, and the State employment agencies have been mandated to carry out these policies as provided in the GI bill, as amended, and

Whereas the U.S. Department of Labor, through the Bureau of Employment Security and its chief of the Veterans' Employment Service and the U.S. Employment Service are greatly concerned in providing adequate counseling and placement service for all veterans: Now, therefore, be it

Resolved by the American Legion in national convention assembled at Denver, Colo., September 11–14, 1961, That the American Legion give full support to the Federal and State agencies in their desire to better serve the employment needs of veterans; be it further

Resolved, That the national commander, the national legislative commission, and the national economic commission be mandated to use their utmost efforts to the end that sufficient funds be provided by congressional appropriation to insure adequate service to the veterans of the Nation through the Bureau of Employment Security, its U.S. Employment Service and Veterans' Employment Service, and through grants to the State employment services to insure adequate service to the end that the provisions of title IV of the Servicemen's Readjustment Act of 1944, as amended, be carried out as contemplated in the original enactment of the law.

FORTY-THIRD ANNUAL CONVENTION OF THE AMERICAN LEGION, DENVER, COLO., SEPTEMBER 11–14, 1961

Resolution No 487.
Committee: Economic.
Subject: Employment of Americans Without Age Discrimination.

Whereas veterans of World War I, because of their advancing age, are finding it increasingly difficult to compete in today's labor market; and

Whereas this situation also applies with increasing frequency to World War II veterans; and

Whereas automation is fast making this situation more grave by abolishing numerous positions; and

Whereas a retraining program of large numbers of workers is obviously necessary so that they may compete in today's labor market: Now, therefore, be it

Resolved by the American Legion in national convention assembled in Denver, Colo., September 11–14, 1961, That we endorse and pledge our support to a policy of employment for mature qualified Americans without age discrimination, in commerce, in government, and in industry; and be it further

Resolved, That the national economic commission continue its activities in support of the American Legion's older worker program and that all departments and posts be urged to exert special effort to support programs in their respective localities to alleviate this growing problem.

FORTY-THIRD ANNUAL NATIONAL CONVENTION OF THE AMERICAN LEGION, DENVER, COLO., SEPTEMBER 11–14, 1961

Resolution No. 542.
Committee: Economic.
Subject: National Economic Commission Veterans Employment Policy.

Whereas veterans comprise nearly one-third of the total civilian labor force and nearly one-half of the male work force, and by reason thereof it is clear that major shifts in the economy directly affect the job status of veterans; and

Whereas it is becoming increasingly clear that the Nation's job markets in the years immediately ahead will be far more competitive than they have in the past; and

Whereas the rapid pace of technological development and the widening impact of automation will intensify the demand by employers for increased skills on the part of the work force; and

Whereas veterans will have to meet these demands for higher skills if they are to successfully compete for favorable job opportunities: Now, therefore, be it

Resolved by the American Legion in national convention assembled in Denver, Colo., September 11–14, 1961, That we strongly urge that all efforts for manpower development and retraining be vigorously pursued so that in the end all veterans are gainfully employed in suitable and respectable occupations in which they can make their greatest contribution to their country and their community.

Resolution No. 361.
Committee: Legislative employment.
Subject: Retraining of certain segments of Nation's labor force.

Whereas veterans comprise nearly one-third of the total civilian labor force and nearly one-half of the male work force; and

Whereas it is becoming increasingly clear that the Nation's job markets in the years immediately ahead will be far more competitive than they have in the past; and

Whereas the rapid pace of technological development and the widening impact of automation will intensify the demand by employers for increased skills on the part of the work force; and

Whereas veterans will have to meet these demands for higher skills if they are to successfully compete for favorable job opportunities: Now, therefore, be it

Resolved by the Disabled American Veterans in national convention assembled at St. Louis, Mo., August 20–25, 1961, That we go on record urging the Congress to enact legislation for manpower development and training as represented by bills now reported out by the House and the Senate.

Committee: Administrative Employment.
Subject: Commending Government officials and agencies responsible for operation of expanded employment service.

Whereas the President of the United States of America, the Secretary of Labor, the Veterans' Employment Service and the U.S. Employment Service and its affiliated State employment services have expanded their placement services; and

Whereas this expanded placement service has fitted thousands of disabled and other veterans into the economy of our Nation; and

Whereas these services have greatly assisted the disabled veterans to make individual adjustments in the field of employment: Now, therefore, be it

Resolved by the Disabled American Veterans in National Convention assembled at St. Louis, Mo., August 20–25, 1961, That the DAV commend the President, the Secretary of Labor, the Directors of the Veterans' Employment Service, the U.S. Employment Service, and its affiliated State employment services for their policy of expanding the employment service activities throughout the Nation; and be it further

Resolved, That the Disabled American Veterans urge Congress to make available sufficient funds for the continued adequate service to the disabled veterans in the labor force of the Nation, and that copies of this resolution be sent to the President of the United States, the Secretary of Labor, Directors of the Veterans' Employment Service, and the U.S. Employment Service in recognition of their efforts in behalf of the disabled veterans in the labor market of this Nation.

RESOLUTION No. 17

Resolved, That the national commander and the national legislative director use their utmost efforts to the end that sufficient funds be provided by congressional appropriation to insure adequate service to the veterans of the Nation and their depndents through the Bureau of Employment Security, and the Veteran's Employment Service and, that the designation of a person in each local employment office to see that veterans are provided these services, be implemented by these funds to the end that the complete range of beneficial services as provided by title IV of the Serviceman's Readjustment Act of 1944, as amended, be carried on.

Adopted by AMVETS 17th Annual National Convention in Louisville, Ky., August 24–27, 1961.

RESOLUTION No. 22

Resolved, That AMVETS go on record in urging Congress to enact legislation for manpower development and training as represented by bills now reported out by the House and Senate.

Adopted by AMVETS 17th Annual National Convention in Louisville, Ky., August 24–27, 1961.

RESOLUTION No. 19

SUPPORT VETERANS' EMPLOYMENT SERVICE

Whereas it has been the long-established policy of the Veterans of Foreign Wars of the United States to promote a maximum employment program for veterans, especially handicapped or disabled veterans; and

Whereas the Servicemen's Readjustment Act of 1944, as amended, provides for the establishment of facilities for adequate counseling and placement service for all veterans; and

Whereas the Director of the Bureau of Employment Security, the Chief of the Veterans' Employment Service, the veterans' employment representatives in the States, and the State employment agencies have been mandated to carry out these policies as provided in the Wagner-Peyser Act of 1933, 73d Congress, and the GI bill, as amended; and

Whereas the U.S. Department of Labor, through the Bureau of Employment Security and its Chief of the Veterans' Employment Service is greatly concerned in providing adequate counseling and placement service for all veterans: Now, therefore be it

Resolved by the 62d National Convention of the Veterans of Foreign Wars of the United States, That full support be given to the Federal and State agencies in their efforts to better serve the employment needs of veterans and their widows and orphans; and be it further

Resolved, That the national commander in chief, the national legislative committee, and the national civil service employment and housing committee use their utmost efforts to the end that sufficient funds be provided by congressional appropriation to insure adequate service to the veterans of the Nation and their dependents through the Bureau of Employment Security, its U.S. Employment Service and Veterans' Employment Service, and through grants to the State employment services to insure adequate service in accordance with provisions of title IV of the Servicemen's Readjustment Act of 1944, as amended.

Adopted at the 62d Annual Convention of the Veterans of Foreign Wars of the United States held at Miami Beach, Fla., August 20 through August 25, 1961.

RESOLUTION No. 261

VETERANS' RETRAINING

Whereas veterans comprise nearly one-third of the total civilian labor force and nearly one-half of the male work force; and

Whereas it is becoming increasingly clear that the Nation's job markets in the years immediately ahead will be far more competitive than they have in the past; and

Whereas the rapid pace of technological development and the widening impact of automation will intensify the demand by employers for increased skills on the part of the work force; and

Whereas veterans will have to meet these demands for higher skills if they are to successfully compete for favorable job opportunities: Now, therefore be it

Resolved, by the 62d National Convention of the Veterans of Foreign Wars of the United States, That we go on record in urging the Congress to enact legislation for manpower development and training as represented by bills now reported out by the House and the Senate.

Adopted at the 62d Annual Convention of the Veterans of Foreign Wars of the United States held at Miami Beach, Fla., August 20 through August 25, 1961.

BUDGET REQUEST

Mr. FOGARTY. You are asking for the same number of positions this year, is that right?

Mr. OMOHUNDRO. Yes, sir.

Mr. FOGARTY. There was no change?

Mr. OMOHUNDRO. There is no increase in positions.

Mr. FOGARTY. Did you ask the Bureau of the Budget for any additional positions?

Mr. OMOHUNDRO. Yes, sir. I asked the Bureau of the Budget for one professional position in the headquarters office and one clerk.

Mr. FOGARTY. Why did they not give it to you?

Mr. OMOHUNDRO. Well, I cannot answer that, sir.

Mr. FOGARTY. They did not give you any reason?

Mr. OMOHUNDRO. No.

Mr. FOGARTY. Just cut it out.

Well, I think you are doing a good job. And as you know, this committee has never cut your appropriation since you have been on the job.

Mr. OMOHUNDRO. I certainly appreciate that, too.

Mr. FOGARTY. But prior to your coming here, there was some fooling around with it, if you were to go back and look at the record.

Mr. OMOHUNDRO. That is right.

Mr. FOGARTY. In fact, there was some attempt made, not so many years ago, to abolish this position of yours and this agency.

Mr. OMOHUNDRO. I am aware of that, sir.

Mr. FOGARTY. But it did not happen, and we think you are doing a good job.

Mr. OMOHUNDRO. Thank you.

Mr. FOGARTY. Do you have anything else you want to say?

Mr. OMOHUNDRO. No, sir.

Mr. FOGARTY. Mr. Denton.

MEXICAN FARM LABOR PROGRAM

Mr. DENTON. I do not remember how long we extended the Mexican Farm Labor Act?

Mr. GOODWIN. Two years. It expired December 31. It was extended for 2 years.

Mr. DENTON. Your appropriation you were asking for under this authority is going to be amended?

Mr. GOODWIN. It has already been amended, sir. It became effective last October.

Mr. DENTON. Because of those two provisions in the law, you need this extra sum of money, then?

Mr. GOODWIN. That is right, sir.

Mr. DENTON. On that list that you have, are there any braceros in Alabama, Georgia, or Indiana?

Mr. GOODWIN. There are a few in Georgia. There are none in Alabama. And what was the other one?

Mr. DENTON. Indiana.

Mr. GOODWIN. No. Let me see, there were a few.

Mr. CURTIS. None this year.

Mr. GOODWIN. None this year, but a few last year.

Mr. DENTON. Now, is there any reason why they cannot pick that cotton mechanically with a cottonpicker and not have any braceros?

Mr. GOODWIN. They are moving very rapidly toward cottonpicking machines, and I think in the last year there was something over 50 percent, a little over 50 percent of the total crop was picked by machine.

There are certain conditions which make it less desirable to use machines—small patches, certain kinds of ground conditions where it is damp at the time of picking, where they have difficulty in using the machine. But I would say that as these machines improve and become technically better, they can extend this.

What the maximum is, I do not know, but I imagine that they could go up to 80 and 90 percent of the crop.

Mr. DENTON. I was in the Delta in Mississippi during cottonpicking time, and I think practically all of that was being done by cottonpickers, at least as much as I could see.

Mr. GOODWIN. A few years ago there was quite a difference in the quality of the cotton as between machine picked and hand picked. You got a better grade on the handpicked cotton than you got with the machine. But with the improvement of the pickers and with the improvement of the ginning process there is virtually no difference now between the quality of the cotton.

Mr. DENTON. That is all.

Mr. FOGARTY. Well, we have concluded the Employment Services, unless there is anything you wish to add. There have been a lot of questions asked you today.

Mr. GOODWIN. Yes.

Mr. FOGARTY. You have been on here quite a while. Is there anything you want to clear up?

Mr. GOODWIN. I think not, Mr. Chairman.

We appreciate your courtesy.

Mr. FOGARTY. Thank you very much.

MEXICAN FARM LABOR WORKLOAD STATISTICS

Before we go to the next item we will place in the record workload statistics for the Mexican farm labor program.

(The statistics referred to follow:)

Workload statistics

	Actual, 1961	Estimated	
		1962	1963
RECEPTION CENTERS			
Workers received	229,291	294,800	294,800
Workers contracted	294,355	290,000	290,000
Workers rejected	4,964	4,890	4,890
Workers recontracted	42,124	41,500	40,000
Meals supervised	1,360,054	1,339,650	1,339,650
Workers housed overnight	109,159	107,520	107,520
Inventory of deceased workers' effects	132	130	130
Workers receiving medical care	19,925	19,620	19,620
Workers transported	591,540	582,660	582,660
Workers photographed	297,443	292,980	292,980
Individual employers transacting business	5,090	5,500	5,500
Associations transacting business	320	300	300
Vehicles inspected	15,130	14,900	14,900
Workers' claims processed	3,244	3,190	3,190
Contracts terminated	348,327	343,100	343,100
MIGRATORY STATIONS			
Workers selected and processed	299,993	295,495	295,495
Workers rejected	11,120	10,950	10,950
Meals supervised	1,205,079	1,187,000	1,187,000

WEDNESDAY, JANUARY 24, 1962.

OFFICE OF THE SECRETARY

WITNESSES

W. WILLARD WIRTZ, UNDER SECRETARY OF LABOR
EDWARD J. McVEIGH, DIRECTOR OF PERSONNEL
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY
CHARLES D. CARLSON, ADMINISTRATIVE OFFICER

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1961 actual	1962 estimate	1963 estimate
11	Personnel compensation:			
	Permanent positions	1,306	1,471	1,692
	Other personnel compensation	11	7	65
	Total personnel compensation	1,317	1,478	1,757
12	Personnel benefits	94	107	123
21	Travel and transportation of persons	44	45	86
22	Transportation of things	1	1	1
23	Rent, communications, and utilities	29	50	74
24	Printing and reproduction	21	27	80
25	Other services	40	45	163
26	Supplies and materials	24	38	42
31	Equipment	4	5	27
	Total costs	1,574	1,796	2,353
	Change in selected resources	9		
	Total obligations	1,583	1,796	2,353

Personnel summary

	1961 actual	1962 estimate	1963 estimate
Total number of permanent positions	167	191	224
Average number of all employees	157	180	213
Number of employees at end of year	161	191	224
Average GS grade	9.1	9.0	8.8
Average GS salary	$7,937	$7,838	$7,667
Average salary of ungraded positions	$4,826		

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
1. Executive direction	509	636	883
2. Management and central services	1,065	1,160	1,470
Total program costs	1,574	1,796	2,353
Change in selected resources [1]	9		
Total obligations	1,583	1,796	2,353
Financing:			
Advances and reimbursements from non-Federal sources (annual appropriation acts): Unemployment trust fund			−132
Comparative transfers to other accounts	287		
New obligational authority (appropriation)	1,870	1,796	2,221

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1960, $2,000 (1961 adjustments, $4,000); 1961, $15,000; 1962, $15,000; 1963, $15,000.

Mr. FOGARTY. Mr. Wirtz, you appear before us in a new position this year.

Mr. WIRTZ. Yes, sir.

BACKGROUND OF MR. WIRTZ

Mr. FOGARTYY. So, as you know, we ask everyone who appears in a new position to give us a résumé of their background.

Mr. WIRTZ. My background, Mr. Chairman, so far as I can identify its relevance, would include a number of years of teaching labor law at the University of Iowa and Northwestern University; 5 years here with the Government during the war, first as part of the General Counsel's Office of the Board of Economic Warfare, and then in various capacities with the War & Labor Board; returning then temporarily to law teaching and going then into practice in Chicago in 1955.

My contacts with the labor field have been, first, in connection with the work in the War Labor Board, and then in connection with various arbitration, mediation functions of one kind or another, a good deal of it private, some of it in connection with the carrying on of various emergency Board proceedings in the Government.

I came down here in January, last year, from private law practice in Chicago.

Mr. FOGARTY. How long were you practicing law this last time away from Washington?

Mr. WIRTZ. 1955 to 1961. I have been here as Under Secretary of Labor since January of 1961.

There was an occasion when I made an appearance before the committee last spring.

Mr. FOGARTY. Yes, I remember.

General Statement

All right, do you have a prepared statement?

Mr. Wirtz. Yes.

It can be very short, because the items covered here are, I think, almost without exception, items which were the subject of some discussion on the part of the committee with Secretary Goldberg when he was here day before yesterday.

INCREASE REQUESTED FOR 1963

The increase for the Office of the Secretary is in the amount of $632,000, and that is offset by nonrecurring items of $75,000, so that our net here is an increase of $557,000. The bulk of this increase is for four new items, about which I should like to speak briefly and then invite Mr. McVeigh and Mr. Hudson's attention to the others.

The first of these is an item to initiate a new program which we have described as being for the purpose of improving the climate of labor-management relations. That is an item of $200,000.

The second item is one to provide financing of the Department's 50th anniversary. That is an item of $109,000.

The third item, which is in the amount of $96,000, is to provide financing of the direction and coordination of the Department's role in emergency manpower planning.

And the fourth item, in the amount of $20,000, is to provide for a Department historian.

That is a total amount for these four items of $425,000.

The balance of the increase is for central support activities to the Bureau programs for information, personnel, management, and library services.

PROGRAM TO IMPROVE LABOR-MANAGEMENT RELATIONS

Now, the first of these items is the one for $200,000, which is to cover the development of this program which we have identified as being to improve the climate of labor-management relations, more specifically, and this was the subject of discussion by the Secretary. This is a program devised to meet the impact of the demands on the Department during this last year for participation in certain crucial labor-management problems which were proving disruptive. There had been cases particularly involving the railways, the airlines, and the missile sites, and then certain other industrial situations.

This is an item to be expended largely for the use of consultant advice, almost entirely for the use of consultant participation in the working out of these crises as they develop. There is every reason to expect this activity will continue. And we have identified $200,000 for that.

FIFTIETH ANNIVERSARY OF THE DEPARTMENT

The second item among the four is an item of $109,000 to cover the expenditures anticipated in connection with the recognition of our 50th anniversity, the preparation for which will fall during this next year. That anniversary date is March 1, 1963. And we have already started to work out a program for the recognition of that anniversary.

I will ask Mr. Dodson, upon his retirement, to head up the planning which we are doing for this program. The estimated expenses come to $109,000.

EMERGENCY MANPOWER

The third item is one for $96,000 for the emergency manpower program. I shall speak just very briefly to this, having in mind the committee's previously expressed reactions to this method of financing.

I would identify two basic reasons for requesting that the financing of the Department's activities be allowed in the Department's budget. One of these is our belief that this committee, which has jurisdiction over our regular programs, is most competent to evaluate the need for the Department's emergency operations. Secondly, we call attention to the fact that the functions to be performed will come directly from the President, rather than from some other agency of the executive branch.

LABOR HISTORIAN

The other item of $20,000 is for the establishment of the Office of Labor Department Historian. This would be a new program, and we feel with considerable conviction that the work that is going on in the Department, and that has gone on in the last half century, constituted a record which is quite important to maintain for its value to the future. And so we are proposing the establishment of an Office of Historian with one accompanying position.

ENTERTAINMENT ALLOWANCE

Then, finally, there is a proposal for an increase in the entertainment allowance. The Secretary presently has an allowance fund, or has a fund of $2,000 for the entertainment of foreign dignitaries. He has been doing a good deal of travel this year, and the flow of visitors, dignitaries from other countries, both because of the Secretary's visits and for other reasons, is increasing. We are requesting that that $2,000 be increased to $5,000.

INCREASED RATE FOR CONSULTANTS

There is only one other point to which I would call your attention, and that is that, as it becomes necessary for us to use consultants in connection particularly with working on the serious labor dispute problems that we encounter, we find that it is almost impossible to get the caliber of men that are needed for this work, at a figure of less than $100 per day; and we are accordingly requesting authority to pay up to $100 a day for consultants, most of whom would be used in connection with these major labor disputes to which I have referred.

I am sure you will have other questions, Mr. Chairman, but recognizing the extent to which these were matters of discussion with the Secretary, I would not presume to make any other comments beyond that extent.

SUMMARY OF BUDGET

Mr. FOGARTY. All right, the appropriation for 1962 is $1,796,000, and the request for 1963 is $2,221,000.

Mr. WIRTZ. Yes, sir.

Mr. FOGARTY. Plus the $132,000 to be transferred from the unemployment trust fund.

Mr. WIRTZ. That is correct.

Mr. FOGARTY. For a total increase of $557,000.

PROGRAM FOR IMPROVED LABOR MANAGEMENT RELATIONS

The largest increase is $200,000 that you just spoke about.

Mr. WIRTZ. That is correct.

Mr. FOGARTY. For a new program to improve the climate of labor-management relations.

Now, we have the Mediation and Conciliation Service, Federal Mediation Board, and the new President's Committee on Labor-Management Relations in this field. Are there any others?

Mr. WIRTZ. The activities that are involved here will really fall only in the area which would relate to the activities of the first two: the Federal Mediation Service and the National Mediation Board. The function involved here would be quite different from that of the President's Labor-Management Committee.

But the answer to your question is that I can think of no others.

Mr. FOGARTY. You do not have anything to do with the Mediation and Conciliation Service?

Mr. WIRTZ. Not as a direct function. There is no working relationship, other than an advisory one.

Again, the answer would be the same, that there is no connection. There is a working relationship which has developed a good deal of coordination of activities.

LABOR STOPPAGES

Mr. FOGARTY. The statistics on work stoppages that the Secretary has been putting out show a pretty good picture.

Mr. WIRTZ. The best, I think, in history, Mr. Chairman.

Mr. FOGARTY. Do you expect things in this field to get worse in the future?

Mr. WIRTZ. No; we do not expect them to get worse. Our best estimate, I think, would be that we can hopefully attain, during the next fiscal year or during the next calendar year, the results that have come during this last calendar year.

Mr. FOGARTY. Now, of the major labor agreements, only about three-fourths as many expire in 1963 as in 1962; is that about right?

Mr. WIRTZ. That would be my impression. I would have to check it, but I assume that is correct.

Mr. FOGARTY. As a general guide, this would indicate fewer labor disputes, would it not?

Mr. WIRTZ. As far as the quantitative number is concerned, I should think it would naturally mean fewer. As I review in my mind the prospects for the year, that would be true.

The problems which arise in a quite unpredictable way, as far as the Department is concerned, have less to do with the total quantity of the disputes than with the particular nature of a few which happen to show up.

For example, this last year, whatever activities we engaged in in this field were concentrated almost entirely on the airlines, in the mari-

time industry, and in some of the railroad disputes. But those have come up in a form which has been extraordinarily aggravated. The airline problem started a few years ago.

Mr. FOGARTY. That is not finished yet.

Mr. WIRTZ. It still is not completed; that is right.

Mr. FOGARTY. You may have more airline trouble.

Mr. WIRTZ. Two of the airlines are subject to strike at any time.

Mr. FOGARTY. According to the newspapers, you might have more railway trouble.

Mr. WIRTZ. I would hope not, but we certainly could.

NEED FOR INCREASED FUNDS FOR ENTERTAINMENT

Mr. FOGARTY. You have a small increase of $3,000 that is for the entertainment. I can see where that is a small amount for entertainment, with all the things the Secretary is called on to do. But, generally, it is a very controversial item when it gets upstairs.

Is there anything else you would like to say about this, to make a stronger statement?

Mr. WIRTZ. I am sure the Secretary would be the last to want to have mention made of what the rest of us know is a fact—which is that he has, within the last year, absorbed a tremendous amount of expense of this kind out of his own pocket.

Mr. FOGARTY. We are all happy that he can afford to do it.

Mr. WIRTZ. I do not know his position well enough to know how long that possibility will continue.

It is true that, to an extraordinary degree—and we have encouraged it—this exchange of labor people between the various countries is increasing this burden.

Mr. FOGARTY. Yes.

Mr. WIRTZ. I think it is probably true that the Government is beginning to realize that more and more it is a good deal easier for, especially these newly developed countries, to identify themselves in their aspirations with the history of the American labor movement than with any other feature of the American development. And so, more and more, we have these people look to us.

Mr. FOGARTY. Yes. I can understand that.

What legislative authority do you have for this?

Mr. HUDSON. The only one we have, Mr. Fogarty, is the present authority to use $2,000. This request is for an increase up to $5,000.

Mr. FOGARTY. That is subject to a point of order; is it not?

Will you put in the record the amounts appropriated for the other Cabinet members for this purpose in 1962?

Mr. WIRTZ. Right.

Mr. FOGARTY. And their requests for 1963?

Mr. HUDSON. Yes, sir.

(The requested information follows:)

Executive departments having entertainment and/or representation allowances

Department	Appropriation	1962 appropriation	1963 request
Agriculture	Foreign Agricultural Service	$35,000	$35,000
	Office of the Secretary		2,500
Commerce	General administration		3,000
	Business activities		69,300
	Bureau of Foreign Commerce	10,000	
	Promotion of international travel	9,600	
Health, Education, and Welfare.	Public Health Service	1,000	1,000
	General research and services, National Institute of Health.	2,500	2,500
	General provisions	1,000	1,000
Interior	Office of the Secretary		2,000
Justice	Legal activities and general administration		2,000
Post Office	Administration, regional operations, and research		6,000
State	Representation allowances	925,000	1,100,000
	International conferences and contingencies		100,000
	Mutual education and cultural exchange activities		5,000
	U.S. Citizens Commission on NATO	1,500	
	International tariff negotiations	1,000	
	International education exchange activities	1,000	
Labor	Office of the Secretary	2,000	5,000
Defense [1]			
Treasury [1]			

[1] Information not known.

FIFTIETH ANNIVERSARY OF THE DEPARTMENT

Mr. FOGARTY. You have an increase of $109,000 for the Department's 50th anniversary celebration. I assume that you are going to appoint a competent person to handle this.

Mr. WIRTZ. Jimmie Dodson, Mr. Chairman.

Mr. FOGARTY. Well, I guess you would say he is a pretty competent fellow.

Mr. WIRTZ. Yes, sir. We feel we are very fortunate to be appraised of his retirement, but we are glad he is available.

Mr. FOGARTY. I hope you make that a real good anniversary.

What other Departments have received appropriations for a similar purpose?

Mr. WIRTZ. The Civil Service Commission and the Interior Department, according to our advice, and our understanding is that Agriculture has been planning a similar program.

Mr. FOGARTY. What is the legal authority?

Mr. HUDSON. Our basic authority. We have no special legal authority for it.

Mr. FOGARTY. What do you mean, the basic law establishing the Department of Labor?

Mr. HUDSON. Yes.

Mr. FOGARTY. Offhand, do you have those figures on Agriculture and Interior and Civil Service?

I see here that agriculture is planning a yearlong celebration in 1962. They are making films, preparing radio and TV appearances, a special yearbook, various exhibits and other promotional materials. They received $20,000 for the printing of the yearbook and $80,000 to stimulate trade and agricultural organizations to advertise the anniversary and services of the Department. All other costs are to be financed by assessing the various bureaus proportionate amounts.

Agriculture's appropriation is $100,000. Do you have the amounts for Interior and Civil Service?

Mr. HUDSON. No, sir.

Mr. FOGARTY. Put them in the record.

(The requested information follows:)

ANNIVERSARY CELEBRATIONS BY OTHER AGENCIES

Interior and the Civil Service Commission have had celebrations recently, and Agriculture is planning a centennial celebration for 1962.

Interior's 100th anniversary was in 1949. Their celebration consisted of special exhibits, filmstrips, speaking engagements, and a luncheon. They received no additional funds. The cost was absorbed.

CSC celebrated its 75th year in 1959. They received some additional funds for printing a special yearbook. All other costs were absorbed.

Agriculture is planning a year-long celebration in 1962. They are making films, preparing radio and TV appearances, a special yearbook, various exhibits and other promotional materials. They received $20,000 for the printing of the yearbook and $80,000 to stimulate trade and agricultural organizations to advertise the anniversary and services of the Department. All other costs are to be financed by assessing the various bureaus proportionate amounts.

Mr. FOGARTY. Now, give us a breakdown of that $109,000.

Mr. WIRTZ. It is roughly this, Mr. Chairman.

Mr. FOGARTY. You can put it in the record.

Mr. WIRTZ. All right.

(The requested information follows:)

Breakdown of request for the 50th anniversary celebration

Expenses of a committee to plan and coordinate observance of the anniversary, including temporary facilitating personnel, and expenses of specific implementing committees	$55,000
Preparation and printing of a yearbook and other publications	39,000
A special series of exhibits to give a graphic presentation of the services of the Department to all segments of the economy	15,000
Total	109,000

DEPARTMENTAL HISTORIAN

Mr. FOGARTY. You have an increase of $20,000 and two new positions for a departmental archives. Do the other departments have a comparable unit?

Mr. WIRTZ. I think almost without exception, although I would have to make a complete check to answer that question; it is a practice that has developed now throughout the executive branch.

Mr. FOGARTY. Yes.

Mr. WIRTZ. And I think in most cases on a much larger scale than this, but I will be glad to fill in the details of that for the record.

Mr. FOGARTY. If someone should ask me, when I am on the floor, how are we going to get $20,000 worth of good from this, what is the best answer I can give?

Mr. WIRTZ. Mr. Chairman, it raises the whole question of the relevance of history, not academic interest.

Mr. FOGARTY. I am not a lawyer, though.

Mr. WIRTZ. It would seem to me that perhaps most particularly in connection with the development of our relationships, this large number of new countries who, as I suggested, find much to identify with the American labor movement, the fullest possible American

labor story of how the Department of Labor has contributed to the American labor movement, would have as great meaning to them as any single set of materials as they could find in this country.

There is a body, a growing body of academic research in this field. Again, to have available in an easy way the complete story of the last 50 years—and this last 50 years in the history of the labor movement would seem to me to be of inestimable value.

I think $20,000, Mr. Chairman, without being presumptuous, is really a very small price to pay for having a record ready at hand of what I consider one of the extraordinary developments in democracy which is the participation of the Department of Labor in the evolution of labor in this country.

And that is what we are talking about here.

Mr. FOGARTY. Is this a permanent unit?

Mr. WIRTZ. We are presently setting it up as a permanent unit. Now, it is obviously the kind of thing which would be subject to change in the future. There is presently a job of pulling together a good deal of back work.

What the future will hold in terms of detail, I would not be in position to say, but we do contemplate establishing it as a permanent office.

STAY-IN-SCHOOL PROGRAM

Mr. FOGARTY. You have a $30,000 increase that seems to be mainly for the stay-in-school program.

Mr. HUDSON. $9,000. Only $9,000 of that is for the stay-in-school program.

Mr. FOGARTY. Only $9,000?

Mr. HUDSON. Yes. The balance of it is for one additional professional, a couple of clerical people to beef up the information program assigned to the Automation and Manpower Information Office; $9,000 is for radio, television materials exhibit for an annual stay-in-school program.

Mr. FOGARTY. Why should not the Office of Education be doing this?

Mr. HUDSON. This is tied to the Bureau of Labor Standards operation—that we talked about yesterday—with the community approach. We try to get these kids to stay in school, to complete their high school education. It is strictly a promotional and informational program.

Mr. FOGARTY. Do the TV stations generally do this this as a public service?

Mr. HUDSON. Well, I imagine they will to a very large extent. But we have to develop some material for these programs.

Mr. FOGARTY. Do you have any material developed?

Mr. HUDSON. I think we have some we used last year that could be updated, some material.

INCREASES FOR THE STAFF OFFICES

Mr. FOGARTY. You are asking for increases of $80,000 and 11 positions for the Office of Personnel; $30,000 and 3 positions for the Administrative Assistant Secretary; and $60,000 and 8 positions for the library.

Mr. WIRTZ. That is correct.

Mr. FOGARTY. Will you place in the record a statement showing the number of positions for each of these divisions now and for each of the last 5 years?

Mr. WIRTZ. Yes, sir.

(The requested information follows:)

Budgeted positions

	1958	1959	1960	1961	1962	1963
Office of the Administrative Assistant Secretary	29	29	31	36	37	40
Library	22	22	22	22	24	32
Office of Personnel	50	50	50	58	63	74
Office of Information	11	11	11	13	17	24

EXECUTIVE DEVELOPMENT PROGRAM

Mr. FOGARTY. Now, your justification in support of funds for the new program for executive development states, "There is a lack of qualified people below these levels to fill these key posts." This does not sound very complimentary to the personnel in the next lower level.

Mr. HUDSON. Well, I do not know, Mr. Fogarty; I know about 2 months ago, thinking about jobs in my own field in the Department, we made a study of about 40 positions all throughout the Department, at various grade levels in this area. And we are going to have to replace about half of them in about 5 years.

Right now we have got about 13, 14 bureaus, and 2 of the top key jobs, administrative officers' jobs, are vacant. We do not have too much coming up. One of the things we want to get started—last year I asked for a couple of jobs for the program, an internal training program. We hope to get a couple of real bright boys that are coming out of school this summer, from college, that will pass this Federal Service entrance exam and put them through a training program, not only at the departmental level but at the Bureau as potential replacement material.

Mr. FOGARTY. Mr. Denton.

DEPARTMENT'S ACTIVITIES IN LABOR DISPUTES

Mr. DENTON. Secretary Goldberg has done very good work in preventing strikes, but I remember when we set up the labor conciliators agency, they wanted to have an independent agency, not one under the Secretary of Labor or the National Labor Relations Board. Now the work is just coming back under the Labor Department. Do you think it would be better to have the labor conciliator under the Labor Department?

Mr. WIRTZ. I think it should be quite clear, Congressman Denton that we have probably spent more time keeping labor disputes out of the Department of Labor than we have taking care of them.

For every one labor dispute which has gotten into the Department this year, it is my impression that there have been, oh, 100 to 200 in which attempts have been made by one party or another to get the Department involved. And there has been a degree of public notice

of those cases which have come in which has given a kind of distorted picture of this. I think of prime importance to be realized is that it has been really only about six to eight cases which have come in. Now, those have been terribly difficult cases. They have been cases which have run the entire course of the Government's other available facilities. They have been cases in which we have worked very closely with the Federal Mediation Service or with the National Mediation Board.

I do not think, in direct answer to your question, that they suggest in themselves any change in the relationship between the Department and the Federal Mediation Service.

I would not, I suppose, be in a position to express a broad judgment on what should as an original matter be that relationship. But I would feel quite confident in the suggestion that the developments of this year do not change that very much.

Mr. DENTON. I think that is all.

Mr. FOGARTY. Mr. Michel.

Mr. MICHEL. This item of $200,000 is one that really concerns me. And not in any way casting any reflection on the Secretary, because I think, frankly, he has been an outstanding Secretary of Labor; and I know that he has taken an active part in the settling of some of these disputes around the country—but it would seem to me that, with the other machinery that we have for mediating these disputes, that, if the Congress goes on record as approving a request of this kind for this specific purpose, it will only serve as an invitation to parties in dispute to use that as one of the bargaining elements, to come to the Secretary's office for a position or a view or a tilting in favor of one party or the other, as against what machinery is now available to them through the Mediation Service.

Mr. WIRTZ. I would—excuse me.

Mr. MICHEL. Go ahead, sir.

Mr. WIRTZ. I would not like to decide that point lightly. Because there was no question but that the Secretary's participation in these crucial disputes has, as I suggested a moment ago, created a problem of keeping others out. And it is correct that every time he gets in one of these cases the pressures for him to get in a lot of other cases are very large.

We were then pressed very hard to get into the New York *Concrete* case, the *Building and Construction* case, and to get into the *Electrical* case up there, to get into the *Milk Drivers'* case. And it has become inevitably a difficult job.

Now, we do feel that there are ways and that the experience of the year would confirm the fact that he can, that the Secretary of Labor, possessing an extraordinary talent, representing a very unusual capital asset as far as the Government is concerned, can make use of that talent and put that asset at the public disposal without opening up the Department on a wholesale basis. And where it would have been possible 6 months ago only to protest that, I point out now that, despite the development of a number of pressures of this kind in the last several months, there has been in the Secretary's judgment no occasion to extend that practice.

So that the answer—I do not mean to suggest that it will not occur in the future; I think it is inevitable that it will. But I think we have now hardened our position to the point where it is possible for us to say no to all of these wholesale cases that come in.

But I do not mean for a moment to suggest—because it would be obviously to the contrary—that you can get into even one case of this kind without there being pressure on other cases beyond that.

Mr. MICHEL. Here we would be making a departure, and then to the extent of $200,000, if there should be some disputes in the coming year, then next year it will be $400,000. And then it will get to the point that it will grow like Topsy, and it will open up the door, and then who knows where it would stop? I just——

Mr. WIRTZ. We will have to watch that very carefully. We would expect to be watched very carefully on it.

And yet the other side of it is that, without some appropriation, the use of this particular emergency asset becomes exceedingly difficult. These cases——

Mr. MICHEL. I do not think it should be used other than in the case of an emergency.

Mr. WIRTZ. I do not think so.

Just by way of suggesting the significance of this item, it is a $200,000 item—which I do not mean to cast off lightly. The item, however, that would represent the whole of whatever the Department might do in this position, is only 40 percent of the amount that was spent—this is before our part in this program—was spent in the setting up of the Railroad Commission; just one case. So that this is not a large item.

The airlines case alone this year would have cost us, if we had not gone on a drastic basis and said to the public people who were participating in it, "We just practically do not have any money"—that airlines case itself would have cost us, I think, conservatively, about this amount.

Mr. HUDSON. Yes, sir.

Mr. WIRTZ. It was running at a high rate. We just had to say we do not have the money for it, and we hope you will continue to be able to help us out.

My point is that, in terms of the kind of program that is involved here, this is really a very comparatively small figure. Again, I say it is only 40 percent of what the Railway Commission alone costs the President's Emergency Fund. That did not come out of our funds. But we have this recommendation on what we consider to be a sparking basis and which will be wholly inadequate unless we say no 99 times out of a hundred.

INCREASE TO ESTABLISH A DEPARTMENT HISTORIAN

Mr. MICHEL. And on this matter of a historian, did I understand you to infer that there are some people engaged in some activity that has to do with the gathering of historical information presently in the Department of labor?

Mr. WIRTZ. That is correct.

Mr. MICHEL. But you want to set up——

Mr. WIRTZ. Oh, I am not sure I understood your question.

Mr. MICHEL. Well, are there some people or persons involved in the Department of Labor that have to do with the collection of historical data within the Department that could be used as a historical fact sheet on the Department of Labor today?

Mr. WIRTZ. We would expect to get all this information from records which are presently within the Department and from some of the personnel; but, as far as drawing it together is concerned, it does not come within any presently identified expense.

Mr. MICHEL. Does the Department have anyone officially designated here as a historian of the Department?

Mr. WIRTZ. My impression is that the Defense Department started during the war, and Agriculture and a number of the other departments have picked it up since. So that it has become an established separate function.

Mr. HUDSON. We will put that in the record.

Mr. MICHEL. Will you supply that for the record?

Mr. HUDSON. Yes, sir.

(The requested information follows:)

DEPARTMENTS HAVING HISTORIANS

Department of Defense.
Department of State.
Department of Agriculture.
Department of the Interior (Park Service).

Mr. MICHEL. Have any of the departments had anyone from the Library of Congress prepare their department history.

You can well envision, I am sure, that that history of the department might very well be colored by those who happen to be in the saddle at a given time.

Mr. HUDSON. Not to our knowledge, sir, it has not been done. And I do not think it will be colored.

Mr. MICHEL. Well, I say that and raise that observation because of your comment earlier that it would be utilized to some degree in influencing some of these foreign countries that would draw upon this history for whatever purpose they might want back home. And there might be a difference of opinion as to what importance attaches to a particular segment of the labor movement in our country.

Mr. WIRTZ. Sir, the observation that we should be on our guard; there would be, I have no question, that danger there. And yet I have an idea that, assuming even a minimum of individual responsibility to be objective, when it comes to preparing the history of something or other, maybe it is the academic in me coming out, but I think pretty often you are balanced against anybody trying to cover the facts in a departmental history, which is the history of an administration of bipartisans and of one political complexion and another. I think I could assure you, Congressman, that the likelihood of any coloration in the history of the Department of Labor would be so abhorrent to so many people there and would, as a more pragmatic matter, be so quickly seized upon by someone outside, that the possibilities of it would be almost nil.

ALLOWANCE FOR ENTERTAINMENT

Mr. MICHEL. This is probably an unfair question to ask, but do you have any idea whether or not the Department of Commerce, usually your counterpart in this field, would have occasion to entertain any more foreign visitors than would the Department of Labor? So far as this entertainment allowance is concerned?

Mr. WIRTZ. Any more occasion?

Mr. MICHEL. Yes, sir.

Mr. WIRTZ. I think we should add to the record whatever we can determine as to the entertainment allowance of the other Department. I do not know the answer.

Mr. MICHEL. They have not requested as much as you have this year.

Mr. WIRTZ. Is that right?

Mr. MICHEL. And I know in the Department of Agriculture they have requested some before, and we would never allow it. You have a $2,000 increase.

And I think this would be something that we would probably want to treat all the Departments alike on, if there is a like need.

Mr. WIRTZ. Well, we appreciate the opportunity to add the details to the record on that, because it is a very pressing problem with us, and, as we indicated earlier, we will do so.

SPECIAL CONSULTANTS TO BE USED DURING LABOR DISPUTES

Mr. MICHEL. On this language authorizing $100 a day, would this involve consultants from both sides of a dispute, both management and labor?

Mr. WIRTZ. Our practice on that, Congressman Michel, is this—that in a good many of these situations, we have been resorting, in connection with one committee or another—and not only in particular disputes but therapeutic programs of one kind or another—we have been resorting to the tripartite device. We have in almost every case been successful in being able to get the services of the labor and the management represented without substantial additional cost to us.

Most of them come from unions or companies who are willing to pick up the tab for their time. We are still faced with the necessity of covering their out-of-pocket expenses which we have done.

Mr. MICHEL. Now, on this point, are not many of these so-called consultants actually members of the parties in dispute?

Mr. WIRTZ. To the extent that they are and even beyond that, to the extent that they are identified with the companies or union payrolls, we usually do not pay for those.

There are very few exceptions to that.

So that this would be largely the services of the public representatives, those coming, a good many of them, from academic backgrounds, some of them from the arbitration area, and it would be with respect to them that we propose this figure.

Mr. MICHEL. Are you saying that you would absolutely foreclose either from sharing in this $100-a-day parties that were actually on either side?

Mr. WIRTZ. I did not say that. The practice, there has been a certain sensitivity about that, and we have felt that we were not entitled to take that broad a position. We have, however, approached them in each individual instance and I can think at the moment of only one case, one of the members of the Missile Sites Commission, who has submitted a bill for other than out-of-pocket and personal expenses.

We should regret a rule which precluded our making payments on that basis, on whether you are labor, management, or the public. That is the way it works out.

INCREASE FOR TRAVEL AND MISCELLANEOUS ACTIVITIES

Mr. MICHEL. On this travel and transportation of persons, we find about a 50-percent increase, from $41,000. What would that increase be for or attributable to?

Mr. HUDSON. On travel? The item of travel that we have as a $4,000 increase is related to the change of per diem rate this year to $16. And actually we have two rates.

Mr. MICHEL. Item 21 on SEC–6.

Mr. HUDSON. Oh, excuse me, sir.

The most part of that relates to the labor-management consultant program.

Mr. MICHEL. I see.

Mr. HUDSON. This is an object breakdown.

Mr. MICHEL. And you have a threefold increase in other services.

Mr. HUDSON. Well, again this relates to this type of program which has to do with the anniversary item. The entertainment of foreign visitors is in there. The program items which Mr. Wirtz spoke about is in there too, and visual exhibits.

Mr. MICHEL. Why would there be a 50-percent increase in rent, communications, and utilities?

Mr. HUDSON. Well, some of this relates to space for the labor-management relations item which Mr. Wirtz referred to. Here again, we have the anniversary celebration, consultant program; these are all miscellaneous expenses one way or the other that are tied into the program increase that we have identified. It is not tied to any increase in the basic program of the Department.

Mr. MICHEL. OK, Mr. Chairman.

Mr. FOGARTY. Is there anything else you would like to say, Mr. Wirtz?

Mr. WIRTZ. No, Mr. Chairman. Thank you very much.

Mr. FOGARTY. Thank you very much.

WEDNESDAY, JANUARY 24, 1962.

BUREAU OF LABOR-MANAGEMENT REPORTS

WITNESSES

JOHN L. HOLCOMBE, COMMISSIONER
ALBERT L. MOORE, JR., ASSISTANT COMMISSIONER
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY
CHARLES D. CARLSON, ADMINISTRATIVE OFFICER

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
11 Personnel compensation:			
Permanent positions	3,543	4,083	4,373
Positions other than permanent	177	45	20
Other personnel compensation	148	31	16
Total personnel compensation	3,868	4,159	4,409
12 Personnel benefits	267	312	344
21 Travel and transportation of persons	305	473	546
22 Transportation of things	31	30	19
23 Rent, communications, and utilities	111	121	129
24 Printing and reproduction	120	230	138
25 Other services	121	161	158
26 Supplies and materials	86	90	88
31 Equipment	44	24	19
Total obligations	4,953	5,600	5,850

Personnel summary

	1961 actual	1962 estimate	1963 estimate
Total number of permanent positions	532	561	566
Full-time equivalent of other positions	39	10	4
Average number of all employees	488	545	556
Number of employees at end of year	531	571	571
Average GS grade	9.4	9.4	9.4
Average GS salary	$7,888	$7,891	$7,912

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
1. Reports and disclosure	1,698	2,164	2,169
2. Regulations and administrative determinations	120	215	352
3. Compliance and enforcement	2,404	2,571	2,670
4. Administration and management services	726	650	659
Total program costs	4,948	5,600	5,850
Change in selected resources [1]	5	----------	----------
Total obligations	4,953	5,600	5,850
Financing:			
Comparative transfers to other accounts	581	----------	----------
Unobligated balance lapsing	16	175	----------
New obligational authority (appropriation)	5,550	5,775	5,850

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1960, $55,000 (1961 adjustment $2,000); 1961, $62,000; 1962, $62,000; 1963, $62,000.

General Statement

Mr. Fogarty. Mr. Holcombe, I notice you have a prepared statement. Should we put your statement in the record and you can summarize it for us?

Mr. Holcombe. I would be happy to do that, Mr. Chairman.

(The statement referred to follows:)

Statement of John L. Holcombe, Commissioner, Bureau of Labor-Management Reports

Mr. Chairman and members of the committee, I appreciate the opportunity to appear before the committee in support of our appropriation request of $5,850,000 for operations of the Bureau of Labor-Management Reports during the fiscal year 1963. I shall report briefly on our progress in carrying out the mandate of Congress under the Labor-Management Reporting and Disclosure Act of 1959, and on our plans for the current year and for 1963.

With certain exceptions, the major administrative, investigative, and related responsibilities vested in the Secretary of Labor by this act, have been delegated by him to our Bureau. The Bureau also has responsibilities in connection with the exceptions in terms of (1) making recommendations to the Secretary in matters of policy determination and promulgation of regulations, (2) providing extensive support to a variety of legal functions, and (3) making referral determinations and providing coordination on investigations of certain specific types of criminal cases which have been delegated to the Department of Justice.

Of course, the Secretary of Labor does not have authority over the amendments to the Taft-Hartley Act—which are found principally in title VII of the Labor-Management Reporting and Disclosure Act. Also, the so-called bill of rights portion of the act, title I, relies on the effort of the affected individual for enforcement of all but one minor provision which is placed within the Secretary's authority.

As I have reported publicly on many occasions, and to this committee, the information gained in our activities in the administration of this law supports the public and congressional recognition that most people on both the labor and management sides of the industrial relationship are honest and dedicated citizens, sincerely interested in achieving and maintaining the standards set forth in this legislation. We believe that the law and the history of its development and enactment took cognizance of this, while also recognizing that a small minority in each of the involved activity areas have used their positions in the labor-management relationship to achieve personal power and enrichment, to thwart or distort the legitimate objectives of this relationship, and, in so doing, to deny accepted rights and benefits to individuals and groups. Thus, the statute includes specific mandates, criminal penalties, and investigative authority which must be consistently and vigorously applied in those situations which demand such action. And yet, the administrative agency is not expected to take over or inject itself too far into the internal affairs of labor organizations and others subject to the act, but rather to assure adherence to the policies, procedures, and standards set forth in the act and in regulations and interpretations issued thereunder. Such a course of action will insure the correction of malpractice in most instances by increasing democratic practices and procedures within organizations subject to the law. In other cases public disclosure of reports and related information and investigation of individual complaints will bring improprieties to light for appropriate action.

We have followed these principles in our past and current operations and in developing our future plans. Further, we have been guided by the Secretary's policy that to the maximum extent consistent with the demands of other approved programs and with the maintenance of a reasonably balanced overall operation, Bureau resources should be directed to providing assistance and information to those who desire to comply with the law to the best of their ability.

In this general frame of reference, the Bureau now has been in operation for a little more than 2 years, although 1961 was the first full fiscal year of operation. During this period, we have seen many indications of the salutary effects of the legislation, particularly within the labor movement where rank and file interest in union affairs has increased, improved practices and procedures

have been adopted, and instances of malpractice have been corrected internally. There is evidence that the act has had a deterrent effect on corruption and racketeering within the labor-management field. Nevertheless, indications persist of small but definite areas of corrupt and illegal activity in this field. Understanding and acceptance of the law by those affected by it have improved but errors in reports required by the law, late filing of the reports, failures to file such reports, and the receipt of complaints, continue at rates which clearly demonstrate that our assistance, information, interpretive, and enforcement programs either have not reached or have not been assimilated by large numbers of affected individuals and organizations.

Labor, management, and public advisory committees on labor-management reports have been established recently. These independent committees will meet regularly with Department and Bureau officials to consult and advise on points of controversy in regard to interpretation of the act, rules to be promulgated, reporting forms and instructions to be issued and revised, and similar matters. Discussion and exchange of views with persons outstanding in their respective fields will expedite resolution of some of the problems that have delayed effective action in the areas cited above, and will facilitate improved communication between the Bureau and those affected by the act. The advisory committees' counsel will be especially utilized in carrying out the Secretary's directive that the Bureau takes steps to begin a program of issuing prospective or presumptive rules.

REPORTING AND DISCLOSURE

Fifty-three thousand nine hundred and fifty-six labor organizations have reported under the act. The Bureau has continued its efforts to reduce the reporting burden on labor organizations to the minimum while still providing the basic information prescribed by the act and required by union members for effective and democratic control of their own organizations. The most significant development in this regard in the past year is the issuance for use during the current (and third) reporting cycle of a revision of the LM–3 form—the labor organization annual report. This is the abbreviated financial reporting form which in the past was used by labor organizations with annual receipts under $20,000, and under a change in regulations, now may be used by those with receipts under $30,000 Approximately 75 percent of reporting labor organizations used this form in the last reporting cycle; the raising of the income limitation will permit its use by an estimated additional 5 percent.

The form itself has been redesigned primarily to ease the reporting problem for the labor organization. Thus it is now one page instead of two and it includes information formerly required on form LM–1A, "Amendments to the Labor Organization Information Report."

The advantages to the Bureau should also be considerable. For instance, with the old form it was necessary to compare the two copies submitted to the Bureau to make sure they were identical. Just the slippage of carbon where it was used, made this comparison a major problem in our processing operation. The new form, since it is a pullout form with carbons already inserted, eliminates this problem.

We also feel that the language both of the form and of the instructions has been clarified and simplified. The changes reflect what we have learned from our first 2 years of working with reporting problems. We expect that the new form and instructions not only will ease the burden on unions but also will lead to better reporting and more efficient processing of reports by our Bureau.

The larger unions will continue to use the regular forms; the LM–2, for reporting their finances and the LM–1A for reporting changes in their labor organization information report. We are working now on revisions to these forms and hope to have them completed for use in the next financial reporting cycle.

We have issued during fiscal year 1962, forms for trusteeship reporting, and we will soon have forms available for labor relations "middlemen" and for union officers and employees who must report certain types of activity and transactions. These last two forms have presented peculiar problems in an area where to date, there has been only limited reporting.

To date more than 196,000 reports of all types have been filed with the Bureau. While 54,000 labor organizations have filed reports, we are finding a score or more organizations each week that have not yet done so. We have written more than 1,600 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. The "Register of Reporting Labor Organizations" which was issued by the Bureau at the end of last year, and a copy of which has been furnished each of you, has proved to be most useful as a means of checking the completeness of compliance with 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 37,000 letters to obtain correction or completion of these reports.

While all reports filed with the Bureau are given a minimal check during the processing operation before they are made available for disclosure, only the special reports of trusteeships, the employer, consultant, and union officer or employee reports, and a small number of labor organization annual financial reports are thoroughly examined and analyzed. Currently, we are able to give a technical examination to less than 10 percent of the annual financial reports of labor organizations using the long form report, LM–2. Organizations with receipts of $20,000 or more have been required to use this form. Now organizations whose fiscal year ends on and after December 31, 1961, are required to use the long form only if their annual receipts are $30,000 or more. About 20 percent of the filing organizations will be using the detailed report form LM–2. The only program increase in our 1963 appropriation request, is to provide five more positions for the audit of financial reports so as to permit the comprehensive examination of 30 percent of the long-form reports.

The trusteeship requirements of the law have resulted in a substantial reduction of the number of existing trusteeships. We have almost completed the study of trusteeships required by September 1963. It will not only be a pioneer study but one that should give us insights into the problems.

Relatively few reports (1,249) 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 continued to exercise every possible means to assure that this type of report is filed where required. We look forward to the effect of the issuance of the consultant reporting form discussed previously.

The act provides for public disclosure of the reports and the information contained in them. In fulfilling this provision two significant steps are planned during the current fiscal year:

(*a*) At present reports are available for examination in the public disclosure room at the Department of Labor Building in Washington. Very soon, copies of all reports will be available in the 24 area offices of the Bureau. A significant amount of past disclosure activity has been the furnishing of copies requested by mail. Although there are many union members and others who still will have no alernative but to obtain copies by mail, the Bureau's decentralization program does mean that literally millions affected by the law will have reasonable access to the reports at our area offices. (*b*) The first of what we hope will be a regular series of tables of financial data drawn from unions' financial reports, will be issued before the end of the fiscal year. These data are being derived from the first cycle of financial reports (those received through September 13, 1960), and will include tables showing for each of the three types of labor organizations (nationals, intermediate bodies, and locals) total assets and liabilities; total receipts, receipts from dues and other receipts; total disbursements, disbursements to officers and employees, loans made, and other disbursements. Data will be presented for the United States and for individual States by 15 size groups based on the amounts of receipts.

TECHNICAL ASSISTANCE

We have placed all the emphasis that available resources and other workload considerations permitted on a program of information and education to reach those who have rights or responsibilities under the act. 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 universities, and other institutions have been very cooperative in assisting us in our educational task. Unfortunately, resource limitations 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 continue to have to send compliance officers to labor organizations that fail to respond after two written efforts to obtain correction of significant defects in the organization reports submitted.

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 only they can be shown how.

ENFORCEMENT

We have initiated investigation in 8,762 possible violations of the act through the end of December 1961. 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; 290 of the investigations were initiated by the Bureau on its own motion as a verification 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 union members seeking redress of alleged grievances 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 it is asserted that the assault occurred in connection with an attempt by a member 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 6,377, or about two-thirds, have been closed and 2,385 are still in a pending status. This pending backlog reflects a 62-percent increase over a year ago, and means that reasonably prompt and effective justice is denied in some cases. We are continuously exploring administrative shortcuts to reduce the backlog. Of the 6,377 that were closed, there were 2,838 instances in which violations of the law were found. I want to point out, however, that in nearly all of these cases compliance was achieved voluntarily either by the person or organization involved or by a superior organization such as an international union. Since our purpose is to achieve voluntary compliance wherever there is no clear evidence of criminal intent, these 2,838 investigations were closed as soon as corrective action was taken. The remaining 3,529 closed cases (about 55 percent of the total) failed to disclose sufficient evidence of violations to justify either criminal or administrative action, and were closed at the earliest time that this fact could be ascertained.

In connection with investigations, I have had to exercise the subpena authority delegated to me by the Secretary in 487 instances. Of that number, 13 have been served to compel individuals to give oral testimony. A large percentage of the remaining number, however, have been subpenas which are normally required by banks, insurance companies, and public utilities to protect them in furnishing information concerning their clients. A small percentage was issued to obtain union records which were not voluntarily produced upon request. Several employers' records were subpenaed for the purpose of ascertaining whether certain persons should submit reports under the act, and in aid of our "pockets of corruption" investigations. In seven instances, it has been necessary to bring court action to enforce compliance with our subpenas. In one of these cases the district court in Detroit refused to uphold the Bureau's supenas. The case was appealed to the Sixth Circuit Court which reversed the lower court. The U.S. Supreme Court denied certiorari. Enforcement action was brought in another case in the U.S. District Court for the District of Columbia which was decided for the Government. The case was appealed by the union and is now pending in the circuit court of appeals. Another case is pending in the U.S. district court in Philadelphia. All others have been decided in favor of the Government.

A total of 323 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 such investigations by both agencies 36 criminal prosecutions have been instituted; 21 of these have resulted in a criminal conviction; there has been 1 acquittal; 2 have resulted in dismissals; and the 12 others are still pending in the courts. Five 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 three.

At the present time BLMR investigated cases are the subject of four grand jury actions. Special grand juries are hearing evidence in Detroit, Mich., Newark, N.J., and Washington, D.C. In Detroit, a grand jury is considering a labor relations consultant who has negotiated contracts between certain unions and employers. The disposition of a $60,000 transaction is the subject of the inquiry. Also in Detroit, a grand jury is considering alleged falsification of financial reports of a union. In Newark, N.J., a grand jury is considering a conflict-of-interest case involving the business manager of a union as well as possible falsification of reports. In Washington, D.C., a special grand jury has been considering violations of LMRDA by 14 officers of an international union. In cooperation with these grand jury actions, BLMR has detailed compliance officers to work closely on a day-to-day basis with the evidence produced before the grand juries by various witnesses.

As a part of the Government-wide effort to detect and eliminate corruption and racketeering in all aspects of our society, the Attorney General and the Secretary of Labor have held discussions and reached agreement on the role to be played by the Bureau of Labor-Management Reports. To further these objectives, and working closely with appropriate elements of the Department of Justice in selecting the areas for investigation, the Bureau is directing and coordinating broad and complex investigations into selected situations evidencing corrupt practices in the labor-management field involving the exploitation of workers, conflicts of interests and middleman influences of hoodlums and racketeers. Presently, 18 corrupt practices investigations are being conducted throughout the country and additional ones will be initiated.

While alleged reporting violations constitute the largest category of complaints received, election complaints make up the second largest group and in many respects are often of greater significance. As you know, the law requires that the union's internal appeals procedure must be followed by the complainant, but when this fails to remedy the situation, or no action has occurred within 90 days, then the complaint may be acted on by the Bureau. The law also requires that Bureau action in these complaints be completed within 60 days. Through December 1961, we have received a total of 682 election complaints. Investigations have disclosed violations which could have affected the outcome of the election and thus warranted civil action in 103 cases, but in 82 of these, correction of the defect was voluntarily instituted by the subject organization or by a parent body, including in some instances, a rerun of the election in accordance with the act. Civil action has been brought by the Secretary to set aside the elections in the other 21 instances. In seven of these the court has ordered the election set aside and new elections conducted. The other 14 cases are still pending. In 81 other complaint situations, the investigation clearly established that violations of the act had occurred. In 55 of these, it has been concluded that the violations could not have affected the outcome of the election and administrative determinations to that effect and enjoining further violations have been issued. The other 26 cases are still under study to determine what further action is necessary. In 273 of the complaints, investigation by the Bureau failed to establish that violations of the law had occurred. The remaining 225 were closed at various stages of development due to withdrawal of the complaint, the matter not being within the Bureau's jurisdiction under the law, and similar reasons.

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 associations and Members of 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. 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 cases in which reports of various kinds have been filed under protest or are based upon a questioned interpretation of the law. There are also many cases of organizations or subdivisions of organizations which have not filed reports pending a determination as to whether they are in fact labor organizations under law.

With assistance from the advisory committees previousy mentioned, and with the full staff provided in the current budget (which is being acquired more slowly than planned) we expect to resolve the more important of these backlogged problems in the current year and to initiate the "prospective rules" program as directed by the Secretary. This latter involves anticipating interpretive questions that logically may arise, performing the necessary substantive and legal research, and developing policy and implementing regulations that will adequately and properly deal with the situation.

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 and resolution of all interpretative and policy questions in time 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 increasing number of cases we have the additional burdens of prosecutive support in court cases and of supervising elections pursuant to court order.

STAFFING AND ORGANIZATION

We have continued the practice, reported last year, of placing special emphasis on careful selection of employees of our activities, and adhering closely to civil service standards and merit staffing principles. I am still highly pleased with the overall quality of our staff although our emphasis on quality may have been partly responsible for slowness in completing our overall staffing plans. Nevertheless progress has been and is being made, albeit more slowly of late due to the offsetting and sometimes overriding effect of the relocation of the Bureau's headquarters operations to Silver Spring, Md. Hopefully the peak impact of separations and transfers of employees who do not wish to work in Silver Spring, has passed but the final test of this will occur in the next 2 months after the physical move has been completed.

Nevertheless we have been able to achieve and maintain high levels of productivity in most functional areas as a result of improved techniques and procedures, reduced paperwork, automation of some functions, more direct supervision, and continued emphasis on training. The major effort in training is to improve the application of the technical skills of criminal investigators to the cases arising under our act, and to create in these investigators a knowledge and understanding of the labor-management relationship that will enable them to be more effective in technical assistance activities. The varied backgrounds of the investigators and the novelty and complexities of the law make this training effort in relatively uncharted areas a real challenge.

The multitude of day-to-day work pressures and continuing backlogs, particularly in the investigation area, coupled with the special requirements of the contemplated training have impeded our progress. However, about 60 percent of our field compliance officers have completed a 2- to 3-week concentrated training course in Washington, and the remainder will be scheduled during the last quarter of this fiscal year. In addition, we are presently distributing to enrolled employees the first of a series of eight correspondence courses in labor-management relations. We have encouraged, and will continue to do so, the enrollment of employees in appropriate courses of study at recognized institutions of learning. Insofar as possible costs of such training are paid in accord-

ance with the Federal Employee Training Act. All of this is supplemented by on-the-job training and informal group training by supervisors.

Organizationally we have reached a fairly stable situation, with all major components unchanged from a year ago, and departmental approval has been received of almost the total structure at all levels. We have implemented a few minor organizational adjustments aimed at improved work flow and management. We are studying the possibility of performing financial report examination by automatic data processing or similar means. Some program adjustments have been effected, including decentralization to our area offices of financial investigations and of one copy of the reports filed under the law. The five regional offices have been fully established and are effectively carrying out their mission of supervision and guidance of area office activities. We are still concerned with the problem of the New York region which has over 40 percent of the field workload, and hope to arrive at a solution in the current year. In the interests of reducing travel costs in specific areas and improving the quality and quantity of our functioning, we have established resident compliance offices (one-man stations) at three locations, and have several more under consideration at the present time.

SUMMARY

We have faced an impressive array of obstacles and overcome or at least whittled down many of them during our relatively brief existence. We look to the future with impatience to get on with the tasks at hand and prepare for those to come, through the experience gained in this formative period. We shall continue to expend every effort to plan and execute the most effective programs possible with the resources available, with the primary objective of impartial but vigorous administration of the law. We recognize the need for continuing emphasis on employee development, technical improvement, and progressive management, in maintaining effective administration.

The appropriation request which is before the committee contains the formalized data and substantive detail usually required. You will note that only $75,000 over the current year appropriation is requested and that this is wholly to finance increased costs of travel due to the per diem rate increase and other minor changes in the travel expense legislation enacted last year. We are not requesting any additional funds for new or expanded programs; the one small expansion item is being financed by adjustment from nonrecurring items in the current year.

Mr. HOLCOMBE. The appropriation for the Bureau of Labor-Management Reports, Mr. Chairman, is the same as last year, except for $75,000, which is all for the cost of the travel legislation.

Our staff buildup has continued. Unfortunately, we have had a setback here, which was inevitable, in a move to the outskirts of Washington. We have lost, in the last several months more than 60 people.

Mr. FOGARTY. I know you moved. Where did you go?

Mr. HOLCOMBE. Silver Spring, sir.

Mr. FOGARTY. You are in Silver Spring?

Mr. HOLCOMBE. We have four floors of a very fine building out there, and it will have long-term advantages in that our operation will not be spread in four buildings around Washington. But we have tried to take into account the desires and the convenience of the people, and made it easy to transfer where they were far out in Virginia and could not get to Silver Spring.

Mr. FOGARTY. I see.

Mr. HOLCOMBE. The consequence is that we have lost 63 people in the last 3 or 4 months, and so we are trying to recoup and rehire, but with our standards for selection, this is going to put us a little bit behind. It is also going to put our work a little bit behind what we show in the budget justification which was prepared last fall before this happened.

THE ENFORCEMENT PROGRAM

Just briefly, the enforcement program is going on apace. The Secretary referred to it the other day. We have participated with the Attorney General in a broad program that he has for concentration on organized crime and racketeering. We have four cases before grand juries now which should result in indictments in the near future.

Perhaps something like this [showing news clippings] which is out of the Detroit Free Press of last Friday, where there is an eight-count indictment against a labor leader who was taking money from his members and from the employer, falsifying reports, and falsifying records. And the same indictment covers the employer for his failure to report the conflict-of-interest payments that he was making to the labor union leader.

As I say, we hope to have several more of these in the near future.

Now, as our enforcement program gets into high gear, however, the big news of our Bureau, Mr. Chairman, is still the cooperation that we are getting from the great bulk of the honest people who are labor leaders and otherwise engaged in the labor-management practice, and we are trying to make it as easy to comply with the law as we can.

SIMPLIFIED REPORT

We have just devised a new and simplified report on the basis of our 2 years of experience. You remember last year I showed you how a small union, before our act, had to submit 23 pages of reports. Then we had it down to three. We now have it down to one.

Mr. FOGARTY. Do you have one for each member of the committee?

Mr. HOLCOMBE. Yes, sir. We will be glad to provide it to each member of the committee.

This is one page, all preassembled, with one-time carbon, with a separate sheet that the Internal Revenue Service has agreed to accept in lieu of two pages of their form 990. There is a copy for the union files, a copy for the international, if the international requires one, and a copy which New York State has been willing to accept in satisfaction for their reporting law for the New York unions.

The instructions are in very simplified language. The lawyers have been good enough to go along with us and let us put things into simple English.

Mr. FOGARTY. That is good.

Mr. HOLCOMBE. Even though it would not exactly make for the best enforcement case. However, we realize that 99 percent of these never involve enforcement cases.

We have also decentralized the reports as I told you last year we planned to do. One copy of the reports has been decentralized and is being now checked over in the field and in the next few days, will be available in our 24 offices from Puerto Rico to Hawaii.

This is where we have gotten. We are trying to level off now. We are trying to find a better way to do the same job for the same amount of money, by continuing work with the honest unions, by extirpation of the dishonest one, and by improving our administration, and holding down our work so we can do a better job, without any increase in money.

SUMMARY OF BUDGET

Mr. FOGARTY. Your appropriation for 1962 is $5,775,000, and the budget for 1963 is $5,850,000, an increase of $75,000 and five positions.

I notice in your justifications you have an additional five positions for reports and disclosures, but you show a minus $55,050. Is that right?

Mr. HOLCOMBE. The total increase is $75,000, which principally is the travel increase by legislation which provides $16 per diem, and certain other additional benefits.

Mr. FOGARTY. I was looking at your reports and disclosures activity where you are adding five positions, but it shows a minus $55,000. Is that right?

Mr. HOLCOMBE. Oh, that is because we had a nonrecurring item of $100,000 in there, which was largely for the printing of forms.

Mr. FOGARTY. I see.

Mr. HOLCOMBE. For example, this changeover to an entirely new form has meant that we have had to print a one-time supply to get ahead. And that was offset by five positions, all of which are to conduct additional audits to check down our reports better.

VIOLATIONS RESULTING IN COURT ACTION

Mr. FOGARTY. I notice your justifications mention that court action had to be initiated with respect to 33 violations. In how many of these cases has a verdict been handed down?

Mr. HOLCOMBE. The number 33 refers only to cases filed during fiscal year 1961. About half of those cases, 14, as a matter of fact, were election cases, in which we had 7 decisions in our favor. In other words, there was an agreement to conduct an election or to remedy the violation. These were civil cases, not criminal cases. The rest are——

Mr. FOGARTY. What do you mean by that last statement, "agree to an election." They were forced to an election; is that right?

Mr. HOLCOMBE. Well, they have agreed to remedy the violation.

Now, in some cases remedying the violation would mean holding a new election. In other cases it might mean disqualifying a delegate to a convention who was wrongly elected.

Mr. FOGARTY. You mean half of those 14 cases? Is that what you meant?

Mr. HOLCOMBE. No, sir.

The other half are still pending in court, sir. So it is not really all of the ones that have been decided that have been decided this way. The other half of the 14 are pending in court.

Now, on the criminal side, we have had one aquittal and two dismissals. All the rest have resulted in convictions, except for those which are still pending in court.

Mr. FOGARTY. Put a summary table in the record showing the disposition of these cases.

Mr. HOLCOMBE. Right, sir.

(The requested information follows:)

CRIMINAL PROSECUTIONS OF VIOLATIONS OF THE LABOR-MANAGEMENT REPORTING AND DISCLOSURE ACT

As a result of investigations both by the Bureau of Labor-Management Reports and the Department of Justice, 19 criminal prosecutions were instituted during fiscal year 1961.

Violation	Indictment	Conviction	Dismissed	Acquitted	Pending
501(c). Embezzlement	18	11	2	1	4
504(a). Officer-Communist	1				1
Total	19	11	2	1	5

PENALTIES IMPOSED

Mr. FOGARTY. Now, what penalties have been inflicted?

Mr. HOLCOMBE. They have varied from jail and fine to suspended sentence where the court felt that it was not a confirmed criminal case and that this would serve the purpose.

However, in any case where there is a criminal penalty there is another penalty; that is, they are disqualified for union office.

Mr. FOGARTY. Can you give us the penalty for the cases that resulted in convictions?

Mr. HOLCOMBE. Yes, sir.

(The requested information follows:)

Nature of sentences in criminal conviction

Penal time	Suspended sentence	Fine	Restitution
2 years	5 years		
	4 years' probation		
4 months	21 months		$1,600
1 year and 1 day	3 years		
14 years	2 years' probation	$10,000	
2 years	3 months	4,500	
4 years	5 years		
	2 years	250	

ADVISORY COMMITTEES

Mr. FOGARTY. Now, I notice you have set up three separate advisory committees. Could one have done the same job, having the labor, management, and the public on the same committee?

Mr. HOLCOMBE. It is largely a matter of terms, sir. You can call them three panels of one advisory committee, or three advisory committees. The Secretary happened to call them, in setting them up, three advisory committees.

There are some things where the employer has no particular interest. There are some thing where the union people have no particular interest. What we do is to refer things to each of those committees or, in some cases, only parts of them.

For example, there is a representative of the chairman of the American Bar Association's Committee on the Administration of Labor Laws.

Mr. FOGARTY. All right; will you supply for the record the makeup of each of these committees and what has been referred to them this year?

Mr. HOLCOMBE. Yes, sir.

(The requested information follows:)

The advisory committees established by the Secretary of Labor were as follows:

PUBLIC ADVISORY COMMITTEE

Benjamin Aaron, director, Institute of Industrial Relations, University of California, Los Angeles, Calif.
Max Cooper, Scovell, Wallington & Co., 141 West Jackson Boulevard, Chicago, Ill.
Robben W. Fleming, professor of law, University of Illinois, Urbana, Ill.
Walter Gellhorn, Betts professor of law, Columbia University, New York, N.Y.
Rt. Rev. Msgr. George G. Higgins, National Catholic Welfare Conference, 1312 Massachusetts Avenue NW., Washington 5, D.C.
Philip Taft, professor of economics, Brown University, Providence, R.I.
Dr. James M. Nabrit, Jr., president, Howard University, Washington 2, D.C.

The Public Advisory Committee, has met only once. At the October 2, 1961, meeting the agenda included the discussion on proposed changes in financial reporting forms, the proposed union employee and officer report (LM–30), and a proposed pamphlet on bonding. On the question of whether the revised LM–3 would adversely affect disclosure, the committee agreed that it would not. On the review of suggested LM–2 changes, no positions were taken. Suggested changes were discussed pro and con. The next item discussed was the proposed LM–30 (employee and union officer report). The problem of securing proper reporting on conflicts of interest was explored without conclusions being reached. Finally, on the bonding pamphlet, it was suggested that further study be given before its issuance.

MANAGEMENT ADVISORY COMMITTEE

Vincent Ahearn, managing director, National Sand & Gravel Association, Inc., 1411 K Street NW., Washington 5, D.C.
William B. Barton, general counsel, Chamber of Commerce of the United States of America, 1615 H Street NW., Washington 6, D.C.
Herbert Liebenson, research director, National Small Business Men's Association, 801 19th Street NW., Washington, D.C.
Daniel P. Loomis, president, Association of American Railroads, Transportation Building, Washington 6, D.C.
Lambert A. Miller, general counsel, National Association of Manufacturers, World Center Building, 16th and K Streets NW., Washington 6, D.C.
Martin E. Segal, president, Martin E. Segal & Co., consultants and actuaries, 3 East 54th Street, New York, N.Y.

One meeting of the Management Advisory Committee has been held to date. In this meeting the committee was invited to suggest changes in the employer reporting form (LM–10). Except for reiterating some of the arguments which had been advanced by employers early in 1960 when a proposed form was under consideration, no new suggestions or comments were offered. The committee next reviewed a Department of Labor staff draft of a proposed pamphlet explaining the bonding provisions of the Labor-Management Reporting and Disclosure Act, and the members of the committee made several suggestions regarding this document. Finally, the committee reviewed a Labor Department staff draft of a proposed report form for use by union officers and employees (LM–30) under section 202 of the act. The members of the committee made no criticism but offered a few brief comments on this form.

LABOR ADVISORY COMMITTEE

A. J. Hayes, president, International Association of Machinists, AFL–CIO, 1300 Connecticut Avenue NW, Washington 1, D.C.
I. W. Abel, secretary-treasurer, United Steelworkers of America, AFL–CIO, 1500 Commonwealth Building, Pittsburgh 22, Pa.
Joseph A. Beirne, president, Communications Workers of America, AFL–CIO, 1925 K Street NW, Washington 6, D.C.

Toney Gallo, secretary-treasurer, United Cement, Lime and Gypsum Workers International Union, AFL–CIO, 7830 West Lawrence Avenue, Chicago 31, Ill.
George M. Harrison, president, Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees, AFL–CIO, 1015 Vine Street, Cincinnati 2, Ohio
William F. Schnitzler, secretary-treasurer, AFL–CIO, 1815 16th Street NW, Washington 6, D.C.

The Labor Advisory Committee at its initial meeting on November 13 was asked to comment on a proposed form for the union officer and employee report (LM–30) required by title II of the act. It was also asked to discuss the problem of devising rules and procedures for determining adequacy of provisions for removal of local union officers guilty of serious misconduct as provided in section 401(i). In discussing the union officer and employee report form, several suggestions, technical in nature, were made on wording of the form and of the instructions which would accompany it. These were taken under advisement by the Bureau. After some general discussion of the problem of drafting a regulation prescribing minimum standards and procedures as required in section 401(i), further consideration was deferred pending the preparation of a working paper by the Department staff. Since its inception, the Bureau has also sought and benefited from the advice of a special committee composed of union secretary-treasurers headed by William F. Schnitzler of the AFL–CIO. This committee has functioned as technical consultants on the union financial reporting forms required under Title II. In our consultation with it during the past year, two major points under discussion were the reporting of "trusts or other funds or organizations" in which labor organizations are interested and of expenses attributable to union officers. The committee felt that the finances of only wholly owned trusts or other funds or organizations should be considered inseparable from the finances of the union. It recommended also that only those expenses personally attributable to a union officer should be listed. These positions were substantially adopted by the Bureau.

STATUS OF TRUSTEESHIPS

Mr. FOGARTY. Now, what has been the effect of the trusteeship provisions of the law?

Mr. HOLCOMBE. We will have, next year, a full report on that as required by the Congress in our basic legislation.

However, I can tell you that we have had reports on 754 trusteeships, of which about 500 existed at the time of the enactment or, at least, they were reported initially within the 30 days allowed after the enactment.

Currently, from our reports, there are in existence only 217 trusteeships.

So the net effect has been to reduce the number of trusteeships in existence within the 2 years the law has been in effect by over half of the number that existed in 1959.

And we have had nearly 200 investigations with respect to trusteeships, most of which have proved to be without foundation.

Now, this is not only the organizations that have reported as trusteeships but it involved a lot of complaints that labor unions should have reported trusteeships but did not do so. So the large number of complaints, many of them, were for organizations, which did not report trusteeships. I would say that the big thing here is that, working with the unions, we have gotten them conscious of the problems of trusteeships. I think the honest union is much more careful now and the dishonest union is extremely careful.

PROJECTED REDUCTION IN NUMBER OF COMPLAINTS

Mr. FOGARTY. On page 36 you say:

> This willingness to cooperate and comply by union officers and others concerned should eventually result in a reduction both in the number of complaints of violations and in the time required to investigate and obtain compliance.

But you indicate that this has not happened yet. Why has it not and when do you think it will?

Mr. HOLCOMBE. To a considerable extent, we are still doing an educational job, both with——

Mr. FOGARTY. You are only treating with unions, are you not?

Mr. HOLCOMBE. And with others that have obligations. And as you do an educational job, you inevitably turn up things that nobody knew were wrong. We hope, if we can continue to do our educational job and get the word across, that we will pass that threshold where you develop more things that existed all along that nobody knew about that you have corrected, and you will reach a level where basically what you are trying to do is educate new people.

And there are a lot of new officers in democratic unions every year who need this kind of education, plus keeping the people on the borderline honest and careful.

Mr. FOGARTY. I think it is going to be a continuing job, then.

Mr. HOLCOMBE. Yes, sir.

The exact level I do not know. I do hope that we can level this thing off so that there is more self-enforcement and that we will not have to perhaps continue even at the present level.

Mr. FOGARTY. As you say, there are newly elected officials every year.

Mr. HOLCOMB. That is right. There are still a lot of people that we have not reached yet in the boondocks.

Mr. FOGARTY. Mr. Denton.

NEED TO MORE ADEQUATELY AUDIT LABOR REPORTS

Mr. DENTON. You make most of your investigations when complaints are made to you and all you have been able to do at most is spot check the reports that have come in.

Mr. HOLCOMBE. That is correct, Mr. Denton.

Mr. DENTON. I should think that you would want more help, or the law should be changed so that you would have the authority and staff to review those reports. Is that right?

Mr. HOLCOMBE. We have plenty of authority, and the Supreme Court has just turned down the request for certiorari by Mr. Hoffa to try to limit our authority.

Mr. DENTON. You will not need that?

Mr. HOLCOMBE. No. That is not for our act. I think you are referring to the Welfare and Pension Reporting Act, which does not have the authority to investigate as our act has, but is rather like the old Taft-Hartley law.

Mr. DENTON. Your trouble is you just do not have the staff to investigate the reports?

Mr. HOLCOMBE. This is a matter of judgment. Obviously, you could——

Mr. DENTON. Spend a fortune.

Mr. HOLCOMBE. Spend a great deal of time. Now, it is up to the policy people to decide how deeply they want us to go. I am a technician. I take what I have got and what I have been given and do as good a job as I can with it. I am not complaining about the depths to which I am permitted to go by policy decisions.

Mr. DENTON. They are saying that the Bureau of Internal Revenue is going to have some sort of machine that can check income tax reports so that they can tell what is wrong. I do not know whether that is possible or not for you—whether you can do anything like that.

Mr. HOLCOMBE. I have had in mind, and I have kept in mind all year, that you mentioned that in the hearings last year, Mr. Denton. And we have discussed the matter; as a matter of fact, we have elicited suggestions from six different equipment companies about various means of automatic data processing.

Now, having gotten those over the past year, we are now asking informally, and just on a working level, sort of brother-to-brother basis, the Internal Revenue Service to give us the advice of what they have been able to do and to give us whatever evaluation they can of these proposals which they have gotten from various equipment companies.

RESPONSIBILITIES IN CARRYING OUT LEGAL ACTION

Mr. DENTON. I asked you this last year, too, but you do the investigation and does the Solicitor handle the cases in court?

Mr. HOLCOMBE. The Department of Justice handles the cases in court.

Mr. DENTON. I see. But does not your Solicitor—what does he do?

Mr. HOLCOMBE. The Solicitor is our legal adviser and whenever we have a legal problem, as we do, of course, in every case before we bring it to court; and in some cases, during the investigation we work with the legal advice of our Solicitor and when we have a case which we feel merits litigation it goes to the Solicitor who passes on it from a legal standpoint and advises the Secretary, if necessary, from a legal standpoint, before it goes to the Department of Justice.

It is then the U.S. attorney or the Civil Division of the Department of Justice which actually conducts the prosecution.

Mr. DENTON. But you do not have the lawyers in your office; you depend on the solicitors for that?

Mr. HOLCOMBE. We do not have lawyers. We rely on the Solicitor for legal advice; that is right.

Mr. DENTON. That is all.

Mr. HOLCOMBE. I should say we have a lot of lawyers including myself, and the chief investigator and a lot of other people who happened to have passed the bar once, but we are not working as such.

Mr. FOGARTY. Mr. Michel.

PROJECTED IMPROVEMENT IN THE NUMBER OF REPORTS EXAMINED

Mr. MICHEL. Mr. Holcombe, you have made a very comprehensive statement before the committee which is very informative. On this matter, as I gather, only technical examination has been made of less than 10 percent of the reports that have come to your office?

Mr. HOLCOMBE. That is correct, sir.

Mr. MICHEL. Would you expect an improvement of that in this coming year?

Mr. HOLCOMBE. The internal technical examination will be imporved by the five people that we are asking for, who will do this entirely. And they will be able to do, incidentally, more than the same number of people are now doing, because, of course, you concentrate now on the more difficult ones. And if you increase the number, you get a little better efficiency. We do not have an increase in the number of field examinations because of the amount of funds that have been determined is appropriate out of the total for this Bureau.

ORGANIZATIONS FAILING TO REPORT

Mr. MICHEL. All told, do you recall again what that figure is of those who have known organizations which have failed to report?

Mr. HOLCOMBE. That figure gets fuzzier and fuzzier all the time, sir, because whenever we know about one now, we have checked up on it. We have checked up on all the ones we know. So while we are finding new ones every day in small numbers—a dozen a week or something like that—we can no longer say that there are more unions known to exist that we do not have reports on.

Mr. MICHEL. Could we speed up this examination appreciably and, if so, how would we do it?

Mr. HOLCOMBE. Well, there are two ways of doing it, of course.

One is to do a more superficial job on a larger number of cases. This is always a matter of judgment of how deep you go and how far you do it intensively and how far you do it extensively. In our judgment, what we are doing now with the current training of our people is about the best balance on that.

The other thing is that which Mr. Denton mentioned—is the possibility of doing some—at least—of the preliminary examinations by data processing, which we have under consideration, but which is a very complex and sophisticated situation.

Mr. MICHEL. And then are you utilizing most effort on those which give some promise or evidence of further investigation?

Mr. HOLCOMBE. That we are now doing, Mr. Michel, with the exception that we make it a point to do a number of them on a random basis, without selection, just so that everybody will know, no matter how good a reputation or how exact his figures, he cannot hide something down underneath without at least a chance of being caught.

Mr. MICHEL. I think there were two cases you cited that had gone to the circuit court of appeals or had been denied certiorari by the Supreme Court. Now, is that an up-to-date account in your testimony; is that your understanding?

Mr. HOLCOMBE. That is correct, sir. Those were challenges of the right to look at the organizations' records—in one case the records of a local in Michigan. The other involved the records of the international here. The district court ruled against us in Michigan. The circuit court ruled for us. The Supreme Court denied the certiorari, and we are now looking at those records. They have been surrendered to us.

In the *District* case the matter is before the circuit court and we are expecting a decision and we are awaiting a chance to look at those records.

Mr. MICHEL. That is all, Mr. Chairman.
Mr. FOGARTY. Thank you very much, Mr. Holcombe.
Mr. HOLCOMBE. Thank you, Mr. Chairman.

WEDNESDAY, JANUARY 24, 1962.

BUREAU OF EMPLOYEES' COMPENSATION

WITNESSES

WILLIAM McCAULEY, DIRECTOR
LEROY T. MINOR, ADMINISTRATIVE OFFICER
THOMAS A. TINSLEY, ASSISTANT DEPUTY DIRECTOR, FECA
RICHARD D. EVANS, BUDGET OFFICER
THEODORE M. SCHWARTZ, CHAIRMAN, EMPLOYEES' COMPENSATION APPEALS BOARD
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY, DEPARTMENT OF LABOR
C. D. CARLSON, ADMINISTRATIVE OFFICER, DEPARTMENT OF LABOR

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Personnel compensation:			
Permanent positions	2,713	2,986	3,078
Other personnel compensation	168	113	113
Total, personnel compensation	2,881	3,099	3,191
Direct obligations:			
11 Personnel compensation	2,837	3,054	3,146
12 Personnel benefits	239	255	262
21 Travel and transportation of persons	97	102	121
22 Transportation of things	3	27	4
23 Rent, communications, and utilities	100	158	110
24 Printing and reproduction	40	49	50
25 Other services	56	98	87
26 Supplies and materials	42	47	48
31 Equipment	17	43	17
Total, direct obligations	3,431	3,834	3,845
Reimbursable obligations:			
11 Personnel compensation: Permanent positions	45	45	45
12 Personnel benefits	3	3	3
21 Travel and transportation of persons	5	5	6
23 Rent, communications, and utilities	1	1	1
Total, reimbursable obligations	55	55	56
Total obligations	3,486	3,889	3,901

Personnel summary

	1961 actual	1962 estimate	1963 estimate
Total number of permanent positions	483	522	537
Average number of employees	462	504	521
Number of employees at end of year	475	515	530
Average GS grade	6.2	6.4	6.4
Average GS salary	$5,890	$5,919	$5,902

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
Direct program:			
1. Disposition of compensation claims:			
(a) Federal employees	2,248	2,631	2,635
(b) Longshoremen and harbor workers	869	882	885
(c) Administration and management services	201	200	200
(d) Administration of War Claims Act	22	22	22
2. Appeals from determination of Federal employee claims	101	103	103
Total direct program costs	3,441	3,838	3,845
Change in selected resources [1]	−10	−4	
Total direct obligations	3,431	3,834	3,845
Reimbursable program:			
3. Administration of longshoremen's rehabilitation program (total reimbursable program costs—obligations)	55	55	56
Total obligations	3,486	3,889	3,901
Financing:			
Advances and reimbursements from non-Federal sources	−55	−55	−56
Unobligated balance lapsing	1		
New obligational authority (appropriation)	3,432	3,834	3,845

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1960, $14,000; 1961, $4,000; 1962, none; 1963, none.

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).

EMPLOYEE COMPENSATION CLAIMS AND EXPENSES

Programs and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
1. Federal civilian employees benefits	44,483	46,430	47,550
2. Armed Forces reservists benefits	16,062	15,900	15,800
3. War Claims Act benefits	541	500	500
4. Other benefits	1,090	1,170	1,150
Total program costs—obligations (object class 42)	62,176	64,000	65,000
Financing:			
Advances and reimbursements from other accounts			−2,929
Unobligated balance lapsing	824		
New obligational authority (appropriation)	63,000	64,000	62,071

GENERAL STATEMENT

Mr. FOGARTY. Mr. McCauley, we are glad to have you with us again.

Mr. MCCAULEY. Thank you, Mr. Chairman, we will file our prepared statement and summarize it and answer questions that you gentlemen may have.

Mr. FOGARTY. That will be fine.

(The statement referred to follows:)

STATEMENT OF WILLIAM MCCAULEY, DIRECTOR, BUREAU OF EMPLOYEES' COMPENSATION

SALARIES AND EXPENSES

The budget estimate of the Bureau of Employees' Compensation for 1963 follows the pattern of prior years in that it includes one appropriation for the

administration of the Bureau's programs and another for the cost of benefits payable from the employees' compensation fund. It also includes an authorization to expend funds from a trust fund account created under section 44 of the Longshoremen's and Harbor Workers' Compensation Act, for vocational rehabilitation services authorized by that act.

Approximately 94 percent of the total sum provided in the estimates is required for the payment of statutory benefits for injury and death. The remaining 6 percent is for administration of the several Federal workmen's compensation laws and similar disability and death plans administered through the Bureau.

APPROPRIATION CHANGES

Administrative appropriation.—The budget estimate proposes an appropriation of $3,845,000 for administration of the Bureau's program including $103,225 for expenses of the Employers' Compensation Appeals Board. It also requests an authorization to use $55,800 from the non-Federal trust fund account.

The direct appropriation proposes an increase of only $11,000 over the current year appropriation. However, it represents the equivalent of an increase of approximately 3 percent or $131,800 over the adjusted base for this year. The increase requested includes $60,000 for the purpose of improving rehabilitation service to permanently disabled beneficiaries to facilitiate their return to remunerative employment and $37,000 to provide more detailed studies of the causes of injury to Federal employees to aid in the prevention of work accidents. These plans are discussed more fully under the Federal employees program.

Benefit appropriation.—This appropriation is limited exclusively to the payment of benefits for injury or death authorized by the Federal Employees' Compensation Act, sections 4 and 5 of the War Claims Act of 1948, and certain other similar Federal benefit programs. Although the cost of such benefits in 1963 is estimated at $1 million greater than for the current year, the direct appropriation requested in the estimate is $2,929,000 lower due to repayments Federal agencies are required to make under the 1960 amendments to the Compensation Act.

BUREAU PROGRAMS

The activities of the Bureau are limited exclusively to the administration of Federal workmen's compensation laws currently applicable to more than 3 million employees and similar laws under which disability and death benefits were extended by statute to certain other classes of individuals. Nearly 200,000 employees in public and private employments covered by these laws reported new occupational injuries and illnesses during fiscal year 1961. More than half of the newly reported cases involved Federal employees. Injuries reported from covered private employments accounted for 46 percent of the total.

Plans for 1963 do not contemplate any new program, but are directed toward administrative improvements to carry out more effectively two important objectives of the present statutory program. These are discussed under the Federal employees' compensation program.

FEDERAL EMPLOYEES' COMPENSATION ACT PROGRAM

Nearly 2.5 million employees are presently provided with workmen's compensation protection under this law which is now in its 46th year. These include all civil officers and employees of the United States and of the government of the District of Columbia (except members of the municipal police and fire departments of the District). This protection also extend to certain other groups such as members of the Civil Air Patrol while on authorized operational missions for the Air Force and members of the Reserve Officers Training Corps while at training camps or on training cruises. Nearly 105,000 reports of injury in such employments were received by the Bureau in fiscal year 1961.

In addition to providing medical benefits and compensation for disability and death as appropriate in these newly reported cases, it is necessary to provide similar services in continuing cases originating in prior years including those arising out of discontinued programs such as the Federal emergency work relief projects and cases involving military reservists who were covered by this law in time of peace prior to January 1, 1957. During 1961 disability and death compensation was paid in 33,000 cases including 10,151 fatal cases. About half of the fatal cases arose out of the death of military reservists.

Decentralization.—The appropriation for the current year included funds for complete decentralization of claims adjudications under this act. Such funds did not become available until almost the end of the first quarter of the year and arrangements for completing the transfer of this function to district offices of the Bureau in the field were delayed accordingly. All preliminary planning was completed but commitments could not be made for the lease of office space and purchase of equipment until funds were available. However, notwithstanding the initial delay the project is expected to be completed by April 15 of this year. The schedule for completion of the project shows as of January 1, 1962:

November 1, 1961: The district office at Cleveland commenced processing cases arising in the six Midwestern States of Michigan, Indiana, Ohio, West Virginia, Kentucky, and Tennessee.

December 4, 1961: The district office at Jacksonville took over cases arising in Florida, Georgia, and South Carolina.

March 1, 1962: The district office at New Orleans will start handling cases arising in Louisiana, Arkansas, Alabama, Mississippi, and Texas.

April 15, 1962: The district office at Seattle will take over similar functions in cases arising in Washington, Oregon, Montana, Idaho, Wyoming, and Alaska.

A field office in the District of Columbia will continue to handle claims arising in the District and in Maryland, Virginia, and North Carolina and also, cases originating outside the United States.

Charging agencies with compensation costs.—It also appears appropriate to note that beginning in fiscal year 1963, all Federal agencies will be expected to make repayments to the employees' compensation fund for sums expended from that fund for compensation benefits on account of injuries sustained by their employees after November 30, 1960. Expenditures made in fiscal year 1961 and repayable under this requirement in 1963 amount to nearly $3 million. Bills requesting repayment of this expense were forwarded to each responsible agency prior to August 15, 1961.

Accident prevention and vocational rehabilitation.—As previously indicated, the estimate for 1963 include two items aggregating $97,000 to enable the Bureau, as a part of its responsibility in the administration of this law: (1) to provide more adequate assistance to Federal agencies for improving their accident prevention programs and thus reduce the number of costly work injuries among Federal employees; and (2) to provide more effective development of vocational rehabilitation services to permanently disabled beneficiaries with the view of restoring them to remunerative employment. The need for these services is explained more fully in the justification for the proposed increase. However, it may be noted that these objectives, that is the prevention of injuries and the rehabilitation of the disabled, is an integral part of the Federal Employees' Compensation Act.

LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT PROGRAM

This program since 1927 has provided workmen's compensation benefits for employees in certain private employments within Federal jurisdiction. At present it covers employees of private employers while engaged in maritime employment, loading, unloading, and repairing vessels upon the navigable waters of the United States (seamen are excluded); all employees in private employment in the District of Columbia; employees of Government contractors at defense bases or engaged in public works outside the United States; private employees working on the Outer Continental Shelf in the exploration and development of natural resources; employees of post exchanges and other nonappropriated fund instrumentalities of the Department of Defense; 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.

The only expense to the United States for this program is for the cost of administration. The employer is liable for the payment of compensation benefits and must secure this payment by insuring his liability with an authorized insurance carrier or qualifying as a self-insurer under the requirements established by the Bureau. The program is administered through 13 district offices in the field. The program for private employments in the District of Columbia is administered through an office in the District and the cost of administration is paid from funds appropriated to the District government and transferred to the Bureau.

LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT REHABILITATION PROGRAM

The budget estimate includes an authorization to use $55,800 from the trust fund created by section 44 of the Longshoremen's Act for use in connection with the administration of rehabilitation services for permanently disabled beneficiaries of that act. This fund is made up of sums paid by employees in certain fatal injury cases and fines, penalties, and interest on invested surplus.

In amending the law to permit the use of the fund for this purpose, the Congress specifically provided that payment of compensation for second injuries should have priority over other payments. In view of this it is necessary to maintain the fund at a level to provide an adequate reserve to cover potential liabilities for the preferred class of payments.

Disbursements have exceeded receipts to such an extent that the balance has been reduced over $200,000 in a period of 4 years. At this rate of depletion it would be almost liquidated in a period of about 10 years. In view of this and the probability of an increase in liability for the preferred class of benefits, it may be necessary to finance this rehabilitation service through appropriated funds after the next fiscal year.

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 $21,576 is required for the services of a small staff of four employees engaged in handling cases arising out of this program.

DECENTRALIZATION OF ACTIVITIES

Mr. McCauley. We have already decentralized Federal employee operations into two of our field offices, the first one in Cleveland, effective November 1, 1961; and the Jacksonville office, effective December 4, 1961. We expect to complete the arrangements for decentralized operations in the New Orleans office by March 1 or March 5, I believe is the effective date; and into the Seattle office by April 15. That will complete the entire decentralization of the Federal employee's program. The procedures have worked out substantially as we had planned.

Mr. Fogarty. Do you have any problems?

Mr. McCauley. No problems in particular. Except recruitment of new personnel to fill positions in the field offices.

We feel that by the time we appear before you again, the program should be operating smoothly.

We have plans also to assign the relatively small number of cases originating in Hawaii and in the Pacific areas to the Honolulu office, but that will not require additional funds. We will be able to work that out with the funds now available to us. We hope to make that change about July 1. It will only mean the addition of 2 or 3 people in the Honolulu office.

The estimate, as you have probably noted, proposes an increase of $11,000 for administrative funds.

SUMMARY OF BUDGET

Mr. Fogarty. The appropriation for 1962 is $3,834,000, and the request for 1963 is $3,845,000, an increase of $11,000. Because of nonrecurring costs in 1962, the 1963 request will allow for 15 positions. Now, what are those nonrecurring costs?

Mr. McCauley. The nonrecurring costs were the transportation of employees to the field locations and moving their household goods and

rental of space and similar expenses which we had indicated last year were nonrecurring and which would amount to $120,000.

REHABILITATION SERVICES FOR FEDERAL WORKERS

Mr. FOGARTY. The first increase is eight positions for increased rehabilitation services for Federal employees.

What staff is now available for this work?

Mr. MCCAULEY. We have at present three rehabilitation advisers working on the Federal Employee Compensation Act. And we also have three who are operating on the Longshoremen's trust funds.

Mr. FOGARTY. I see.

Mr. MCCAULEY. So what we desire to do is to provide a rehabilitation adviser for each of the offices handling this kind of combined program, and it takes four more.

Mr. FOGARTY. Does the Office of Vocational Rehabilitation work with you?

Mr. MCCAULEY. We do not have too much contact with them on the handling of individual cases. We work with them on——

Mr. FOGARTY. In the States they do work in the rehabilitation of compensation cases.

Mr. MCCAULEY. Through the States.

Mr. FOGARTY. At the local level.

Mr. MCCAULEY. At the local level, yes. We use the State facilities. That is the first step in the rehabilitation of a claimant.

Mr. FOGARTY. Is this the first step in an expansion program or is this aimed at taking care of foreseeable needs?

Mr. MCCAULEY. I think this will take care of our needs for some time to come, because it will enable us to have one full-time man in each of the district offices handling the consolidated work, if we get these additional employees we are requesting here—the eight additional jobs.

SAVINGS TO GOVERNMENT

Mr. FOGARTY. Do you have any facts and figures to show this will save the Government money in the long run?

Mr. MCCAULEY. Well, I am sure that it will. I had a check made of some of the cases, it is not a complete list of them, but just as an illustration of what is being done in some of these cases, under the Longshoremen's and Harbor Workers' Compensation Act. I picked out just four cases scattered around the country—one case a rigger, 55 years of age, who was unable to go back to work. He was retrained.

Mr. FOGARTY. Do you have four or five examples?

Mr. MCCAULEY. Yes, sir. If you would like, I will put those in the record.

Mr. FOGARTY. Yes.

(The information follows:)

LONGSHOREMEN AND HARBOR WORKERS REHABILITATION

Case 672–1676 (Florida).—Rigger, 55, permanent disability due to injury to back prevented return to former work. Retrained as a barber. Licensed and employed at new trade with no loss in earning capacity.

Case 2–6701 (Louisiana).—Longshoreman, 38, loss left eye. Unable to return to former work in hold of vessel. Retrained as commercial cook. Reemployed at $65 per week.

Case 616–2974 (Oregon).—Boilermaker, 38, permanent disability resulting from fracture of patella. Retrained contact lense grinder. Reemployed in new trade advanced to foreman, wage $125 per week.

Case 100–1896 (Minnesota).—Longshoreman, fracture os calsis, unable to return to work involving prolonged walking or standing. Retrained accounting and business machines. Reemployed IBM operator $65 per week.

FECA REHABILITATION

Case X–1213834 (Mississippi).—Letter carrier, 24 years of age, with 35 percent permanent disability resulting from injury to knee. Compensation rate $64.25 per week. Unable to return to former employment. Retrained as a draftsman. Returned to employment at starting wage $65 per week.

Case X–1119418.—Mail handler, 32 years of age, chronic back strain—neurosis. Unable to return to manual work. Compensation rate $55.07 week. Retrained in bookkeeping-typing. Reemployed as inventory clerk.

Case X–448348 (Pennsylvania).—Nurse, 31 years of age, pulmonary tuberculosis, requiring 6 years' hospitalization. Unable to return to profession after disease arrested. Compensation $25.96. Retrained business college. Reemployed cashier $46 per week. Compensation rate reduced 50 percent.

IMPROVED STATISTICAL RESEARCH

Mr. FOGARTY. Now, the other program increase is seven positions for "Improved statistical research."

If a statistical research job needs to be done, why should it not be done by somebody like the Bureau of Labor Statistics that already has the organizational setup for such work?

Mr. MCCAULEY. The request comes from a proposal from the Federal Safety Council. We, as you know, have the records of all injuries to Federal personnel.

Mr. FOGARTY. Who is the Federal Safety Council?

Mr. MCCAULEY. It is made up of representatives from each of the principal departments and agencies of the Government. The permanent Chairman is Mr. Motley, head of the Bureau of Labor Standards. In addition to the Federal Safety Council here, there are field councils—I do not just know how many there are, but there are quite a number of them throughout the country who are working on Federal accident prevention programs.

Mr. FOGARTY. Did Mr. Motley ask for any additional funds in this area last year?

Mr. MCCAULEY. No, I do not think so, because the request for the improved statistical services on the causes of injuries to Federal employees orginated with the Federal Safety Council, which is under his chairmanship.

NEW REQUIREMENT FOR AGENCIES TO REIMBURSE FUND

And I think the request is prompted in part, at least, by the change in the Compensation Act which requires the agencies to repay the compensation fund for the cost of injuries occurring after December 1, 1960.

Mr. FOGARTY. Do you think that was a good change in the law?

Mr. MCCAULEY. Well, I had some reservations about it at the start and I am still not too sure what the end result is going to be, but I can say this—that it has sure generated a lot more interest in accident prevention than before.

Mr. FOGARTY. It has not saved the Government any money has it?

Mr. MCCAULEY. Well, if there is any reduction in the number of accidents, of course, it will save the Government money.

It was felt that by making these agencies justify the sums required in their appropriations, to reimburse the compensation fund, that there will be some controls over their safety activities, at least, and would inspire greater effort to prevent accidents. It should have that effect because there is much greater interest in it, and I think that, in part, prompted the request for more improved statistics.

They want to know what——

Mr. FOGARTY. I thought the paperwork that has to be carried out by some of these agencies would cost more than the claims. You have several that are under $100.

Mr. MCCAULEY. Well, we are planning to suggest an amendment that would eliminate any charges less than $1,000, to get rid of the small stuff.

Mr. FOGARTY. Maybe you ought to take another good look at this law. Was it Public Law 86–767?

Mr. MCCAULEY. Yes, sir. That was the 1960 amendments to the Federal Compensation Act.

Mr. FOGARTY. Under the new law, other Government agencies would pay $2,929,000, and an appropriation of $62,071,000 will be required.

Mr. MCCAULEY. Yes; because they are not reimbursing us for the cases originating prior to 1960. We will be carrying the old cases for years.

Now, that reimbursement figure will increase, the $2 million will increase.

IMPROVED STATISTICAL RESEARCH

Mr. FOGARTY. Let us go back to the "Salaries and expenses." You do not think this could be done by the Bureau of Labor Statistics?

Mr. MCCAULEY. The chairman of the Statistical Committee of the Safety Council is an employee of the Bureau of Labor Statistics. He proposed to put this program in our office because we have these cases containing the basic material; we are working with them all the time.

Mr. FOGARTY. You think that you can get it easier than he can; is that your idea?

Mr. MCCAULEY. The program they suggested, Mr. Chairman, is quite an elaborate one. We estimated it would cost somewhere between $350,000 and $400,000 a year. We did not think that was necessary. We had already proposed this $37,000 increase in order to enable us to provide a little more detail than we have been able to provide in the past, in studying the types and causes of accidents.

LONGSHOREMEN'S REHABILITATION

Mr. FOGARTY. Last year's justifications for the longshoremen's rehabilitation program showed you completed rehabilitation and training of 32 in 1960 and estimated 60 in 1961. Now you show only 36 actually completed in 1961 and estimate 60 in 1962. What happened?

Mr. MCCAULEY. Well, 36 are in training, the training is in progress now.

The longshoremen's program presents a rather difficult training-rehabilitation program. In case of a serious injury it is quite difficult to work out any plans that would really serve the needs of these people.

The age of the injured, the type of work in which he is engaged all his life, in many instances a lack of education, gives very little to go on.

Mr. FOGARTY. In view of that experience, do you still think you can train 60 in 1962?

Mr. MCCAULEY. We hope to be able to do that, with the additional staff that we are going to have.

Mr. FOGARTY. How many do you estimate in 1963?

Mr. MCCAULEY. Eighty.

Mr. FOGARTY. Eighty in 1963?

Mr. MCCAULEY. Yes.

AGENCIES TO BE BILLED UNDER NEW LEGISLATION

Mr. FOGARTY. All right. In regard to that new law we talked about, how many agencies will have to be billed?

Mr. MCCAULEY. The complete list is here.

Mr. FOGARTY. Supply that for the record. And also supply for the record how much work will be involved in total, considering these agencies as well as the Bureau.

Mr. MCCAULEY. I will be glad to submit that for the record.

(The requested information follows:)

REIMBURSEMENT OF EMPLOYEES' COMPENSATION FUND IN ACCORDANCE WITH PUBLIC LAW 87-767

Activity 1. Federal civilian employees benefits

Department or agency	*Fiscal year 1963*
Department of Defense	$1,018,962
Department of Interior	70,113
Department of Treasury	41,072
Department of Commerce	9,221
Department of Health, Education, and Welfare	19,425
Department of Justice	10,628
Department of Agriculture	78,189
Department of State	1,653
Department of Labor	5,033
Post Office Department	1,382,595
General Services Administration	22,582
Atomic Energy Commission	1,665
Federal Aviation Agency	22,790
Veterans' Administration	141,120
Housing and Home Finance Agency	2,863
Selective Service System	621
National Aeronautics and Space Administration	12,945
General Accounting Office	3,356
Government Printing Office	3,045
Tennessee Valley Authority	70,155
U.S. Information Agency	1,976
Office of Civil and Defense Mobilization	1,188
Federal Home Loan Bank Board	20
Federal Communications Commission	77
Architect of the Capitol	1,761
Civil Service Commission	182
U.S. Senate	1,219
House of Representatives	18
Library of Congress	18
Smithsonian Institution	923
District of Columbia Redevelopment Land Agency	1,094
International Cooperation Administration	457
Soldiers' Home	116
Renegotiation Board	6
Railroad Retirement Board	184
National Science Foundation	162
Federal Trade Commission	190
National Labor Relations Board	117
Interstate Commerce Commission	35
Federal Mediation and Conciliation Service	23
Securities and Exchange Commission	91
National Capital Housing Authority	6
Small Business Administration	789
Total	2,928,685

ADDITIONAL COST DUE TO THE FEDERAL EMPLOYEES' COMPENSATION ACT AMENDMENTS OF 1960 PROVIDING FOR INCREASED BENEFITS AND FOR CHARGING COST OF COMPENSATION BENEFITS TO THE EMPLOYING AGENCIES

The Bureau was allowed funds in 1961 in the amount of $63,000 to provide 10 additional positions for the added workload resulting from Public Law 86-767 whereby the costs of compensation benefits subsequent to November 30, 1960, are to be charged to the employing establishments.

Public Law 86-767 provided that each agency or establishment having employees who are or may be entitled to compensation benefits under the Federal Employees' Compensation Act or extension, be furnished, prior to August 15 each year, a statement showing the total cost of benefits and other payments made from the employees' compensation fund during the preceding fiscal year

on account of the injury or death or employees or persons under the jurisdiction of such agency. Each agency is then required to include in its susequent annual budget a request for an appropriation in an amount equal to such costs for subsequent deposit in the Treasury to the credit of the employees' compensation fund.

It is the responsibility of the Bureau to code and check payment, maintain records, tabulate costs, prepare statments of cost, submit bills to agencies, and deposit receipts when collected. The funds and additional staff shown above provide for this purpose.

Since this statuory provision does not impose any duties on other agencies except to include in their annual budget the amount billed to them for compensation costs, it does not appear that this should entail any significant added work to such agencies.

Mr. FOGARTY. What do you think the advantages are? Do you think the advantages are worth the additional costs?

Mr. MCCAULEY. I would recommend that we try it out a little longer.

Mr. FOGARTY. You would. You are generally a pretty conservative person.

Mr. MCCAULEY. If we eliminate the charges for these smaller amounts. I believe it has increased interest in the accident prevention work. And that is really needed. We have been running along at about the same frequency rate over the last 5 years, at around eight and a fraction. Of course a major source for these injuries is the Post Office Department, which has a very peculiar safety problem, considering the large number of street workers they have.

APPEALS BOARD

Mr. FOGARTY. Mr. Schwartz, do you have a statement?

Mr. SCHWARTZ. Yes, I will submit a statement for the record.

Mr. FOGARTY. All right.

(The statement follows:)

STATEMENT OF THEODORE M. SCHWARTZ, CHAIRMAN, EMPLOYEES' COMPENSATION APPEALS BOARD

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 which covers work-incurred injury or disease. 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 workload of the Board has been relatively stable over the past several years and its operations are essentially current. No program changes are being requested for 1963.

Mr. FOGARTY. Mr. Michel?

Mr. MICHEL. I have no questions.

EXTENSION OF RIGHTS OF NATIONAL GUARDSMEN UNDER THE FEDERAL COMPENSATION ACT

Mr. MCCAULEY. There is one further point I would like to make, if I may, and that is on the compensation fund. There was legislation passed last year which extended the time limitations for filing a claim in favor of a group of National Guardsmen who were held by the appeals board to be members of the Organized Reserve. We had.

prior to that time, held that they were not covered under the Federal Compensation Act, when Congress passed this bill last year which allowed an additional year to file a claim for individuals in that category.

We are uncertain as to the exact number of cases that might be involved. We have a record of about 200 cases now in which such benefits will be payable if the parties file. And it appears that, if those cases are found eligible for compensation, it might involve a cost of over $2 or $3 million because the accrued benefits in these cases will amount to somewhere between $15,000 and $20,000 a case.

Mr. MICHEL. Are these all reservists?

Mr. MCCAULEY. These are National Guard reservists, yes, sir. These are all fatal cases, that occurred between 1947 and 1956. So it takes in the area of the Korean hostilities, where there were a large number of casualties.

And the difference between the benefits paid under veterans legislation and the benefits payable as compensation would amount to somewhere between $15,000 and $20,000 per case, depending on the rank and the pay of the officer and the number of dependents.

Mr. FOGARTY. Do you have anything further to say?

ADJUSTMENT IN LONGSHOREMEN'S TRUST FUND FORESEEN

Mr. MCCAULEY. Just one observation that would affect future programs or future costs.

As you know, we have been spending from the longshoremen's trust fund at the rate of about 50 odd thousand dollars a year for rehabilitation services. Three rehabilitation men are being paid from that fund. That is depleting the fund fairly rapidly.

Now, the fund under congressional mandate is to be reserved primarily for payment of compensation costs in second entry cases. We feel that we should reserve in that fund a continuing balance of something in the neighborhood of $500,000 at all times to protect the liability for these other types of cases.

We are going to drop below that at the end of next year. So I just wanted to bring the attention of the committee to the fact that the following year it might be necessary to transfer that cost to the annual appropriation.

Mr. FOGARTY. Thank you very much, Mr. McCauley.

Thank you very much, Mr. Schwartz.

WEDNESDAY, JANUARY 24, 1962.

WAGE AND HOUR AND PUBLIC CONTRACTS DIVISIONS

WITNESSES

CLARENCE T. LUNDQUIST, ADMINISTRATOR
FRANCIS J. COSTELLO, ASSISTANT ADMINISTRATOR
SAMUEL GANZ, ASSISTANT ADMINISTRATOR
IRVING LEVINE, DIRECTOR, OFFICE OF ADMINISTRATIVE MANAGEMENT
WILLIAM R. REISE, ACTING CHIEF, DIVISION OF MANAGEMENT OPERATIONS AND SERVICES
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY
C. D. CARLSON, ADMINISTRATIVE OFFICER

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
11 Personnel compensation:			
Permanent positions	9,575	11,961	12,456
Positions other than permanent	39	98	101
Other personnel compensation	82	56	56
Total personnel compensation	9,696	12,115	12,614
12 Personnel benefits	741	926	957
21 Travel and transportation of persons	789	1,414	1,440
22 Transportation of things	29	65	65
23 Rent, communications, and utilities	258	412	436
24 Printing and reproduction	109	185	190
25 Other services	176	209	209
Services of other agencies	336	1,551	1,551
26 Supplies and materials	109	124	126
31 Equipment	62	162	172
Total costs	12,305	17,163	17,760
Change in selected resources	−44	21	5
Total obligations	12,261	17,184	17,765

Personnel summary

	1961 actual	1962 estimate	1963 estimate
Total number of permanent positions	1,342	1,818	1,823
Full-time equivalent of other positions	4	12	12
Average number of all employees	1,316	1,760	1,780
Number of employees at end of year	1,301	1,764	1,768
Average GS grade	9.0	8.4	8.7
Average GS salary	$7,292	$6,898	$7,045

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
1. Enforcement	10,347	13,430	14,028
2. Wage determinations	663	902	902
3. Regulations and research	731	2,180	2,180
4. Administration and management services	564	651	651
Total program costs	12,305	17,163	17,760
Change in selected resources [1]	−44	21	5
Total obligations	12,261	17,184	17,765
Financing:			
Unobligated balance lapsing		100	
New obligational authority	12,261	17,284	17,765
New obligational authority:			
Appropriation	12,261	17,307	17,765
Transferred to "Operating expenses, Public Buildings Service," General Services Administration (75 Stat. 353)		−23	
Appropriation (adjusted)	12,261	17,284	17,765

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1960, $53,000; 1961, $9,000; 1962, $30,000; 1963, $35,000.

Mr. FOGARTY. Mr. Lundquist, we are glad to have you here.

We have the Wage and Hour and Public Contracts Divisions before us. Do you have a prepared statement, Mr. Lundquist?

Mr. LUNDQUIST. I have a prepared statement, Mr. Chairman. It is about seven pages long. I would read it, but I would do what you wish.

Mr. FOGARTY. Whatever way you would like to proceed.

Mr. LUNDQUIST. I think reading it would be the best approach. I would prefer to do so.

Mr. FOGARTY. You go ahead.

GENERAL STATEMENT

Mr. LUNDQUIST. Mr. Chairman and members of the committee, the Division's request for fiscal year 1963 is $17,765,000 which provides funds for the continuation of our fiscal year 1962 program level. The amount represents an increase of $458,000 from 1962 to provide for: (1) the regulated promotion of investigators, (2) for defense mobilization activities financed in 1962 from other accounts, and (3) for adjustments in travel obligations resulting from changes in travel allowances. The programs which the Division is obligated to conduct and the size of the workload we face will require the most strenuous efforts and will tax our ingenuity to the fullest.

ENFORCEMENT NEEDS

The 1961 amendments to the Fair Labor Standards Act, effective September 3, 1961, will continue to have a tremendous impact on the size and nature of our workload during fiscal 1963. These amendments were the most substantial and sweeping changes in the law since its enactment in 1938. For the first time since 1938, coverage of the act was expanded. The 1961 amendments extended the act's benefits to 3,600,000 additional workers making a total of 27,600,000 em-

ployees now subject. The amendments also added an additional 100,000 establishments to the 1 million previously covered.

For the 24 million previously covered employees the minimum wage was increased from $1 to $1.25 per hour to be effective September 3, 1963, with an interim increase to $1.15 per hour on September 3, 1961. It is estimated that 1,900,000 of these were receiving less than $1.15 an hour and 3 million were receiving less than $1.25 per hour. For the 3,600,000 employees newly covered by the wage-hour law, the statute provides that these workers will be entitled to $1.25 as of September 3, 1965, this rate to be attained in stages as follows: $1 per hour as of September 3, 1961, $1.15 per hour on September 3, 1964, and $1.25 on September 3, 1965. As of last summer, about 700,000 of these 3,600,000 workers were earning less than $1; 1,100,000 less than $1.15, and 1,300,000 less than $1.25.

In addition, newly covered workers will be entitled to the time and one-half for overtime provisions after 44 hours per week from September 3, 1963, after 42 hours from September 3, 1964, and after 40 hours from September 3, 1965. These varying minimum wage and overtime standards for previously covered and newly covered employees have the effect of requiring us to administer two sets of constantly changing standards for different groups of employees over a 4-year period.

Significant and substantial changes were also made in many other provisions of the act. The 1961 amendments provided a new basis of coverage, the enterprise, and made some 15 major changes in the coverage and exemption provisions of the act.

These changes have thrown a tremendous enforcement burden on the Division. A considerable part of the wage increases of hundreds of millions of dollars required for millions of employees will not be given to them automatically. This noncompliance must be discovered by investigation and corrected.

Since September, the number of complaints, alleging violations of the law, has increased to a level even higher than previously estimated. Complaints are being filed at an annual rate in excess of 17,000, which is the highest in the history of the Wage and Hour Division, except for perhaps the period immediately after the enactment of the Fair Labor Standards Act in 1938. We must investigate these complaints promptly if the law is to be properly enforced.

In fiscal year 1961 investigation findings reached new highs. Minimum wage and overtime underpayments increased to almost $31 million from the $28 million found due in 1960. Also, the number of employees underpaid, the amount paid to employees, and the number of minors found illegally employed increased over 1960.

During the first 6 months of fiscal year 1962, underpayments disclosed by investigations have remained high, in spite of substantial, but necessary, diversions of time devoted to training new investigators, retraining experienced investigators, and servicing hundreds of thousands of letters, telephone calls, and personal inquiries from employers and employees and their representatives.

This appropriation request provides for an enforcement staff at the same level as is authorized for the current fiscal year. This staff when fully trained should enable us to meet our new responsibilities. On September 3, 1963, when statutory changes in the minimum wage and

overtime standards take place, the Division will be faced with the additional impact of these changes.

Although the Division normally maintains a year-round educational program, and the 1961 amendments necessitated a broad-scaled informational program, there will be a continued need to alert nearly 28 million employees and approximately 1,100,000 establishments of the changes in the act as each change becomes effective.

PUBLIC CONTRACTS WAGE DETERMINATION PROGRAM

The volume of Government procurement subject to the Public Contracts Act has been increasing. For example, the value of contract awards reported to the Division by the various procurement agencies rose more than 40 percent between fiscal year 1960 and fiscal year 1961. Concomitant with this development, there has been an increasing number of inquiries relating to questions of applicability of prevailing minimum wage determinations, determinations of regular practice, exemptions, basic coverage of the act, and eligibility of individual bidders. Recently there has been considerably greater public interest and participation in the wage determination program which has added appreciably to the complexity of the proceedings.

TERRITORIAL WAGE ORDER PROGRAM

All industries in Puerto Rico that have not reached the statutory minimum wage rates will be reviewed in fiscal year 1963. The 29 industries to be reviewed by industry committees compares to 17 which would have been scheduled this year had there been no amendments to the act.

Preparation of economic reports for the industry committees will, in many cases, require more work than in the immediate past because of the additional number of industry committees and the more complex nature of the reports.

REGULATIONS AND EXEMPTIONS

The 1961 amendments have rendered obsolete a substantial portion of all previously published interpretative materials on the Fair Labor Standards Act. Extensive revisions of existing documents have become mandatory. A large volume of new material will have to be prepared, most of which will require considerable research as well as close examination of the impact of the amended law on industrial and trade practices.

There continues a heavy flow of inquiries, which require the formulation of interpretative positions. As our enforcement program advances and more employers and employees become aware of the many problem areas, our already heavy workload will be multiplied. In line with our policy to keep all interested parties informed, and to formulate our interpretative positions on the basis of the best possible evidence, including a thorough study of the legislative history, we have consulted with and will continue to consult with industry groups, labor representatives and others. This practice which includes public hearings procedures has also been followed in the development or revision of regulations applicable to the administration of the act, and will be continued extensively in fiscal year 1963.

SPECIAL MINIMUM WAGES

In general, the volume of activity on special minimum wages in fiscal 1963 will approximate that for fiscal 1962. However, in addition, there will be required the continued development and implementation of the special regulations for employment at less than the minimum wage as authorized under section 14 of the amended act. Many important new problems will continue to require constant evaluation and possible modification in the light of operating experience. There will also be a need for preparations to be made for the appropriate changes necessitated by those statutory changes effective on September 3, 1963.

ECONOMIC STUDIES

The need for a program of studies on the effects of changes in minimum wage legislation was recognized by the Congress when the present section 4(d) of the act was adopted in 1955. At that time congressional committees recognized that the amount of information available on the effects of the act's provisions, especially the minimum wage, was insufficient to provide an adequate basis for congressional consideration of proposals to change the minimum wage.

In accordance with the requirements of section 4(d) of the Fair Labor Standards Act, we must carry on a continuing program of studies of the economic effects of the 1961 amendments to the act. Essentially, these studies involve obtaining information on wages, hours, and employment, for a base period prior to the effective date of the amendments, and obtaining corresponding information at several predetermined intervals after the effective date. Such surveys provide information on the economic changes which took place and, through analysis of these and other pertinent data, we can determine at least in part to what extent the changes are related to the act's requirements.

The surveys to obtain information for the preamendment period have already been made. The followup surveys of these areas and industries are scheduled to be conducted in early fiscal 1963. Upon completion, these studies will execute the mandatory requirement of section 4(d) and will provide the necessary data to the executive and legislative branches of the Government.

One of the most fundamental problems facing an agency with statutory enforcement responsibility is to determine the level of compliance. Data on the extent of noncompliance, types of establishments involved, and the nature of violations in such establishments is vital for the intelligent planning of an effective and efficient enforcement program. In 1957 the divisions conducted a compliance survey to obtain such information. Although much valuable data was secured which served to improve our enforcement program, it was also revealed that additional facts were needed particularly regarding the status of compliance in local areas and segments of industry.

Next year we plan to conduct a compliance survey in order to—

(1) provide current compliance data since 6 years have elapsed since the last survey;

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(2) secure compliance data in the light of the amendments which involve new coverage, changes in the minimum wage requirements, and changes in many of the other provisions:

(3) obtain compliance data in those areas and industry segments not handled in the previous survey, particularly retail trades.

The economic effects of wage determinations under the Public Contracts Act have been the subject of considerable interest. In order to evaluate this program properly, we will conduct studies of the economic effects of wage determinations under the Public Contracts Act. The results, we hope, will help resolve conflicting allegations regarding the economic effects of the Walsh-Healey wage-determination program.

Section 4(e) of the act requires that surveys be made of the effects on unemployment and employment of foreign competition. Currently we are making an initial study in the jewelry and silverware industry. With the tremendous interest in the problem of foreign competition, this area must be expanded next year.

GENERAL COMMENT

In summary, Mr. Chairman, we think that the 1961 amendments to the Fair Labor Standards Act presented the divisions with a multitude of challenges. We have a substantially larger enforcement workload, a more complex statute to interpret and administer, stepped-up activity in the public contracts wage determinations, and Puerto Rican wage order program, and the mandate to make a number of important economic studies. The current year 1962 represents a year of transition. We have been tooling up during the last few months—expanding our staff, training and retraining, informing employers and employees of the provisions of the amendments, answering a tremendous volume of inquiries and developing necessary interpretative materials.

We think this budget will enable us to have an organization in being to do a vigorous job in administration and enforcement of the acts. We have instituted a number of improvements and efficiency measures in our operations, which will permit us to accomplish the additional workload within the funds requested. We will have the basic organization for handling the additional problems and workload resulting from the statutory changes which have already been made and which will become effective in September 1963.

This completes my statement, Mr. Chairman.

Mr. FOGARTY. Thank you, Mr. Lundquist. That is an excellent statement.

AMOUNT REQUESTED FROM THE BUREAU OF THE BUDGET

I do not know how you are going to do your job with what you are asking for, though. What did you ask the Bureau of the Budget for?

Mr. LUNDQUIST. Mr. Chairman, we asked the Bureau of the Budget for $3 million more than was given to us.

Mr. FOGARTY. How many positions?

Mr. LUNDQUIST. 375 additional positions; actually, 250 additional investigator positions.

Mr. FOGARTY. I should think you would need other clerical and support personnel.

Mr. LUNDQUIST. Yes, sir. Certain facilitating personnel would be necessary. We think we needed those additional positions.

Mr. FOGARTY. You seem to have—not you, but the Wage and Hour Division has been having trouble with the Bureau of the Budget for some years. They seem to want to cut you below what you had the previous year, 'most every year. I notice the initial action this year was to cut from what you have in 1962 by $600,000.

Mr. LUNDQUIST. Well, we do our best to——

Mr. FOGARTY. Do they not know that Congress changed the law last year?

Mr. LUNDQUIST. I hope they do. We do our best to convince them of it.

Mr. FOGARTY. I get pretty upset with the Bureau of the Budget on many occasions, and I am not trying to put you on the spot. I am just saying what I think about them.

Sometimes I wonder if they keep up with what is going on in Congress, and realize that Congress does pass laws from time to time that require additional personnel.

Mr. LUNDQUIST. Mr. Chairman, we could have effectively used the additional investigators that we asked for.

SUMMARY OF BUDGET

Mr. FOGARTY. I am surprised you only asked for 300.

Now, your appropriation for 1962 is $17,307,000, and the request for 1963 is $17,765,000, an increase of $458,000 and only five positions.

Mr. LUNDQUIST. Yes.

Mr. FOGARTY. And all of these are in Defense Mobilization.

Mr. LUNDQUIST. Yes, sir.

Mr. FOGARTY. Now, from reading and listening to your statement and from reading what you are required to do and what the prospects are for more demands on you under the act, it would seem you must either have too much money this year or you are not asking for enough next year.

Mr. LUNDQUIST. Well, we do not think we have too much money this year.

Mr. FOGARTY. But you think if you had received the additional $3 million and 300 additional positions, that that would have been sufficient to do a good job?

Mr. LUNDQUIST. We think so, Mr. Chairman.

Of course, this year, we hope, as I indicated in my statement, to make a compliance survey to give us a better picture of the total noncompliance that may be occurring, and where those pockets or areas of noncompliance exist.

We know generally that in the South the wage rates have been lower and that we have a larger enforcement problem.

But nevertheless, we also recognize that there are noncompliance pockets throughout the country, and we want to do our best to find them.

Mr. FOGARTY. You are just not going to be able to do a good job with this appropriation that the Bureau of the Budget has allowed you, in my opinion—not with the workload.

DISCOVERING CASES OF NONCOMPLIANCE

Under "Workload statistics." I read on page 8:

A considerable part of the wage increases of hundreds of millions of dollars required for millions of employees will not be given to them automatically. This noncompliance must be discovered by investigation and corrected.

Well, you are not going to be able to discover much in the way of noncompliance with the number of employees that you have.

Mr. LUNDQUIST. We have authorization, Mr. Chairman, for about 950 investigators. We have been conducting a number of training classes.

Mr. FOGARTY. But at this time you are only able to investigate about 40,000 out of a million establishments.

Mr. LUNDQUIST. That is correct.

Mr. FOGARTY. That is not very good coverage. And it has been hanging right around there for some years, has it not, around 40,000?

Mr. LUNDQUIST. Yes, roughly.

Mr. FOGARTY. Even though we have changed the law and more employees are brought under the act. And the wages are going up 25 cents an hour.

Mr. LUNDQUIST. We think that with this compliance survey, that we will make with the funds, if they are authorized in this budget, we will have a better picture of the compliance problem.

NEW COVERAGE

Mr. FOGARTY. I do not know how you are going to get it with the budget you have. You say:

Many employers will be experiencing wages and hours regulation for the first time.

Mr. LUNDQUIST. That is correct.

Mr. FOGARTY. Many of them will have to be educated.

Mr. LUNDQUIST. We are doing our best to educate them.

Mr. FOGARTY. 42,000 out of 1.1 million firms covered is what percent?

Mr. LUNDQUIST. Four percent, about.

Mr. FOGARTY. You only reach about 4 percent coverage.

Mr. LUNDQUIST. Mr. Chairman, this is a serious problem, and we have been giving it much consideration. The number of investigations that we are able to make has been going down. We want to try to increase the number of investigations made. We want to do it properly and by full investigation as appropriate.

Mr. FOGARTY. I am not complaining about you; I am just complaining about the lack of funds that have been allowed you; that is all. And I am making a case for you that you cannot do a good job on the amount of funds that you have.

Mr. LUNDQUIST. We could have used the added money.

RECOVERY OF BACK WAGES

Mr. FOGARTY. You also say:

The amendments of 1961 contained a very important additional enforcement responsibility by providing for the recovery of back wages in legal actions brought by the Secretary under section 17 of the act.

Now how will this affect your work?

Mr. LUNDQUIST. We think that the number of investigations that we will be able to make per man will be fewer as a result of these requirements. This requirement will cause us to make fewer investigations per man, because we must be ready to detail each monetary finding or back wages that may be due.

But, on the other hand, the section 17 authority may give us added ability to obtain voluntary restitution without the necessity of court action.

Mr. FOGARTY. But you also say in regard to section 17:

This increase in enforcement authority and responsibility will entail considerable expenditure of investigative time in the preparation of cases for litigation, as well as the administrative settlement of a greater number of cases involving substantial amounts of back wages.

Mr. LUNDQUIST. This is our best guess.

Mr. FOGARTY. How are you going to be able to do anything about it with the number of employees that you have?

You are not going to make any dent in that. That language is almost meaningless when compared to the number of employees that you have, is it not?

Mr. LUNDQUIST. Well as we get our investigative staff trained, we anticipate that they will be able to make more investigations than they are making currently. We have a dilution of our staff to the tune of about one-third at the present time. As they gather experience, the findings and their ability to do the job in a quicker fashion will increase.

It does not mean that we are going to——

Mr. FOGARTY. Well it may increase but you are not going to be able to do 10 percent of the workload, I do not believe, with the number of people that you have.

Is that a fair statement, or am I——

Mr. LUNDQUIST. We will not get up to 10 percent of the number of establishments; no, sir.

Mr. FOGARTY. You will not?

Mr. LUNDQUIST. No, sir; not with this staff.

NEED FOR MORE INVESTIGATORS FOR COMPLAINT FOLLOWUP

Mr. FOGARTY. Now, you also say in regard to anticipated complaint level:

Past experience, with changes in the minimum wage alone following the 1949 and 1956 amendments, clearly indicates that there will be a substantial increase in the number of complaints following the 1961 amendments. In addition, the fact that the 1961 amendments also provide new coverage in 100,000 establishments, will result in further increases in the number of complaints which will be received. Complaint investigations are the most time-consuming and most productive type of investigation.

So it looks to me from that language that you are really going to go downhill fast the next 2 or 3 years, unless you get more personnel. You are not going to be able to keep level with what you have been doing.

Mr. LUNDQUIST. Our experience would indicate that our findings, insofar as back wages found due, will probably go up. But the number of investigations that we are able to make may well go down. It has been going down.

And in the first 6 months of this fiscal year, we were able to make only 19,000-or-so investigations.

Now this has been a transitional period. We have had a number of investigators training other investigators. We have been engaged in a broad informational program. We have had in training classes brandnew investigators. So we hope to have—

What I am trying to say is the projection of the 6-months in the first half of this fiscal year, to double it for the second half would not be fair. We think that we will do better than we have done in the first half.

Mr. FOGARTY. Well how did you do in 1961?

Mr. LUNDQUIST. We were above 20,000 for the half year.

Mr. FOGARTY. I mean for the year.

Mr. LUNDQUIST. For the year, 44,000.

Mr. FOGARTY. 44,000?

Mr. LUNDQUIST. Yes, sir.

Mr. FOGARTY. Well, we will put this page 9—is that what you are referring to?

Mr. LUNDQUIST. Yes, sir.

Mr. FOGARTY. Put that in the record.

(The page follows:)

ACTIVITY 1. ENFORCEMENT WORKLOAD STATISTICS

Investigation results, fiscal years 1960 and 1961, and estimated results for fiscal years 1962 and 1963

Investigation findings	Actual		Estimated	
	1960	1961	1962	1963
Total number of establishments investigated	45,729	44,268	46,250	49,250
Covered employees in investigated establishments	1,441,679	1,362,145	1,500,000	1,800,000
Amount of underpayments	$28,033,314	$30,942,531	$32,000,000	$34,000,000
Minimum wages	$8,663,703	$9,252,992	$9,500,000	$10,000,000
Overtime	$19,369,611	$21,689,539	$22,500,000	$24,000,000
Amount of payment agreed to	$13,895,377	$14,477,883	$16,000,000	$18,700,000
Number of employees underpaid:				
Paid at less than minimum wage rate	62,253	75,051	85,000	90,000
Not paid full overtime compensation	155,746	164,758	175,000	180,000
Number of employees whom employers agreed to pay	119,373	121,924	135,000	150,000
Number of minors illegally employed	9,953	12,786	12,000	12,000
Agriculture	4,470	5,727	5,500	5,500
Nonagriculture	5,483	7,059	6,500	6,500
Complaints:				
Received	11,433	11,934	16,000	17,000
Backlog	2,641	2,653	3,000	3,000
Litigation filed	1,417	1,549	1,600	1,700

Mr. FOGARTY. It is 44,000 for 1961. You are not going to reach 44,000 in 1962, are you?

Mr. LUNDQUIST. I do not think we will.

Mr. FOGARTY. And mainly because you had to train some of these people; is that right?

Mr. LUNDQUIST. Yes.

Mr. FOGARTY. Do you expect to do 50,000 in 1963 with the number of people you have?

Mr. LUNDQUIST. This is going to press us, but——

Mr. FOGARTY. Well, you might as well tell me the truth. You are not going to be able to make 50,000 in 1963?

Mr. LUNDQUIST. We may not be able to.

Mr. FOGARTY. Unless you get more investigators.

Mr. LUNDQUIST. Yes.

ENFORCEMENT STATISTICS

Mr. FOGARTY. In 1960, you were able to carry out 45,000 investigations. The number of covered employees in these establishments was 1,441,000, the amount of overpayments was $28 million of which minimum wages were $8 million and overtime was $19 million. The amount of payment agreed to was $13 million.

What does that mean? $13 out of what?

Mr. LUNDQUIST. Thirteen out of the total—is this 1960, Mr. Chairman?

Mr. FOGARTY. Yes.

Mr. LUNDQUIST. $13.8 million out of a total amount found due of $28 million was agreed to be paid.

Mr. FOGARTY. $13 million out of $28 million?

Mr. LUNDQUIST. Yes.

Mr. FOGARTY. So that is not 50 percent, is it?

Mr. LUNDQUIST. No. In 1961, it is $14.4 million out of $30.9 million.

RIGHT OF SECRETARY TO SUE FOR BACK WAGES

Mr. FOGARTY. Now, under the new law you have the right to sue.

Mr. LUNDQUIST. Yes.

Mr. FOGARTY. Well, how are you going to do it if you do not have the help to prepare the cases?

Mr. LUNDQUIST. Let me say this, Mr. Chairman. We do not have the right to sue, but we have the right to ask the court to award back wages. It is a rather technical phrase, but, in general, we talk about it as the right to sue. But it is a right to ask the court to award back wages in a particular case.

Mr. FOGARTY. What good is that language in the bill going to do if you do not have enough personnel to work up these cases?

Mr. LUNDQUIST. We think it will do some good. It will not do as much good as if we had additional people.

In 1963, for example, we will have during the full year over 900 or so investigators on board for the full year. If they can make 50 to 60 investigations per year per man on an average, we can get close to 50,000. This is the basis on which we make this projection. But 50 to 60 is a pretty heavy load at this time, in light of all of the current problems that go with making investigations.

Mr. FOGARTY. How many hours a day are you working these employees?

Mr. LUNDQUIST. Eight hours a day.

Mr. FOGARTY. How many days a week?

Mr. LUNDQUIST. They probably work more than 40 hours a week.

Mr. FOGARTY. Why should they?

Mr. LUNDQUIST. I do not want them to. I do not ask them to. Many of them are devoted to the job and find that the scheduling of interviews at night, for example, with employees just does not lend itself to a 40-hour week.

Mr. FOGARTY. What compensation do they receive for overtime?

Mr. LUNDQUIST. Well, we attempt, generally, Mr. Chairman, to reschedule their hours so that we would avoid overtime. However, in appropriate instances we would authorize overtime.

Mr. FOGARTY. You do not encourage anybody to work more than the normal hours?

Mr. LUNDQUIST. I certainly do not. I think the 40 hours a week in the Wage and Hour Division is a solid week for anybody.

Mr. FOGARTY. Yes.

INVESTIGATIVE FINDINGS

Now, those paid less than minimum wage rate; you found 62,000 in 1960, 75,000 in 1961, and you estimate 85,000 in 1962. Is that running about the rate which you anticipated?

Mr. LUNDQUIST. In the first half of 1962 we found paid at less than the minimum during the first half; say 34,400 or 35,500.

Mr. FOGARTY. How is your estimate of 90,000 for 1963 going to stand up?

Mr. LUNDQUIST. What we are relying on now, over in that last column, 1963, is a staff of 900 or more trained investigators who will be able to make these 50 or 60 investigations per year. And we think these results will follow.

These are estimates, of course. We try to go to the firms that are in noncompliance. This is our goal. We do not want to investigate just for the purpose of visiting the firm.

Mr. FOGARTY. No, we would not expect you to go into the legitimate firm, that has a good name, every year; that has not been the practice, has it?

Mr. LUNDQUIST. No.

Mr. FOGARTY. Well, that is a considerable increase; that is about a 50-percent increase, is it not?

Mr. LUNDQUIST. Yes. Of course, we had an increase of approximately 300 investigators last year, so that we had about a 50-percent increase in our staff.

Mr. FOGARTY. "Not paid for overtime compensation": you found 155,746 in 1960 and expect to find 180,000 in 1963. Is that all you expect?

Mr. LUNDQUIST. Well, in the first half of this fiscal year, July to December, we found 71,840 not paid full overtime.

Mr. FOGARTY. Of course, that is not a good comparison, from July 1, this year, to January 1.

Mr. LUNDQUIST. No, it is not; it understates the findings.

Mr. FOGARTY. This bill was not signed by the President until late last session.

Mr. LUNDQUIST. That is a very good point, yes, and, appropriate to mention. It was not effective until September 3, 1961.

ILLEGAL EMPLOYMENT OF MINORS

Mr. FOGARTY. What about the number of minors illegally employed; what is your problem here? In agriculture it was 4,470, and you expect 5,500 in 1962, and the same thing in 1963. Do you expect that to go up any at all?

Mr. LUNDQUIST. No, we find that employers generally, when they know of the problems of the employing children 14 to 16 years of age, that they will tend to not want to employ such workers in the normal industrial areas. And also, State laws are very stringent in that regard. Many State laws are in fact more stringent than the Federal standards.

Mr. FOGARTY. Do you find any places where they are used for picking cotton?

Mr. LUNDQUIST. At the present time our authority under the law is limited to this provision in the statute; that is, section 12—relating to the child labor—shall not apply with respect to any employee employed in agriculture, outside of school hours for the school district where such employee is living while he is so employed.

And of course there is a parental exemption also in our statute.

Mr. FOGARTY. What is that parental exemption?

Mr. LUNDQUIST. The parental exemption is this:

Oppressive child labor means a condition of employment under which—

and then we go into the standards:

Any employee under the age of 16 is employed by an employer other than a parent of a person standing in place of a parent employing his own child or a child in his custody under the age of 16 years in an occupation other than manufacturing or mining or an occupation found by the Secretary of Labor to be particularly hazardous for the employment of children between the ages of 16 and 18 years, or detrimental to their health or well-being.

This is the parental exemption. And of course, in agriculture the hazardous orders do not apply. So our findings here in agriculture would not cover violations of the hazardous orders. That is another reason why the figure might be on the lower side.

AMOUNT OF ANTICIPATED PAYMENT OF BACK WAGES

Mr. FOGARTY. Now, in 1963 you expect the amount of payment agreed to by employers will be $18,700,000.

Mr. LUNDQUIST. Yes.

Mr. FOGARTY. Do you still think that is a firm figure with the number of personnel that you have?

Mr. LUNDQUIST. It is as firm as we could estimate at this time. It may be on the high side; but we hope that, as a result of the authority in section 17, to ask the court to award back wages that may be found to—that when employers recognize it is more appropriate to administratively settle these cases without requiring that the action go through the court.

Mr. FOGARTY. Well, that is $935,000 more than your budget.

Mr. LUNDQUIST. Yes, sir.

Mr. FOGARTY. How many investigators could you hire for $935,000?

Mr. LUNDQUIST. About 90; yes; I was going to say a hundred.

Mr. FOGARTY. Then those 90 additional investigators would up this $18,700,000 by how much; what would be your estimate?

Mr. LUNDQUIST. Per employee, the findings, 900—about $2 million.

Mr. FOGARTY. $2 million?

Mr. LUNDQUIST. I would guess. If 900 can get $18,700,000 paid.

But I would add, Mr. Chairman, that the amount agreed to be paid is not the most vital figure. When we settle a case, those employees are paid in compliance in the future from then on, we hope forever; so that, even though they may not get the back wages covering the 2-year statutory period preceding the date of the investigation, they will be paid in compliance in the future.

Mr. FOGARTY. Apparently the Bureau of the Budget did not think much of that point.

Mr. LUNDQUIST. I do not recall that that was raised by them.

Mr. FOGARTY. I hope you raised it.

Mr. LUNDQUIST. I did; I have raised this constantly.

Mr. FOGARTY. They apparently did not hear you, then.

REVIEW OF INDUSTRIES IN PUERTO RICO

Now, you are going to have 29 industries in Puerto Rico which will be reviewed in 1963.

Mr. LUNDQUIST. Yes, sir.

Mr. FOGARTY. Is that mainly because of the change in the law?

Mr. LUNDQUIST. Yes, sir; we will be reviewing these industries practically 3 years in a row now, because of the way the law is written.

Mr. FOGARTY. For the next 3 years in a row, you mean, counting this year?

Mr. LUNDQUIST. Counting this year.

Mr. FOGARTY. 1963, 1964, 1965 fiscal years?

Mr. LUNDQUIST. Yes, roughly. Of course, where they come up to the statutory minimum, then we will not review them.

And as of now, for the old covered group that was covered before September 1961, 35 percent of them are already up to the $1.15.

Mr. FOGARTY. I see. Do you have any statistics to show how fast we are closing the gap between the minimum required wage there and in the States?

Mr. LUNDQUIST. Well, this 35 percent would indicate a closing of the gap. When the law was changed, approximately 50 percent, that is, as of September last year, approximately 50 percent——

Mr. FOGARTY. You can expand on that in the record, if you want.

Mr. LUNDQUIST. I will be happy to submit a detailed presentation, a report on that, yes, sir.

(The information requested follows:)

Prior to November 3, 1961, the effective date of the 1961 amendments for Puerto Rico, 48 percent of the covered employees in Puerto Rico had become subject to the $1 minimum wage. This compares to 41 percent as of June 1960, and 30 percent as of June 1958; 52 percent of the workers are now at rates above $1 an hour. The proportion of covered workers at the new minimum of $1.15 an hour is 35 percent. All industries not at the mainland minimums will be reviewed in fiscal year 1963.

Mr. FOGARTY. Is there anything else you would like to say?

Mr. LUNDQUIST. No, sir.

Mr. FOGARTY. Any other problems that you have that I have not asked about that you want to speak about?

Mr. LUNDQUIST. No.

Mr. FOGARTY. That gives you permission to go ahead. You do not have to worry about the Bureau of the Budget or your budget officer.

Mr. LUNDQUIST. We think this budget will give us an opportunity to do a reasonable enforcement program. We could have used more money.

Mr. FOGARTY. I do not agree with you, but I think you have to say that anyway. You think you could do a lot better if you had 200 or 300 more investigators?

Mr. LUNDQUIST. I think we could use them effectively, yes, sir.

DETRIMENTAL EFFECT IF TOO FEW INVESTIGATORS

Mr. FOGARTY. Well, suppose you supply for the record just how this enforcement is going to be hurt because of not being able to get 300 more investigators.

Mr. LUNDQUIST. We will present a paper on that for you.

Mr. FOGARTY. And put it in the record.

Mr. LUNDQUIST. Yes, sir.

(The report referred to follows:)

The following table contains estimates of the increase in investigation findings which would be brought about by the employment of 300 additional fully trained investigators. The additional funds necessary to add 300 investigators with necessary supervision and clerical services and provision for travel expenses would be approximately $3 million. If this amount of additional funds were authorized for 1963, we would not fully realize these increases because of the necessary time required to recruit and train the new investigators.

Estimated annual increase with addition of 300 fully trained investigators

Total number of establishments investigated	18,000
Covered employees in investigated establishments	500,000
Amount of underpayments	$10,000,000
Minimum wages	$3,000,000
Overtime	$7,000,000
Amount of payment agreed to	$5,500,000
Number of employees underpaid:	
Paid at less than minimum wage rate	27,000
Not paid full overtime compensation	55,000
Number of employees whom employers agreed to pay	45,000
Number of minors illegally employed	3,000
Agriculture	1,300
Nonagriculture	1,700

Mr. FOGARTY. Is there anything else you want to say?

Mr. LUNDQUIST. No, sir.

Mr. FOGARTY. Thank you very much.

Mr. LUNDQUIST. Thank you, sir.

WEDNESDAY, JANUARY 24, 1962.

OFFICE OF THE SOLICITOR

WITNESSES

CHARLES DONAHUE, SOLICITOR
HAROLD C. NYSTROM, DEPUTY SOLICITOR
JAMES R. BEAIRD, ASSISTANT SOLICITOR
PETER F. MARTIN, ACTING ASSISTANT SOLICITOR
ALBERT D. MISLER, ASSISTANT SOLICITOR
ROBERT L. FLANDERS, SPECIAL ASSISTANT TO THE SOLICITOR
WILLIAM WILLIS, BUDGET ASSISTANT
V. S. HUDSON, DEPUTY ADMINISTRATIVE ASSISTANT SECRETARY
C. D. CARLSON, ADMINISTRATIVE OFFICER

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
11 Personnel compensation:			
Permanent positions	2,859	3,379	3,561
Other personnel compensation	8	12	12
Total personnel compensation	2,867	3,391	3,573
12 Personnel benefits	205	248	258
21 Transportation of persons	107	120	139
22 Transportation of things	2	3	3
23 Rent, communications, and utilities	42	77	87
24 Printing and reproduction	28	45	48
25 Other services	73	91	94
26 Supplies and materials	26	68	71
31 Equipment	76	20	30
Total costs	3,426	4,063	4,303
Change in selected resources	−65		
Total obligations	3,361	4,063	4,303

Personnel summary

	1961 actual	1962 estimate	1963 estimate
Total number of permanent positions	384	474	496
Average number of all employees	385	464	486
Number of employees at end of year	374	468	491
Average GS grade	8.3	8.5	8.5
Average GS salary	$7,676	$7,367	$7,311

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
1. Departmental program activities:			
(a) Litigation	421	461	513
(b) Interpretations and legal advisory services	368	530	531
(c) Wage determinations	485	553	553
(d) Legislative advisory services	239	261	291
(e) Labor-management laws	227	232	232
2. Field legal services (regional offices)	1,400	1,676	1,738
3. Administration and management services	286	350	445
Total program costs	3,426	4,063	4,303
Changes in selected resources [1]	−65		
Total obligations	3,361	4,063	4,303
Financing:			
Comparative transfers from other accounts	−489		
Advances and reimbursements from non-Federal sources (annual appropriation acts): Unemployment trust fund: Authorized limitation			−122
Unobligated balance lapsing	6	50	
New obligational authority	2,878	4,113	4,181
New obligational authority:			
Appropriation	2,878	4,116	4,181
Transferred to "Operating expenses, Public Building Service," General Services Administration (75 Stat. 353)		−3	
Appropriation (adjusted)	2,878	4,113	4,181

[1] Selected resources as of June 30 are as follows: 1960, $69,000: (1961 adjustments, −$3,000); 1961, $1,000; 1962, $1,000; 1963, $1,000.

General Statement

Mr. Fogarty. Now we will start with Mr. Donahue. We will place your prepared statement in the record and then you may proceed as you wish.

Mr. Donahue. Thank you very much, Mr. Chairman.

(The statement follows:)

Statement of Charles Donahue, Solicitor of Labor

My appearance before your committee today marks the completion of my first year as Solicitor of Labor, and I appreciate this opportunity to appear before you in support of this request for an appropriation for the fiscal year of 1963.

Progress has been made toward gearing up staff and programs designed to meet the responsibilities and additional workload created by the new forward steps in labor legislation, especially in the field of fair labor standards and unemployment compensation. Adjustments have also been made so as to better meet the ever-increasing demands in the established programs. A review of the workload statistics, in practically every assignment of work within the Office of the Solicitor, shows a steady increase in the services rendered.

The proposed budget for 1963 amounts to a total of $4,303,000. This is an increase of $187,000 over our appropriation for 1962. The largest part of the requested increase will provide for a very greatly needed expansion of 10 additional positions in the Washington office to meet the added workload due to the expansion of services in the Department. This increase is estimated at $76,222. A further increase is requested for the establishment of a digest, reports and analyisis group, which will serve all the various activities of the Office of the Solicitor. The estimated increase requested for this new activity amounts to $94,546 and will provide for 12 additional positions.

The increase of $76,222, requested for 10 additional positions, includes 6 positions in Washington to meet the added workload developing primarily out of enactment of the new amendments in 1961 to the Fair Labor Standards Act. Additional personnel for this purpose was approved by Congress in the appropriation passed for fiscal year 1962. However, the heavier workload in enforcement cases and the caseload in the Federal courts shows a definite need for personnel to review and try such cases in court. In addition, four positions are requested to strengthen the legislative advisory services, due to the added requests for this service within the Department.

The one new program change in the fiscal year 1963 is reflected in the request to establish a new unit to be known as the Digest, Reports, and Analysis Branch. This proposed Branch would be established under the supervision of my immediate office. The primary purpose of this activity will be to analyze and prepare digests of the past interpretations and decisions rendered by the various Divisions of the Office of the Solicitor.

At the present time, when an attorney is given an assignment, he must first spend many long hours researching the question to obtain all possible information concerning the manner which the same or very similar question had been previously handled. This procedure, when multiplied by the number of interpretations and decisions rendered each year, becomes a major factor in the work of the Office. By the establishment of this proposed branch, a complete review will be made of the past work of the Office. All interpretations and decisions will be digested, cataloged, and prepared in printed form. With the use of this system, an attorney would only have to research the digest system, thus eliminating the research of a question that has been previously covered. A similar program has been in effect in the Division of Labor-Management Laws and has proven very successful and a great timesaver.

Reviewing our established programs over the past year, the services rendered and the workload of the Office continues to steadily increase. Adjustments in personnel assignment and recent evaluation of the work procedures has made possible the handling of such increases at this time.

Possibly the best example of our increased workload, not effected by new legislation, but created by the increased interest of this administration in labor standards and the welfare of workers is found in the amount of work handled by the Wage Determination Division. The number of wage determinations requested in 1961 increased 10.4 percent over 1960. The rate of increase so far in this fiscal year reflects the continuation of the steady trend upward of the workload in this activity. The increase in the workload of the Davis-Bacon enforcement work is increasing proportionately. For the sake of brevity and so as not to be repetitious, I refer you to the many workload statistics set forth in our printed budget.

I assure you that my first year as Solicitor of Labor has been an interesting year. I feel that many accomplishments have been made toward better service to the public through more efficient operations. I feel that further adjustments, such as I have mentioned, will mean a greater saving in the future in the performance of our responsibility to the Department and to the worker in the field of labor.

Mr. FOGARTY. All right; go right ahead, Mr. Donahue.

Mr. DONAHUE. Thank you very much, Mr. Chairman.

It is certainly nice to appear here before you and to have had the privilege now for the second time.

I certainly want to compliment you and your subcommittee on the commodious arrangements which you now seem to have here. They are very luxurious, indeed, and very fitting for a subcommittee such as yours.

During the past year, I have become a year older, and I hope I have become a little wiser than I was last year, at least in the administration of the matters before the Solicitor's office.

Now, we have made some adjustments during the past year; not many so far as our organization is concerned; we perhaps intend to make more. In fact we have already taken steps to make more during the coming year.

REQUESTED INCREASES

In our proposed budget for this coming year, we are asking for some more money for some more positions. They fall into two general categories.

The first is a result of increase in existing workloads of the office and to changes and increases in the workloads of the Department as a whole. The total increase is $187,000. A large part of that is for 10 additional positions in our Washington office to meet the added workload. That mainly is an increase of $76,222.

And now there is a second increase for a new function—a function once long ago performed in the Solicitor's office, but which for much too long a time, in my opinion, at least, has been an abandoned function. And this is for 12 additional positions, totaling $94,546, to provide for a new branch which will concern itself with the digesting, reporting, and analysis with respect to the various laws administered through the Department of Labor, and in which we assist in the administration.

Now, the increase of $76,222 requested for 10 additional positions include 6 positions in Washington for the added workload. Additional personnel for this purpose was approved in fiscal year 1962. Heavier workloads for 1963 contemplated during that period have caused us to make this additional request.

Now, I wish to say a few words about the new program for which we are requesting funds.

OPINION DIGEST

We have never been in a position, at least for a 20-year period, approximately speaking, to digest and analyze the various opinions in important fields which the Solicitor's Office has delivered, both publicly and internally, and to make those in a digest form with an index to them for the attorneys to use daily as they go through their processes of interpreting our various statutes.

At the present time when an attorney is given an assignment, for example, he must spend hours—long hours sometimes, shorter in other cases—researching the question which is presented to him to obtain all possible information concerning the matter. In many cases it may be on a subject which has been previously handled. In many cases he could be well unaware of the precedents which may have been set 10 years ago, and which may be unavailable to him as a practical matter even though they are in the files.

And so, unless one of his supervisors happened to have a long enough memory to search back in his mind over a period of time and remember that, on or about such and such a date, I think that we probably passed upon this question before, he must treat this as if it is a new matter coming up for the first time and devote his time to new research concerning it, reaching a new conclusion.

Now, when this procedure is multiplied by the number of interpretations and decisions which may be rendered each year, it becomes a major factor in the work of the Office.

Now, we believe that by the establishment of this proposed Branch, a complete review can be made of the past work of the Office in the various areas—under the Wage and Hour Act, under the programs

administered by the Bureau of Employment Security, under Unemployment Insurance, for example, under Employment Service Activities, under Workmen's Compensation, under the Longshoremen's and Harbor Workers' Act, and particularly under the U.S. Employees Compensation Act.

We propose to review these programs, digest the interpretations and decisions, catalog, and prepare them in printed form. Then we will be providing presentday attorneys with tools fashioned from the activities long ago carried on in the past, and which are made available today to speed up the work of a lawyer who must trod the same path today.

This program, to a limited extent, has been in existence under the Division of Labor Management Laws during the past year or so. They have, as tools for use by our regional attorneys, made a digest, which can be expanded and kept up to date, of all of our actions under that law, so that they and the attorneys in the field, in particular, can know what we are doing and what we have done, and can apply the law with some consistency continuously into the future.

INCREASED WORKLOAD OF THE OFFICE

Now, reviewing our established programs over the past year, the services rendered and the workload of the office continues at a steady increase. Adjustments in personnel assignment, recent evaluation of work procedures, has made it possible to handle much of these increases at the present time.

Possibly the best example of an increased workload of ours not affected by new legislation but created by the increased interest of this administration in labor standards and welfare of workers is found in the amount of work handled by the Wage Determination Division. This is popularly known as the Davis-Bacon Division. The number of wage determinations requested in 1961 increased a little over 10 percent in 1960. The rate of increase, so far this fiscal year, reflects the continuation of the steady trend upward in the workload of this activity. The increase in the workload of the Davis-Bacon enforcement work is also increasing proportionately.

For the sake of brevity, and also not to be repetitious, I refer you to the many workload statistics set forth in our printed budget.

This first year since I have been here has been a challenging and an interesting year. I feel that we have made some accomplishments toward better service to the Department and, as a result, better service to the public, through more effective operations.

I think that further adjustments, such as I have mentioned, will in the long run mean a greater saving in the future in the performance of our responsibility, our very important responsibility to the Department and to workers in the field of labor.

Now, I would be delighted to answer any questions, Mr. Chairman.

LENGTH OF WORKWEEK

Mr. FOGARTY. First, are you encouraging any of your men to work over 40 hours and not pay them?

Mr. DONAHUE. Well, I think the broad answer to that is "No." I have not. We do have, I must be frank to say——

Mr. FOGARTY. Do you mean that those things may change?

Mr. DONAHUE. Well, I only know by hearsay what has occurred in the past. But let me say, in all candor, that there are parts of the office where we have had overtime work, unavoidable overtime work. For example, in the legislative branch and division of our office activities have increased because the activities of the Department have been very substantially increased. And so that has demanded overtime on the part of some of our lawyers, that is overtime in that phase of our work.

Secretary Goldberg, I believe, has testified on the Hill perhaps more than any other Secretary of Labor, and it looks as if he is starting out to do the same thing again this year. I think he has appeared three times, and by the end of next week he will have appeared four times on the hill.

That always involves our office. I will give you an example: Yesterday at 3 o'clock in the afternoon, we heard for the first time that the Secretary of Labor was appearing before the Roosevelt Subcommittee on Discrimination in Employment at 11 o'clock this morning. We had to get up testimony, practically flying blind at that point, and prepare it, get it typed up, get it duplicated, get it over to him, and get it cleared and reviewed and ready for the committee at 11 o'clock this morning. That was done. That was done at the expense of overtime on the part of some of our lawyers.

But that is the only type of overtime which I have, in effect, required in the office; in other areas I had never, during the year, to my knowledge, suggested that anybody work overtime. Some of them do it. Some of them have tasks that require it.

REQUEST TO THE BUDGET BUREAU

Mr. FOGARTY. What did you ask the Bureau of the Budget for?

Mr. DONAHUE. I think I have that statement right here. We asked the Bureau of the Budget for $4,639,000, and the Budget Bureau gave us, or approved, $4,181,000, plus $122,000 which comes from the Unemployment Account.

Mr. FOGARTY. The initial Bureau of the Budget allowance was $4,253,000, so they gave you a sizable cut. Then the Department appealed $100,000 of that cut. And the Bureau of the Budget gave you $4,303,000, which is an increase of $187,000 and 22 positions over 1962.

TRANSFER FROM UNEMPLOYMENT TRUST FUND

The 1963 request includes $122,000 to be transferred from the unemployment trust fund. Whose idea was that? Was that the Department's or the Bureau of the Budget's?

Mr. DONAHUE. I think perhaps Mr. Hudson can best answer that.

Mr. HUDSON. That was the Bureau of the Budget's idea. They did this in two spots, Secretary's Office and in the Solicitor's Office.

Mr. FOGARTY. Has there ever been an occasion when this was done before?

Mr. HUDSON. It was started several years ago when we were financing the operation from the old unemployment trust funds. But when we set up the new funds, they dropped it for at least 1 or 2 years, and now they are going back to it again.

What it represents is an estimate of the costs of the Solicitor's Office that is represented in the employment security program.

Mr. FOGARTY. How did you arrive at that figure?

Mr. HUDSON. It represents the costs of Mr. Donahue's Division of Employment Security.

Mr. FOGARTY. That is how you arrived at the $122,000 figure?

Mr. HUDSON. Yes, sir.

Mr. FOGARTY. Is there any doubt in your mind concerning the legality or the propriety of this proposed transfer?

Mr. HUDSON. No, sir.

INCREASE FOR LEGAL ADVISORY SERVICES

Mr. FOGARTY. Now, the first increase of consequence is $76,222 and 10 positions for "legal advisory services to the Department." You explained to some extent in your opening statement about this. This is to have adequate services available to Congress and to other agencies in the Department, is that it, or just in the Department itself?

Mr. DONAHUE. It is a combination, Mr. Chairman. We have asked for two legal jobs, for example, in the Legislative Division because of the obviously increased activity in that field.

Mr. FOGARTY. This is all legal work, is it not?

Mr. DONAHUE. Yes, sir.

WAGE-HOUR ACTIVITIES

Mr. FOGARTY. I notice none of the increase is assigned to legal advisory services for wage-hour and related laws. Do you not——

Mr. DONAHUE. You say none of it is?

Mr. FOGARTY. Yes.

Mr. DONAHUE. That is correct.

Mr. FOGARTY. Do you not expect an increased workload here?

Mr. DONAHUE. We expect an increasingly heavier workload, without being able to pinpoint the increase in this area. It has been increasing, perhaps roughly in line with our own estimates, because we did not feel that it would begin to increase in the first 6 months, but would more heavily increase in the next 6 months of the present fiscal year, and after wage-hour got geared up would increase at a greater rate thereafter.

And our theory in approaching this is that for the present we would abide by the decision of the Congress last year so far as wage-hour interpretative work is concerned. That is why we confined ourselves to asking for an increase in attorneys for litigation work. The interpretative work and the opinion work must necessarily precede the litigation work which will then increase next year.

For this reason, we have asked for more people at this later date in litigation than we have at the present time. We have asked for two men, two lawyers in the Trial-Litigation Branch, supervising litigation activities in the field, and one person in the Appellate Branch of litigation.

The other increases, outside of, of course, the Division of Reports and Analysis and Digests, would be for two attorneys in the legislative field, which is a field which would be in effect servicing Congress

through the Department and giving technical services where they are necessary.

Mr. FOGARTY. I notice in your justifications, on page 12, you say:

The work of this activity will be greatly increased due to the new Fair Labor Standards Act amendments of 1961.

What does that mean?

Mr. DONAHUE. Well, I would take it exactly at its face value. You will remember, Mr. Chairman, that last year we did receive a substantially increased authorization to employ attorneys; and without being able to measure exactly the increase, we are at the present time abiding by the amount which has been authorized in fiscal 1962.

WAGE DETERMINATION WORK

Mr. FOGARTY. I notice none of the increase is allocated to wage determination work.

Mr. DONAHUE. That is true. We did request men in that area, but that request was not approved along the line.

Mr. FOGARTY. You say in your justification:

This activity issued 44,977 wage determinations in 1961, an increase of 10.4 percent over 1960. This is a greater percentage increase than occurred between 1959 and 1960, and represents an alltime record workload for this activity.

Mr. DONAHUE. That is correct.

Mr. FOGARTY (reading):

The estimated workload for 1962 and 1963, which is based on information furnished by the various contracting agencies within the Government, indicates further increases each year of approximately 11 percent over the 1961 total.

Mr. DONAHUE. That is correct.

Mr. FOGARTY. And—

These estimates do not reflect an expected increase of approximately 2,000 determinations under the Water Pollution Control Act and the Area Redevelopment Act * * *

Why do they not?

Mr. DONAHUE. I would like to say this, that I took special pains before coming up here to inquire into the workload today with respect to determinations, and I was very glad to discover that we are approximately current in keeping up with our determinations at the present time. I think that we may have something around 150 determinations pending in that Division right now, which is, I think, reasonably current.

If there are increases, then, during the coming year, of course, we would have to do what we could to keep pace with them until we meet again.

Mr. FOGARTY. Do you not think there are going to be some increases?

Mr. DONAHUE. I think there are bound to be some increases in the activities of the Government that affect the construction industry.

Mr. FOGARTY. So the result is going to be an increased backlog?

Mr. DONAHUE. That could very well be so.

FIELD STAFF

Mr. FOGARTY. I also notice that none of the increase is allocated to the field staff. Will not the Fair Labor Standard Amendments of 1961 add considerably to their work?

Mr. DONAHUE. That is true. We already have received an allocation for increases in our field staff during this present fiscal year, and we have been in the process of placing more lawyers in the field in our various regions.

Mr. FOGARTY. But we expect a bigger workload in 1963, do we not, because of the amendments to the Fair Labor Standards Act?

Mr. DONAHUE. I think we do, but it is a matter of judgment how big a workload that is going to be.

Mr. FOGARTY. Did we give you too much money for this year?

Mr. DONAHUE. I do not think so. I think it would be well for me to say our increases in staff will occur toward the end of this year, rather than at the beginning, for a number of important reasons.

Mr. FOGARTY. Will the field staff be able to do a good job with the staff they have now?

Mr. DONAHUE. In some areas of the country the answer is "Yes." In other areas of the country it is "No." I need to put some additional people, I believe, in the South at this point, in the Birmingham office. More are needed in the Southwest. We are short handed, I know, in the Cleveland office at the present time. We need at least two attorneys, and we are taking steps to put at least two attorneys in there right now. Those things we are doing as rapidly as qualified attorneys can be obtained this time of the year.

DIGEST, REPORTS, AND ANALYSIS GROUP

Mr. FOGARTY. Now, the other program increase is $94,500 and 12 positions to establish a new digest, reports, and analysis group in the central office. Do you think it is more important to set up this new unit than to correct some of the deficiencies in your established divisions?

Mr. DONAHUE. I believe it is at the present time, because the budget for 1962 has, and the 1963 budget will, allow us additional attorneys in other types of work.

And I say that for this reason, and I cannot emphasize it enough, because I feel it very strongly—that we have suffered over the years from the absence of this particular service.

I have asked some of those who have come up here to do so because they are intimately familiar with the ways in which we have suffered. I would be glad to let them tell you how.

At the outset, I should like to call upon our Deputy Solicitor, Mr. Harold Nystrom, who, interestingly enough, came in to the Solicitor's Office as a young attorney from the Lawyers Cooperative Publishing Co. where he was doing digests. And his whole function when he first came in was to digest our opinions under the Fair Labor Standards Act and keep them up to date. He performed a most important and valuable service. Mr. Nystrom can tell about that in some detail.

Now, that service was abandoned. I do not know exactly which year, but it was cut out of the budget.

Mr. FOGARTY. Who cut it out?

Mr. DONAHUE. Well, I could not answer that question. I cannot remember the year. Perhaps Harold has a better acquaintanceship.

Mr. NYSTROM. It was terminated in 1943, at the close of the fiscal year. I came with the Solicitor's Office in 1941, and we reviewed some

100,000 of the initial opinions that had been issued under the wage and hour long at that time. We had a small staff engaged in that work. I was in charge.

As a result, we codified the positions that had been taken, and that document is still in use today, although it is way out of date, but it is in use by our Office and in the Wage and Hour Division to pinpoint the positions that were taken in those days on these various points of applying a new law. It is in a small compress, in a small book, and it provides a starting point from which you can go.

But, of course, there have been many intervening years, and something like that, if it had been kept up and kept supplemented by loose leaf or pocket card or something of that sort, it would have been extremely valuable in saving the time of each attorney who has to research a question now.

Mr. FOGARTY. This would save a lot of time?

Mr. NYSTROM. Of the number of people here, we might save, once we get the program rolling, if we can keep it down to date, we might ultimately save several times the number of steps in attorney man-years.

Mr. FOGARTY. Well, supply for the record, then, what you think the establishment of this would save in attorneys over the years.

Mr. NYSTROM. I might suggest this, that any lawyer would be helpless in his office in handling clients' cases if he did not have access, through the digest system, to the hundreds of thousands of court decisions that have been handed down. Before the digest system was provided, it was just impossible to run those things down as the numbers of decisions increased.

(The requested information on digests follows:)

NEED FOR A DIGEST UNIT

Much of the work of the Office of the Solicitor of Labor is performed by attorneys in 10 regional offices located throughout the continental United States, as well as in Puerto Rico. The work performed in the Office has increased tremendously over the past 20 years, both through the enactment of new legislation and through the acquisition by the Department of Labor of new and exceedingly broad responsibilities pursuant to reorganization plans. At times in the past, when new responsibilities were acquired through reorganization plans, valuable research materials were not transferred to the Department.

While the files of the Department contain a large amount of materials available for research, these materials are not available to attorneys in the field. In addition, the files have been maintained in such a hit-or-miss manner that the material is available as a practical matter in the Washington office only after hours, and sometimes days, are spent in research. The work of the new digesting unit will save an immeasurable amount of time now spent by each attorney in attempting to locate research materials. Perhaps even more important than the time element, however, is the need for consistency in application of the law.

For example, the Department over the years has made thousands of determinations as to the application of the Davis-Bacon Act in specific fact situations. When presented with queries in this area, it is imperative that a ruling, whether advisory or mandatory, be issued with the greatest possible dispatch. A ruling in conflict with that applied in a similar fact situation as much as 10 or even 20 years earlier can have most serious consequences in this highly volatile area. It is thus of utmost importance that an attorney have a readily available reference source that is not dependent on the possibly fallible memories of older or more experienced coworkers.

Similarly, thousands of unpublished rulings concerning and interpretations of the Fair Labor Standards and the Walsh-Healey Public Contracts Acts have been made, during their nearly three decade histories. A suitable digest of these many administrative precedents is essential, not only to facilitate the preparation of new opinions, but also to assure consistency of application of the two laws among different employee and employer groups.

It is not only in the interpretation of Federal laws that an index-digest system is needed. For example, 52 jurisdictions have State unemployment compensation laws, and 53 (the Virgin Islands is the 53d) pay unemployment compensation to Federal employees and ex-servicemen as agents of the United States. Fifty-four jurisdictions (Guam is the 54th) have employment services cooperating with the U.S. Employment Service in this Department, pursuant to the Wagner-Peyser Act. Very often constructions of Federal law (including regulations and standards promulgated by the Secretary) are made in connection with questions that arise with respect to a State. When a similar question arises in another State (and certainly the Federal law should be applied consistently in the two States), it is necessary to find prior legal opinions.

In advising a State as to whether a proposed action, as for example legislation, regulations, or interpretations, meets the requirements of Federal law, it is necessary to ascertain whether a similar action has been proposed previously in the same State or in another State and, if so, to find the legal analysis that had been made.

In connection with the reevaluation of a legal position previously taken, it is necessary to ascertain in what situations the prior legal position had been followed and all prior opinions on the same subject. This material may be spread over a considerable number of years and may affect a number of States.

When States request assistance in connection with litigation, any precedent material that we may have prepared or briefs prepared by other States that have litigated the question are of importance to them.

At the present time legal opinions are filed with other material in the general correspondence files. The file clerks (who are generally GS–3's and GS–4's) do not have the skill necessary to detect the legal questions covered by the opinions, to digest them and to index them by subject. Countless hours of unnecessary searching by the lawer results in the need to refer to precedent material and too often the material cannot be located. Duplication of effort results and the hours expended in initial research is lost in many cases when the precedent cases cannot be located. In many programs the material in our files is a valuable research source, since there is little authoritative material elsewhere. At the present time great reliance must be placed on the memories of the few lawyers who have been in the Department for a long time. As they leave, it becomes more and more difficult to find pertinent material.

The system proposed is basically that used in many Government agencies, such as the General Accounting Office, the Department of Justice, the Veterans' Administration, and the legal services of most other Government agencies. An index-digest system will enable us to find precedent material on the precise question we have at hand. This will be not only timesaving but will improve the quality of our work. In the absence of an effective system, the time spent on research in our files will continue to increase as the number of opinions increases and newly enacted legislation takes effect.

INITIAL 1963 REQUEST COMPARED WITH LAST YEAR'S

Mr. FOGARTY. You are asking for less money this year than you asked for last year. Last year you asked for $4,316,000, as I look at it, and this year you are asking for $4,303,000.

Mr. DONAHUE. Well, I think it was $4,316,000 plus the supplemental appropriation for Fair Labor Standards Act purposes, which, as I recollect, was somewhere around $700,000 in the beginning—$729,000 or something like that. And we were allowed, I believe, $500,000 by the Congress as an increase.

Is that not correct?

Mr. WILLIS. Yes.

Mr. FOGARTY. I think you are about right. But the fact is you are asking for less this year in the budget than you asked for last year.

Mr. DONAHUE. Our budget request was for $4,600,000, Mr. Chairman.

Mr. FOGARTY. What was it last year?

Mr. WILLIS. $4,116,000.

Mr. DONAHUE. That was the amount allowed.

Mr. FOGARTY. The request to the Bureau of the Budget. I am trying to get what you asked the Bureau of the Budget for last year. You asked for $3,900,000 plus the supplemental request because of the amendments to the Fair Labor Standards Act.

Mr. DONAHUE. We requested, Mr. Chairman, around $729,000, if my memory is correct. And we were allowed by the Congress $500,000. And that would add up to a request of approximately $4.6 million; which is approximately the same as our budget request of this year.

Mr. FOGARTY. What was it this year?

Mr. DONAHUE. This year it is $4,639,000. I think it is approximately the same, last year and this year.

Mr. FOGARTY. There is not much difference, anyway.

All right, is there anything else you want to say?

DIGEST UNIT

Mr. DONAHUE. No, sir. I have nothing to add. Unless you would like to hear more about this new branch on analysis and digest reports, which we would like very much to set up.

Mr. Albert Misler here has a particular problem—he is Assistant Solicitor in charge of Employment Security Matters. They have not kept up to date a digest system which was practically abandoned around 1950, was it not?

Mr. MISLER. That is correct. Mr. Chairman, as you know, in the unemployment insurance and employment service programs, we deal with 53 jurisdictions. We have a wide variety of conformity questions. When we write an opinion, it goes into an ordinary file. The lawyers in our division spend an inordinate amount of time attempting to locate those, to research those, to find precedents decisions. Countless hours are wasted.

Since Mr. Donahue came in, we have been pressing to get some sort of systematized digest, indexed digest system, to save these lawyers from doing the kind of work that they ought not to be doing. I think it is an unconscionable waste of legal talent time to do this.

In many cases, because they cannot find cases because there is no system, we have to redo the same work again. We will spend endless hours in going over and writing the same opinions which had to be written so many years ago. People that wrote them are no longer there. The libraries are carried in the memories of people.

Mr. DONAHUE. I would simply like to add, Mr. Chairman, that since I have been in office, I have had repeated requests from the Bureau of Employees' Compensation to bring up to date a complete digest of all decisions of the Federal Employees' Compensation Appeals Board. It is very important for the use of the Bureau, very important for the use of the Board in its daily work, knowing the cases which it has decided in the past and having ready access to them. This has

been substantially neglected over the same period of time. It has not been kept up.

Mr. FOGARTY. Is that Board very busy?

Mr. DONAHUE. That Board handles hundreds of cases a year. I believe it is around a workload of over 300 cases, from the number of opinions we write servicing them.

Mr. MISLER. Mr. Chairman, may I add one other thing? What we are asking for, basically, is a system that the General Accounting Office, the Attorney General, Treasury, Veterans' Administration, and the legal services of other governmental agencies have.

DEBARMENT UNDER DAVIS-BACON ACT

Mr. FOGARTY. Before we close, would you get statistics for the record on the number of firms and individuals debarred under the Davis-Bacon Act?

Mr. DONAHUE. Yes, sir.

(The requested information follows:)

JANUARY 26, 1962.

Memorandum to: Charels Donahue, Solicitor of Labor.
From: Peter F. Martin, Acting Assistant Solicitor.
Subject: Statistics on ineligibility sanctions as requested by Congressman Fogarty.

Firms and individuals debarred under Davis-Bacon and related acts

Fiscal year:	*Number*	Fiscal year—Continued	*Number*
1935 through 1952	4	1958	72
1953	8	1959	69
1954	26	1960	53
1955	28	1961	57
1956	36	1962 (to date)	25
1957	35		

Mr. FOGARTY. Is there anything you want to say further, Mr. Donahue?

Mr. DONAHUE. No. Thank you, Mr. Chairman.

Mr. FOGARTY. Thank you very much.

DESCRIPTION OF PROGRAMS DIVIDED BETWEEN TWO OR MORE BUREAUS

Mr. FOGARTY. Mr. Hudson, will you get a statement for the record setting forth the amounts in each participating bureau's 1963 budget for each of the following: Youth programs; automation, training and retraining; migratory labor; manpower statistics. Then a narrative description of each bureau's activities in each of these programs, with special attention to pointing out the reasons for division of the programs between two or more bureaus, and carefully defining the area covered by each bureau?

Mr. HUDSON. Yes, sir.

(The information requested follows:)

AUTOMATION

This subject falls within several organization units of the Department—the Office of Automation and Manpower, the Bureau of Employment Security, and the Bureau of Labor Statistics. Involved are studies of the impact of technological improvements on the labor force and the development of programs to mitigate or prevent adverse effects of automation on the workers of the Nation.

BUREAU OF EMPLOYMENT SECURITY

The Bureau's program is directed at current and potential problems at specific local community levels. Programs are being developed to provide an advance warning of the introduction of automation in local industry so that plans can be developed to channel workers to be displaced into other occupations or vocations. This involved the whole gamut of traditional BES–SES services of testing, counseling, and placement with special attention directed to potential or actually displaced workers.

The estimate for 1963 for the Bureau is $219,000 (an increase of $89,000) and for the States $1,800,000 (an increase of $1,300,000). This is virtually a new and special program which all evidence indicates needs to be stepped up as fast as possible.

BUREAU LABOR STATISTICS

The Bureau's role—as contrasted to the individual plant-local community problem of BES—is to study the impact of technological changes or major innovations of individual and whole industries which are in being or on the drawing boards and which have potential future implication at local levels This is in contrast but supplementary to the BES program. This work will be done in the Bureau's traditional productivity program and will involve the study of the impact on employment of such technological innovations as computers used in industrial operations, mechanized material handling, control instrumentation, etc.

For 1963 the Bureau is requesting $884,576 for the entire productivity program. This increase over 1962 is $225,000 to initiate the new program.

OFFICE OF AUTOMATION AND MANPOWER

The basic functions of this Office are to coordinate the Bureau program and to provide for the Federal Government a central focus for increasing national leadership, national awareness, and for the development of a national policy toward developing solutions to manpower problems created as a result of technological progress.

The role of this Office in relation to Bureau activities will be one of leadership in determining, in consultation with the Bureaus, how they can and should contribute to the Department's total research program, of keeping track of progress made and of suggesting needed changes in or additions to programs. It will direct efforts toward better ways to fit together the innumerable factors of policy and practice which determine the Nation's manpower situation and which involve considerations not in the purview of any one bureau. The total effect will be to give the Department, for the first time, a coordinated and carefully planned program of research and action in the automation and manpower field. In addition, this Office will utilize the special skills of research workers and organizations outside the Department, since we believe—and the advice of our consultants confirms this—that this will be the way to get the best results in some areas. For this reason, the budget request for the coming fiscal year includes a provision for contract funds. In addition, the Office hopes and expects to enlist the voluntary participation of research and other groups throughout the country, so that the total result may be in a very real sense a great national effort of manpower research directed toward preventive and ameliorative action.

The new Office will be responsible, in addition, for leading a nationwide program of communication. Here again it will seek and expect to obtain a great deal of help and cooperation from both public and private groups, but the staff of the Office of Automation and Manpower will be the focal point in what should be a great communication effort. The goal will be to achieve constantly increasing national understanding—extending to industry and labor, educators, and students, parents, and other concerned citizens, as well as Government agencies—of such matters as the interrelationships between education, training, and employment; the advantage of flexibility and consequences of immobility; the national importance both of rapid technological progress and of successful adjustments to it; and what must be done to achieve such adjustments.

The estimate for 1963 is $900,000, an increase over the 1962 amount of $70,000. The enlarged program grows out of a study made in 1962 as to the shape and dimension which the Department's effort should take on this subject.

MANPOWER STATISTICS

Two Bureaus, the Bureau of Employment Security and the Bureau of Labor Statistics, are engaged in this program with the Bureau of Labor Statistics having primary responsibility and the Bureau of Employment Security, through the State employment security agencies, providing material employment and unemployment data for economic analysis.

The Bureau of Labor Statistics provides the analysis of trends and developments on the labor force—employment and unemployment. The source material is collected by a survey of households by the Bureau of the Census, for which they are reimbursed. The BLS also obtains through the joint BES–BLS–State cooperative statistics program establishment data on employment, hours, earnings, and labor turnover. These two surveys form the basis for an analysis of the current economic situation. The Bureau also gathers a limited amount of data on employment by occupation which is used to estimate long-range future manpower requirements and form the basis for the Occupation Outlook Handbook and related publications which are used for vocational guidance.

The 1963 estimate for this program is $5,666,979, which is an increase of $1,016,172. The increase is largely to collect and analyze additional information on unemployment, and to make possible better estimates of future manpower requirements.

The Bureau of Employment Security, through its State employment security agencies, produces a vast amount of data with respect to current local labor market economy in the area of employment, and wages, of people covered under unemployment insurance laws (this is the area where BLS–BES have a cooperative arrangement with 44 States to get State summaries of these local labor market statistics). The cooperative arrangement involves joint financing by both Bureaus. BES uses this data for purposes of administering its program—BLS uses it plus what it gets from other sources as a basis of the "benchmark" estimates of employment which, together with monthly reports from a sample of employers, are used in building current estimates of employment for the monthly national release on the current economic situation. There is no duplication of effort but one of joint cooperation. The same thing is true of the labor turnover data in manufacturing. BES needs data on new hires and layoffs for program administration—BLS uses this data too as an integral part of its analysis of current economic problems.

An important statistic developed is the weekly data on unemployment as measured by the volume of claims of people covered under unemployment insurance laws. The Bureau needs this for program administration. BLS does not collect this but does use the derived information for analysis and inclusion in the monthly release on the economic situation.

The Bureau obtains very valuable data on the characteristics of the insured unemployed. This concerns age, sex, industry, occupation, duration of a sample of insured unemployed—those covered under unemployment insurance laws. With respect to the Nation as a whole the Bureau of the Census picks up similar information for BLS in its monthly household survey. Thus, by a blend of the two, important national as well as specific locality unemployment characteristics is available.

The Bureau also watches closely the adequacy or inadequacy of labor supply in 150 major labor market areas and many smaller areas. The Bureau of Labor Statistics does not operate in this area. Information derived as to the status of labor supply, its adequacy or inadequacy, substantial unemployment, persistent unemployment are needed for a variety of purposes—eligibility for bidding on Government contracts, preference under the Buy American Act, small business loans, assistance under the Area Redevelopment Act, etc.

The estimated cost for these activities for 1963 for the Bureau is $677,000 and for the States is $6,742,000. The increase for both for 1963 is $1,418,300 and like that of BLS is to improve the quality of the information and to expand it so that it will be more useful for both administrative and forecast purposes.

MIGRATORY LABOR

BUREAU OF LABOR STANDARDS

The functions with which this Bureau is concerned are in activities designed to obtain adoption and observance of appropriate labor standards relating to agricultural migrants and their families (and to farm wage earners generally).

These functions are performed by means of technical assistance, stimulation, information exchange, and consultation with a wide variety of State agencys and other public and private organizations with pertinent responsibilities. These functions do not include conduct or supervision of operating programs bearing directly upon farmworkers and employers, which is the special sphere of the Bureau of Employment Security.

The Bureau's estimate for this function for 1963 is $111,300, an increase of $40,000 to extend the Bureau's present work with State, local, and other organizations.

BUREAU OF EMPLOYMENT SECURITY [1]

The functions with which this Bureau is concerned are the activities necessary for the development, improvement, supervision, and actual conduct of local employment service programs which bring farmworkers and farm employers together in the employment relationship. The emphasis is on operations which affect farmworkers and employers directly as opposed to assisting and encouraging other organizations to adopt appropriate standards and policies which is the sphere of responsibility of the Bureau of Labor Standards.

The Bureau budget for 1963 for this purpose requests $1,325,000 for salaries and expenses and $2,900,000 for grants to States. This represents respective increases of $1,035,000 and $1,040,000 for the specific purpose of placing more domestic farmworkers in farm jobs and to enforce Department of Labor regulations on prevailing wages, housing, and transportation standards.

TRAINING AND RETRAINING

The Department of Labor, keenly aware of the changes affecting manpower requirements brought on by accelerating technological developments, more recently including automation, stresses the need for training and retraining of American workers as one of its most important manpower objectives. The primary responsibility in the Department of Labor for the promotion and encouragement of the establishment and improvement of occupational training is vested in the Bureau of Apprenticeship and Training. The Bureau of Employment Security and State employment service agencies provide employment services in support of training and retraining activities.

Under the Area Redevelopment Act of 1961, the Secretary of Labor has specific responsibilities relating to short-term occupational training for unemployed and underemployed workers in redevelopment areas as a means of acquiring new or refurbished skills which would lead to their gainful employment. The Bureau of Employment Security, Bureau of Apprenticeship and Training, and the Office of Automation and Manpower perform important but distinct functions relating to occupational training under this act.

BUREAU OF APPRENTICESHIP AND TRAINING

The Bureau carries out its primary function of the promotion and encouragement of occupational training by (*a*) disseminating information on skill resources and requirements, (*b*) stimulating the establishment and improvement of activities to provide adequate skills, (*c*) providing assistance in the organization of training and retraining programs, and (*d*) encouraging the application of sound labor standards for the protection of workers receiving training. In conducting these activities the Bureau cooperates with State apprenticeship and training agencies, with State employment agencies, and other agencies of State governments.

The Bureau encourages and assists management and labor to develop more highly skilled employees through the organization and improvement of on-the-job training programs of apprenticeship and other types of training. Programs are promoted by direct contact with employers and unions able to provide training; by use of public information media.

The Bureau, in its traditional program, develops information on training needs and technology, and apprenticeship and labor standards. Training aids and techniques designed to increase effectiveness of apprenticeship and training are also made available.

The Bureau's estimate for 1963 is $5,026,000.

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[1] It is not always practicable to draw a sharp distinction between migratory labor activities and those devoted to farm labor generally. The totals shown here represent all domestic farm labor activities of the Bureau of Employment Security except for placement of and other activity regarding local labor. Mexican farm program is excluded.

BUREAU OF EMPLOYMENT SECURITY

The Bureau of Employment Security and State employment agencies provide employment services in support of training and retraining activities by conducting surveys of local skills resources and requirements; by providing counseling, testing, referral, and placement services of workers for training; and by informing employers of education and training services available through the vocational education system, and State and Federal apprenticeship and training services.

In carrying out its responsibilities under section 16 of the Area Redevelopment Act the Bureau, through its cooperating State employment security agencies and their local offices, determines the occupational training needs of redevelopment areas and of unemployed and underemployed individuals residing in those areas; provides for the selection and referral of unemployed and underemployed individuals who can reasonably expect to obtain employment as a result of the skills they will acquire from training made available under the act; and makes retraining subsistence payments in accordance with section 17 of the act.

Determination of local training skills needed by employees are based on surveys prepared by local public employment offices. The survey results are based on an analysis of occupational characteristics of the unemployed and underemployed and the anticipated occupational needs of employers in the area. Local employment offices test and counsel unemployed and underemployed individuals in the area so that rational decisions may be made concerning the capability of individuals to be trained.

Funds available to the Bureau for this function amounted to $1,965,000 for the 8 months period ending June 30, 1962. The greater part of these funds, $1,765,000, were allotted to State employment security agencies. The remainder, $200,000, was used for salaries and expenses in the Washington and regional offices of the Bureau. In the 1963 budget request, $2,256,000 would be granted to the Bureau for this function. This represents annualization of the fiscal 1962 allocation.

BUREAU OF APPRENTICESHIP AND TRAINING

This Bureau at the field level, in cooperation with the Bureau of Employment Security, provides information, technical assistance, and guidance to local agencies studying manpower needs and potentials and assists appropriate local and State agencies in determining occupational training or retraining requirements of redevelopment areas including necessary additional facilities. The Bureau provides assistance to employees in setting up on-the-job training programs. The Bureau will work with employers who hire ARA trainee graduates toward establishing apprenticeship or further on-the-job training since ARA training is characteristically short term usually providing only basic skills and knowledge.

The cost of this is a part of the Budget's regular program and no additional funds are involved.

OFFICE OF AUTOMATION AND MANPOWER

This Office develops, directs, and coordinates the planning of major phases of the program; reviews and approves program proposals relative to the Department's area redevelopment administration functions, including approval and transmittal to ARA of recommendations on designations of areas and on overall economic development programs, and approval of specific training projects proposed under section 16 of the act; maintains liaison with ARA of Commerce, HEW, and other Federal agencies. No additional costs are involved.

YOUTH PROGRAMS

The Department of Labor conducts a variety of programs designed (1) to assist youth's preparation for gainful employment, (2) to encourage the development of suitable job opportunities, and (3) to facilitate the placement of boys and girls of employable age in the Nation's labor force. Some of these activities are directly and primarily youth oriented. In other instances the program activities focus on workers generally of whom youth are a substantial part.

The summary and program statements, which follow are related to those activities of direct and specialized service to youth.

The Bureau of Labor Standards is concerned with the safeguarding of youth, by appropriate standards and laws, from harmful or hazardous employment and the development of a public awareness for the stimulation of suitable programs to encourage employment opportunities for youth as they reach working age. Although of national concern and nationwide in their cumulative effects, the resolution of the many-faceted problems of youth preparation, placement, and job promotion rests, of necessity, in each individual community. To assist communities the Bureau's 1963 program will, through regional and field office technical and specialized personnel, (1) appraise the effectiveness of existing ongoing community youth programs and their adaptability to other cities with similar problems; (2) advise and help local public and private agencies in their efforts to organize youth councils or committees; and (3) assist in the development and servicing of suitable programs for the preparation of youth for employment under appropriate Federal, State, and local labor standards and objectives. These functions do not include the conduct of or the participation in, day-to-day operating programs and community activities performed by local public employment service offices.

The Bureau's request is for $799,800—an increase of $524,000 over fiscal 1962.

The U.S. Employment Service has as its primary concern the finding of employment for workers seeking jobs and the recruitment of workers for employment. In the youth field these activities include counseling and testing in local employment offices and in schools; specialized services for school dropouts, minority, seasonal, and other hard-to-place youth in both urban and rural areas; job development activities with employers; participation and day-to-day leadership in local community efforts through committees and other methods to marshal effectively the area's manpower resources and to conduct occupational and labor market research for the purpose of determining demand and supply factors and projecting job trends and guidance services to youth. The emphasis in these activities centers around the continuous daily operational character of employment service functions assisted, as community interest and needs are expressed, by technical developmental and promotional services and programs.

The Bureau of Employment Security request is for $193,600—an increase of $73,100 in its "Salaries and expense" budget. In its "Grants to States" budget, youth program activities for fiscal 1963 are set at $20,835,000 compared with $15,274,200 in fiscal 1962.

In addition to the two foregoing youth-oriented programs, the Office of Information, Publications, and Reports is requesting $9,000 for 1963 to print materials and produce radio and television materials supporting the Department's intensive stay-in-school campaign designed to encourage young people to complete at least their high-school education.

COMMENDATION OF BUDGET OFFICER

Mr. FOGARTY. For the record, I want to say that, while we miss Mr. Dodson, Mr. Hudson has done a very remarkable job. He and his assistants, I think, did a very good job throughout these hearings and in preparing for them.

Mr. HUDSON. Thank you very much.

THURSDAY, JANUARY 25, 1962.

NATIONAL LABOR RELATIONS BOARD

WITNESSES

FRANK W. McCULLOCH, CHAIRMAN
STUART ROTHMAN, GENERAL COUNSEL
OGDEN W. FIELDS, EXECUTIVE SECRETARY
DOMINICK L. MANOLI, ASSOCIATE GENERAL COUNSEL
STEPHAN H. GORDON, ASSOCIATE GENERAL COUNSEL
WINTHROP A. JOHNS, ASSISTANT GENERAL COUNSEL
ROBERT FRAZER, EXECUTIVE ASSISTANT TO THE GENERAL COUNSEL
CLARENCE S. WRIGHT, DIRECTOR, DIVISION OF ADMINISTRATION
EDWARD GOODSTEIN, MANAGEMENT OFFICER

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1961 actual	1962 estimate	1963 estimate
11	Personnel compensation:			
	Permanent positions	13,525	14,942	15,735
	Positions other than permanent	10	6	6
	Other personnel compensation	155	111	112
	Total personnel compensation	13,690	15,059	15,853
12	Personnel benefits	996	1,099	1,168
21	Travel and transportation of persons	944	1,060	1,170
22	Transportation of things	81	57	56
23	Rent, communications, and utilities	470	475	498
	Rents	576	27	27
24	Printing and reproduction	334	385	455
25	Other services	520	517	582
	Services of other agencies	45	57	68
26	Supplies and materials	216	226	234
31	Equipment	136	136	139
42	Insurance claims and indemnities		27	
	Total obligations	18,008	19,125	20,250

Personnel summary

	1961 actual	1962 estimate	1963 estimate
Total number of permanent positions	1,815	1,996	2,064
Full-time equivalent of other positions	1	1	1
Average number of all employees	1,760	1,929	2,001
Number of employees at end of year	1,816	1,984	2,048
Average GS grade	9.0	9.0	9.0
Average GS salary	$7,775	$7,815	$7,897

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
1. Field investigations	11,333	11,813	12,263
2. Trial examiner hearings	1,438	1,525	1,739
3. Board adjudication	2,287	2,889	2,965
4. Securing compliance with Board orders	2,950	2,898	3,283
Total obligations	18,008	19,125	20,250
Financing: Unobligated balance lapsing	205		
New obligational authority	18,213	19,125	20,250
New obligational authority:			
Appropriation	18,213	19,989	20,250
Transferred to "Operating expenses, Public Buildings Service," General Services Administration (75 Stat. 353)		−864	
Appropriation (adjusted)	18,213	19,125	20,250

Mr. FOGARTY. We have before us the National Labor Relations Board. Mr. McCulloch, you have had a year now to get acquainted with the work of the NLRB, so you ought to be in pretty good shape by now. Are you ready?

Mr. MCCULLOCH. I am as ready as I ever will be, Mr. Chairman.

Mr. FOGARTY. Go right ahead.

GENERAL STATEMENT OF THE CHAIRMAN OF THE BOARD

Mr. MCCULLOCH. Mr. Rothman and I, who really have joint charge because of our coordinate responsibilities under the statute——

Mr. FOGARTY. We will be glad to listen to Mr. Rothman, too.

Mr. MCCULLOCH (continuing). Want to thank you for giving us this opportunity to appear. I have a statement. If you prefer to have me put this into the record at this time, I will be glad to do so.

Mr. FOGARTY. You make your own decision. Whatever you think is best.

Mr. MCCULLOCH. I would be glad to have the statement as a whole put in the record. Then I shall comment on various parts of it briefly.

(The statement follows:)

STATEMENT OF FRANK W. MCCULLOCH, CHAIRMAN OF THE NATIONAL LABOR RELATIONS BOARD

I wish to thank the committee for this opportunity to appear on behalf of the National Labor Relations Board and to support its budget request for fiscal year 1963.

THE AGENCY REQUEST

This request for 1963 is for $20,250,000 which is, dollarwise, $261,000 more than the total appropriated for fiscal 1962, but because GSA in 1963 will asume the equivalent of a 1962 agency rent item of $864,000 it is actually $1,125,000 more than the net operational dollars available to us in 1962.

AUTHORIZED POSITIONS

The agency's 1963 budget request also provides for 2,064 permanent positions, an increase of 68 over the 1,996 permanent positions authorized in the 1962 appropriation.

RISING CASELOAD ESTIMATES

The rising case intake picture we painted for you last year at this time materialized as expected, and more. It is continuing unabated today and at a rate even higher than was expected. However, we believe we are able to read its meaning more precisely and certainly today and so can say to you now that we expect with good reason in fiscal year 1963 12 percent more unfair labor practice cases than in fiscal year 1962—14,600 as against 13,100; 10 percent more unfair labor practice situations—12,750 as against 11,500; 9 percent more representation cases—12,300 as against 11,250.

FACTORS AFFECTING INTAKE

Our statistical analysis of the long-range trend of case intake shows a continuance of the fiscal year 1961 rise through fiscal years 1962 and 1963. The following factors support this view.

1. Economic indications

(*a*) *National economic growth.*—The agency believes that, as the national economy expands, its caseload will continue to develop in direct relation to the economic growth of the country.

(*b*) *Movement of industry.*—Industry location shifts are producing increased case filings on a broader geographic area coverage.

(*c*) *Automation in industry.*—Increasing use of automation in industry is creating difficult work problems and greater workload.

2. Improved agency services

(*a*) *New regional offices increase intake.*—Improvements in public service with the opening of new offices results in greater intake.

(*b*) *Effective agency service targets.*—The agency is substantially improving its public service targets in moving cases. Parties are filing more new cases in recognition of timely service.

(*c*) *Agency settlement and compliance programs.*—The public is receiving the benefits of the act more quickly as the result of agency drives on voluntary adjustments and timely handling of compliance matters.

(*d*) *Broader acceptance of agency processes.*—There is broader acceptance and positive use of the orderly processes of the agency following from the increased sense of urgency and change in tempo of service.

3. Continuing impact of legislative changes of 1959

More and more testing of the impact of the 1959 legislative changes is going on as significant questions are beginning to be answered by the agency. Increased filings in these complex areas are expected.

4. Interunion activity

We are finding an increasing degree of nationwide rivalry among the major unions, particularly between the Teamsters and the AFL–CIO, which is having a noticeable effect on case filings.

PRODUCTION AND BACKLOG

Last year our great concern was to be in the proper position operationally to meet this increased workload and at the same time to retain all the improvements in timely and quality service already achieved by hard service and great effort.

Today the goals are the same and more because much more has been accomplished in this interval of a year. Today I can speak with pride about the substantial reduction in the backlog of contested cases on hand in the Board.

	C	R	Total
End of fiscal year 1958	190	220	410
End of fiscal year 1959	196	387	583
End of fiscal year 1960	213	516	828
End of fiscal year 1961	460	549	1,009
Dec. 31, 1961	363	126	489

While the time required to issue an unfair labor practice Board decision has gone up from 150 to 176 days, this is temporary and actually is a good sign because it indicates that we are finally clearing out the oldest cases instead of burying them deeper. In the past 6 months, the Board has more than doubled the rate at which it issued its unfair labor practice decisions to a new high total of 330 from July 1 to December 31, 1961.

On the basis of this record, I can assure you that within 3 to 6 months the time delay picture will change for the better.

EFFECTS OF R-CASE DELEGATION

These improvements can be attributed in part to a much improved spirit of productivity from top to bottom at the Board and in part to the success with which the delegation of representation cases, effective May 15, 1961, has been attended. In regard to the latter I should like to report briefly that since the effective date less than a year ago, approximately 1,005 regional director decisions have already issued. Of these, no review was requested in 830 cases, or 83 percent, indicating a very high degree of acceptance by all the parties. In addition these decisions on the average took about half as long to issue, 44 days, as the Board required in fiscal year 1960 (the most recent normal period) when they were issuing in 87 days.

Thus the Board, freed from the burdens of this great amount of representation decision making, has been able to devote itself more fully to the more difficult and complex unfair labor practice cases and to come to grips more quickly with important cases arising under the new provisions of the National Labor Relations Act enacted in 1959.

BASIC UNDERLYING ASSUMPTIONS

The agency is mindful of the substantial assistance provided by this committee through its wisdom, experience, and understanding of our problems in carrying out the responsibilities laid upon it by Congress in the National Labor Relations Act. Therefore, I want to underline two major assumptions upon which the agency's 1963 request is predicated and concerning which the committee should be fully advised.

The first point is that, built into this request is a productivity improvement factor of 2 percent over fiscal year 1962 rates. Thus we have actually reduced the manpower requirements called for by the increased workload forecast for fiscal year 1963 by 2 percent compared to fiscal year 1962. This approach is based on performance to date, and we have every reason to believe it can continue and improve as indicated.

The second point is that the agency hopes to achieve a substantial increase in the proportion of voluntary adjustments before expensive agency litigation begins. The resulting net reduction in staff and expense requirements has been taken into account in the 1963 request.

In summary we have much yet to do. We have learned much about effectuating the purposes of the act in the last year, and we think we are ready to accomplish more with your help.

The agency 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 continuous concern and consideration for our needs.

BUDGET ESTIMATES

Mr. McCULLOCH. The agency's request, Mr. Chairman, is for $20,250,000. Compared with the like figure for last year—in other words, removing the rent item, which is now absorbed by the General Services Administration—this amounts to an increase of $1,125,000 over the 1962 appropriation.

It provides, in brief, for an addition of 68 authorized positions for 1963 over 1962.

The basis for this request is the sharply rising workload situation. I would like to say in passing that the agency has sought to do—and I believe has done—full justice to the injunction of the President and the wishes of this committee to be as careful as possible in paring all

unnecessary expenditures to make sure that the dollars to be appropriated are really essential. I firmly believe we have presented to you an estimate of workload and budget which is based on our most careful analysis on that economical approach.

CASELOAD INCREASE

The increase arises out of the caseload which comes from people who file the charges and file the petitions with the Board. This has continued to mount. You remember, Mr. Chairman, that our estimates last year proved somewhat too conservative. We had to return to the committee in order to advise them that the caseload was running above our initial estimates.

This current year again the caseload, made up of the charges that are being filed, the unfair labor practices, and the petitions for representation elections, is already going above the increased 1962 estimates. As we have set out in tabular form in the justification—which I have summarized in my statement—the unfair labor practice cases for fiscal 1963 are expected to run 12 percent more than in this current fiscal year 1962.

The unfair labor practice situations—because sometimes the different charges will involve the same situation; that is, there may be a group of workers who have been fired in one incident or related set of incidents and we lump those charges together when we talk about unfair labor practice situations—are estimated to run 10 percent in fiscal 1963 above the estimated 1962 figures.

Our representation petitions for next year are currently estimated to run 9 percent more than in the current fiscal year.

Just to indicate that this is a conservative estimate, without confusing you too much with the detail, I should nevertheless report that, despite our revision last year of the caseload estimates for 1962—which the committee was good enough to honor for the 1962 fiscal year—the actual intake of unfair labor practice cases is currently running even 7 percent above that upward revised estimate for 1962.

So if this continues—and on the basis of latest field reports we have no reason to feel that it will not—through the current year, we will have a substantially higher intake than we previously estimated.

BASIS OF PREPARING THE ESTIMATES

I mention this only to suggest that our estimates for 1963, on the basis of which we are now making our budget request to your committee, are also conservatively figured. We have done our best to look at the picture candidly, and we have tried to give you a true picture.

We expect, therefore, for 1963 that there will be some 12,750 unfair labor practice situations and 12,300 representation petitions. These are increases of 1,250 and 1,050 over 1962. It is on this basis that we find the necessity for an increase in our appropriation.

The underlying factors which are mentioned on pages 2 and 3 producing this increase in funds show no sign of letup. The continuing national economic growth, the movement of industry from one area to another, the economic and technical development as exemplified

by automation, the impact of the 1959 legislative changes which are still being tested in many ways by the parties in interest, interunion activity, the impetus that has been given by the improved agency performance to the parties who file to avail themselves of the services of the agency—all of these pressures increasing our workload show no signs of changes.

This accomplishment and efficiency of a quasi-judicial agency cannot be fully evaluated by applying simple mathematical tests. But measuring the performance by the Board in the current year of the duties which Congress has given to it, I believe this committee will be encouraged to note that the production assumptions on which this budget estimate is based have been going steadily up. The Board's own performance of its decisional work shows—on page 4 of my statement—an encouraging reduction in the backlog of contested cases before the Board.

We stressed this very serious situation at the time we appeared before you last, when the combined backlog had risen to a record high of more than 1,000 contested cases pending before the Board.

DECREASE IN UNFAIR LABOR PRACTICE CASE BACKLOG

We report now that the unfair labor practice backlog has begun to go down substantially. It was 460 at the end of fiscal 1961. It was 363 after the first 6 months of fiscal 1962. The representation case backlog is very far down. It was 549 on June 30, 1961, and only 126 on December 31. We believe, therefore, that we are getting within range of a workable backlog level.

I believe I should point out to this committee that the effort that has been made by the Board in the last 6 months has seen the Board turn out some 330 unfair labor practice case decisions, as against a production of such decisions for the total fiscal year 1961 of 415.

I think you can see that this is a great increase. Actually it is 100 percent more than the comparable production of unfair labor practice cases in the same 6-month period of the preceding year.

Our estimates for attaining greater case production in decisions by the Board in 1962 and 1963 are high; and yet we feel they are realistic. As against an actual production of 415 complaint cases in fiscal year 1961, we are hopeful of reaching the current 1962 estimate of some 700 cases; 701 to be exact. For the 1963 fiscal year, which is the year under discussion here the goal is also around 700. This is a great increase. It means chopping away at our backlog, at the same time we try to keep up with the current cases.

It involves a maximum of effort on the part of the Board. It involves an increase in productivity continuing. We believe we can attain these goals and we are determined to make every effort to do so.

DECISIONMAKING POWER OF REGIONAL DIRECTORS

I would like to add, in the next place, that Congress has in great measure enabled the Board to do this by authorizing the Board in representation cases to delegate its decisionmaking powers to the regional directors, subject to Board review. This has in our judgment been most successful. The representation case delegation officially began on May 15 of last year, as we reported in our hearing here

last year. In the time since then, down to about the first of this calendar year, the regional directors have handed down over 1,000 decisions in contested representation cases.

In these 1,000 decisions, no review was requested in about 83 percent, which I think is convincing evidence that they have been very largely accepted by the parties to these decisions.

Review was requested in 17 percent, and it was granted by the Board in 3 percent of the cases. Of course we always have the toughest cases in those 3 percent where review is granted. Passing on the question of review and considering and deciding the review cases, of course, are still important and difficult Board obligations.

The time feature in which this committee has always been much interested, because of the long delays which have attended the Board's proceedings in many cases in the past, has been greatly cut down as a result of this delegation.

For the fiscal year 1960, the most recent comparable year, the time between the filing of the election petition and the issuance of the order was 87 days. Under the delegation, that time is now 44 days—virtually cut in half.

For fiscal 1961 that time was even higher—there were various things pushing it up—from the time between filing the petition and the order of election. That ran up to 104 days. As compared to that, the reduction to some 44 days is even more dramatic, and I think this is testimony to the hard and effective work being done in the regional offices by the regional directors and their staffs.

This is a great help to the Board, of course, in taking a large part of the volume load of the representation cases from the Board and handling them in the regions. It enables the Board to give more time to the difficult and the very complex unfair practice cases and representation case reviews.

RESPONSE TO CRITICISMS

I would like to discuss one other thing which I haven't included in my prepared statement. The Board has been quite conscious of the criticism of its work, many of which center around the elements of delay.

These came out not only in the hearings and report of the House committee presented over by Congressman Pucinski of Illinois. They came out also in the floor debates on the Reorganization Plan No. 5 and in the hearings. It was adverted to earlier in the so-called Cox report, to the Senate Labor Committee, and in the McKinsey report.

We know that this committee too has given a continuously watchful look at what was happening in the agencies for the finances of which the committee has such a major responsibility.

The Board has responded to these criticisms very constructively and effectively, not only by the delegation in the representation cases to the field, to which I have just referred, but also by improving its internal procedures, cutting red tape wherever the Board could, setting up tighter deadlines, making an inventory of our staff and how it could best be disposed, making an inventory of the old cases that seemed to be hanging around too long, expanding our able trial examiner corps, and at the same time exploring with the General Counsel ways and means of making our remedies more effective.

The most dramatic indication of this latter item is perhaps in the field of so-called 10(j) or discretionary injunctions with which we have been experimenting in an effort to see if we can preserve the employment situation and employer-employee relations so that mere delay will not mean that by the time the Board has handed down its decision in a hotly contested unfair labor practice case, the situation has so deteriorated that an effective remedy is impossible.

I would report to you that, as a result of all these efforts there is high morale in the Agency, and maximum effort.

In brief, I believe that the Agency's performance of the responsibilities given to it by Congress should merit your confidence. We continue to be grateful for the attention that your committee has given to our workload and the understanding that you have of the responsibilities that are cast upon us. This has been a major factor in enabling us to carry out the functions that have been given to us.

We are trying to do the job which Congress gave us. I think it is a critical job for the economy and for our Nation. Our workload is cast upon us by the parties who seek their rights under the statute, and we are grateful to this committee for giving us the tools with which to do that job.

Mr. FOGARTY. Thank you, Mr. McCulloch. I think you have made a good statement. You shouldn't be giving us any credit because you have the responsibility for these duties. I opposed this legislation in 1947 and spoke against it and did everything I could do to defeat it. So I am in no position to take any credit for any responsibilities that you may have in carrying out the provisions of the Taft-Hartley Act.

However, that doesn't mean that I oppose this appropriation. I remember the first year that this appropriation came before this committee. There was no background of any kind. It was for $9 million. The majority at that time—I was in the minority—said, "You had better give them every dime they asked for, because this is our baby."

Well, it wasn't mine, but I went along with them. In subsequent years I found myself in the peculiar position of defending this appropriation on the floor against cuts sponsored by those who were responsible for the enactment of the law.

That could happen again. If it does, I will defend it. You started out with around $9 million in 1948, and got up to $20 million. But I don't find fault with that either because all costs are going up, and I know your workload has gone up under the law. I am not making complaints.

Mr. Rothman, I think you had better make your statement. Then either you or Mr. McCulloch can answer our questions depending on whose area they fall in. Go ahead, Mr. Rothman.

STATEMENT OF THE GENERAL COUNSEL

Mr. ROTHMAN. Thank you, Mr. Fogarty. If I may take an additional moment, I should like to introduce those who are at the table, some of whom are new to you.

Mr. Stephan Gordon of the Division of Operations; Mr. Bob Frazer, the Division of Operations. Of course you had met the Chairman.

Mr. Ogden W. Fields, Executive Secretary, whom the Chairman didn't have the opportunity to introduce; Mr. Clarence S. Wright, Director of the Division of Administration; Mr. Dominick Manoli, Associate General Counsel; Mr. Winthrop Johns, Assistant General Counsel. Mr. Johns has appeared before you many times in the past years.

I should like to tell you, most regretfully, that after 25 years of unquestionably exemplary and highly dedicated service to the Government, Mr. Johns is going to retire and will not appear before you again. He handled the very difficult district court branch, or the injunction work, under the Taft-Hartley Act; and this has been a very sensitive area. The way in which he handled it, I think, has been a great credit to the Government. The Government has been better off by having him.

With respect to my statement, I appreciate the opportunity to appear before you again to support the agency's budget request for fiscal year 1963. It is in the amount of $20,250,000, and represents an increase in obligational authority of $1,125,000 over the 1962 appropriation authority.

Since there is a nonrecurring office item of $864,000 in the 1962 appropriation, on a dollar basis the 1963 request is $261,000 above the 1962 appropriation.

ORGANIZATION'S STRUCTURE

The General Counsel by statute exercises general supervision over the agency's 28 regional offices. It is there that the greatest part of the agency's caseload by volume is handled. For example, it is in the regions that all unfair labor practice charges and representation petitions are filed and investigated.

Upon the completion of the investigation of an alleged unfair labor practice, if it is clear that no violation of the statute has occurred so that the charge is without merit, it is either withdrawn by the charging party or dismissed in the region.

In the calendar year 1961, approximately 70.6 percent of all the unfair labor practice charges filed were disposed of in this fashion. In numbers, approximately 9,200 out of 13,000 charges were disposed of in this way.

Approximately 29.4 percent of the unfair labor practice charges filed in the regions are found to be based upon a violation of the statute or, in other words, have merit. When an unfair labor practice case is a meritorious one, one of two things can happen. It can be voluntarily resolved or disposed of by the parties before the complaint issues; or the Government issues a complaint against the respondent and the formal Board processes are involved.

The trial which follows is handled by a member of the region's legal staff before a trial examiner of the Board. The case, unless further mutual and voluntary understanding between the parties takes place, or the respondent accepts the Board order, may reach the U.S. Supreme Court.

About 85 percent of the unfair labor practice charges by volume are disposed of in the regional offices, and about 75 percent of representational caseload. Under the new delegation procedures for representation case decisions by regional directors, it appears that at least 95 percent of the representation caseload will be disposed of in the re-

gional offices. Of the merit charges, in unfair labor practice cases, approximately two-thirds of the charges in 1960 and 1961 were disposed of by settlement, either before or after issuance of the complaint, so that they did not have to go through the long course of litigation.

JUSTIFICATION FOR THE INCREASE

As to why we need additional money, the agency believes that the long-range trend of rising case intake which started in fiscal year 1958 will continue. You will recall from our last appearance that the agency was concerned whether the rise in intake had been properly estimated by it.

It turned out we were forced to return with a revised upward estimate for fiscal year 1962 before the Congress had completed their deliberations on the 1962 budget. Our revised estimate was an improvement but was still slightly underestimated.

Today the indicators are sufficiently clear for us to measure the high and rising caseload more timely than last year. For 1963 the agency estimates an increase over fiscal year 1962 of 12 percent, or 14,600 unfair labor practice cases; an increase of 9 percent, to 12,300, representational cases.

An increase of approximately 6 percent in the budget is only half of the amount necessary to take care of the increase in the caseload on an arithmetical basis. The difference is deliberate. Part of the savings arise out of estimated improved productivity rates for fiscal year 1963—2 percent over the fiscal year 1962 estimate, or 4 percent for the last year and the coming year. This will lower the need for additional manpower.

We hope also for an additional saving by increasing the proportion of voluntary adjustments of merits cases before there is a need for extension litigation. Of course, we will all agree that voluntary disposition and the voluntary processes of the act are the best. And while it is not only a matter of money but a matter of getting the voluntary processes of the act to work, it does remain, however, that voluntary dispositions decrease the need for administrative funds.

While it is our hope and we will do our best to further the voluntary processes of the act, we will not be so bold as to predict or forecast with any great precision the exact amount of increased voluntary dispositions because of so many factors that stand in the way of settlement today.

Our appropriations request is predicated, however, on the assumption that we can handle a 10-percent rise in workload with less than a 6-percent rise in the estimated funds.

As to how well we may have handled the funds you have given us in the past year, this is a matter for you to judge. But I should like to submit some facts for your consideration.

PERFORMANCE IN HANDLING WORKLOAD

Despite the rising caseload in fiscal 1961 and the first half of fiscal 1962, the Office of the General Counsel and the regional offices have always tried to do their work justly and on time, and to stay on the high level of time and performance reached in 1960—which was the highest previous year in history.

A more detailed summary of the calendar year report of the Office of the General Counsel for 1961 shows this objective was achieved, and in some areas the Office has surpassed the high performance of 1960.

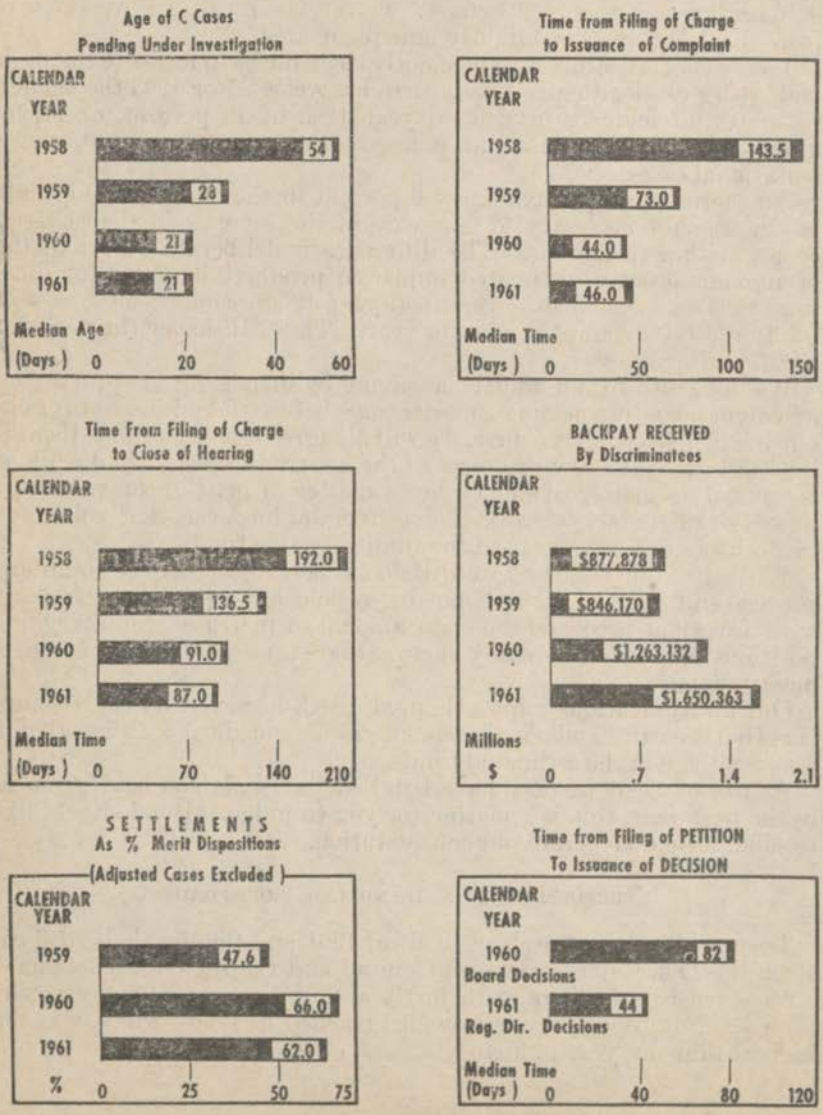
There was also a substantial timesaving in the handling of representation cases under the May 1961 delegation of the Board, which in addition increased the caseload and materially the work in the regions.

I should like to submit for the record a chart which shows graphically some major developments in caseload handling.

Mr. FOGARTY. We shall put that in the record at this point.

(The chart is as follows:)

PROFILE OF MAJOR AREAS OF CASE HANDLING



Mr. FOGARTY. Thank you very much, Mr. Rothman.

Mr. ROTHMAN. I would, if I may, like to submit for the record additionally some major highlights concerning the performance of the regional offices to accompany the profile.

Mr. FOGARTY. We shall put that in the record at this point.

(The matter referred to follows:)

Some highlights of regional office performance in calendar 1961 are the following:

1. Total case intake in the field (unfair labor charges and representation petitions) was 24 percent higher than 1958 and 9 percent higher than 1960—24,005 in 1961, 22,106 in 1960, 21,501 in 1959, and 19,383 in 1958.

2. Despite record intake in 1961, the average age of cases pending under investigation from month to month was only 21 days, compared to 21 in 1960, 28 in 1959, and 54 in 1958.

3. The average number of cases pending under investigation from month to month in 1961 was 1,150 compared with 986 in 1960, 1,486 in 1959, and 2,563 in 1958.

4. Monthly unfair labor practice dispositions in 1961 kept pace with monthly intake—average monthly case intake was 1,090 and average monthly dispositions 1,059.

5. Median time required to proceed from filing of charge to issuance of complaint in 1961 was 46 days, compared to 44 in 1960, 73 in 1959, and 143.5 in 1958.

6. Median time required to go from filing of charge to close of hearing before a trial examiner was 87 days in 1961, compared to 91 in 1960, 136.5 in 1959, and 192 in 1958.

7. Pursuant to the May 15 delegation of representation decision writing functions to the regions, 1,045 regional director decisions issued in 1961 in a median of 44 days.

8. The average time required to produce reports on objections and challenges to elections was 29 days in 1961, compared to 33.3 days in 1960, 52.8 days in 1959, and 76.7 days in 1958.

9. The number of unfair labor practice charges found meritorious was 29.4 percent of the total charges filed, compared to 29.5 in 1960, 29.1 in 1959, and 21.3 in 1958.

10. Complaints issued in 1961, totaled 1,286, compared to 1,261 in 1960, 1,237 in 1959, and 672 in 1958.

11. Representation petitions resulting in an election agreement or requiring a hearing and formal decision comprised 70 percent of the total filed in 1961, compared to 71.9 in 1960, 71.5 in 1959, and 68.4 in 1958.

12. Representation elections conducted by the Office of the General Counsel totaled 7,017 in 1961, compared to 6,805 in 1960, 6,241 in 1959, and 4,675 in 1958.

13. Unfair labor practice cases won, in whole or in part, before the trial examiners and the Board comprised 79 percent of the total compared to 77 percent in 1960.

14. Backpay received by employees illegally discharged in 1961 was $1,650,363, compared to $1,263,132 in 1960, $846,170 in 1959, and $877,878 in 1958. Employees illegally discharged and offered reinstatement totaled 2,349; of these, 1,591 accepted reinstatement.

15. In 1961, the rate of voluntary settlement was 62 percent, compared to 66 percent in 1960, and 47.6 percent in 1959. Adding an additional 12 percent of meritorious cases voluntarily adjusted outside of regional processes, the total voluntarily adjusted amounted to 74 percent.

16. Recruitment efforts during 1961 were concentrated on qualified field examiners. Examiners hired totaled 30 in 1961, compared to 23 in 1960, and 4 in 1958. The turnover rate in the Office of the General Counsel in 1961 was approximately 9 percent which is lower than other agencies, but still a matter of serious Office of the General Counsel concern and attention. Throughout the Office of the General Counsel there were 281 promotions in calendar year 1961, compared with 239 in 1960, and 152 in 1959.

We believe that the ability to stay at this high level of performance was substantially contributed to by the Office through the development of a program called Operation Challenge II, designed to improve performance in many ways, particularly settlements, compliance, and excellence of investigations and trials.

OBJECTIVES IN FISCAL YEAR 1963

We have noted some but not all of the important improvements of calendar year 1961. No amount of reference to past improvements will insure success in 1963. What we have learned in 1961 and thus far in 1962 is the beginning of improvement. Whether we make further advance depends on how well we meet the challenge of an exceptionally high and rising caseload.

In fiscal year 1963, and during the remainder of fiscal 1962, it is the objective of the Office of the General Counsel—

1. To continue on the same high plateau of time and quality peformance achieved in 1960 and 1961.

2. To try to give even more emphasis to the voluntary settlement of meritorious cases by the parties.

3. To bring the benefits of the act speedily to parties using our processes through timely, voluntary, fair, and more meaningful compliance with Board and court decisions.

I have come before you many times in many years for appropriations for labor agencies. This committee has always been understanding and responsive to the requirements necessary to support effective labor-management relations in the country. You have been a real friend where support of the Government's role in industrial relations was concerned. For this I am appreciative because of what it has meant in better public service. This thanks is not just a formality, I can assure you. I am sorry that we continue to come before you and ask for more money most of the time. I know that we are fortunate to have this committee which understands our problems and responsibilities under the statute. Thank you.

AMOUNT REQUESTED FROM THE BUREAU OF THE BUDGET

Mr. FOGARTY. What did you ask the Bureau of the Budget for for 1963?

Mr. MCCULLOCH. The same figure that is in our present request.

Mr. FOGARTY. That is an unusual thing, isn't it, for them to give you what you ask for?

Mr. MCCULLOCH. I think we convinced the Bureau of the Budget that this is a conservative request and that it is fully warranted.

Mr. FOGARTY. They have been cutting everybody else. You must have some friends over there.

SUMMARY OF BUDGET

The appropriation for 1962 is $19,989,000, and the request for 1963 is $20,250,000—an increase of $261,000. But GSA is picking up about $864,000 in rent payments. So the real increase is about $1,125,000. Is that right?

Mr. MCCULLOCH. That's correct.

Mr. FOGARTY. The increase provides for annualizing the staff increases allowed for 1962 and for 68 additional positions in 1963. Will you provide for the record a breakdown of those 68 additional positions and job descriptions.

Mr. ROTHMAN. Yes, sir.

(The information follows:)

Analysis of 68 additional positions provided in 1963 request over 1962 estimate

Division of Operations field staff	Position	Annual salary
Field examiner (investigator, "R" case hearing officer, election examiner and negotiator for settlement and for compliance with orders):		
GS-11	10	$75,712
GS-9	10	64,480
GS-7	2	10,733
Field attorney (investigator and, as counsel for General Counsel, tries "C" case hearings before a trial examiner and negotiates for settlement and for compliance with orders) adjustment of 7 positions of legal assistant to board members (GS-11) and 2 appellate court attorney positions (GS-12) to 9 positions of GS-11 field attorney to handle shift in workload	0	−2,787
GS-9	11	70,928
GS-7	13	69,763
Clerical and secretarial support for field professionals:		
GS-4	8	32,448
GS-3	9	33,883
Departmental staff:		
Attorney (furnishes advice regarding policy, planning, programing and management of cases arising in the regional offices under the statute):		
GS-11	4	30,285
Secretarial support for above: GS-6	1	4,846
Total, additional positions	68	390,291

DISPOSITION OF THE 1962 INCREASE

Mr. FOGARTY. You had a fairly substantial increase in your appropriation for 1962 of $1,776,000. Was any suggestion made to you from higher up in the executive branch as to part of this being placed in the reserves for savings?

Mr. MCCULLOCH. No; it was not.

Mr. FOGARTY. According to your statement, Mr. McCulloch, you will use these additional funds to help trim down the delay in these cases.

Mr. MCCULLOCH. That is correct.

Mr. FOGARTY. Is there anything else you have done with these additional funds for 1962 that you want to talk about?

Mr. MCCULLOCH. They have proved absolutely essential to allow us in the field and at the Board to keep up with the growing caseload, and at the same time we have made an actual reduction in the 1962 backlog figure, which I mentioned earlier in stressing the fact that our unfair labor practice case decisions have greatly increased over 1961. It seems to us that a reasonable backlog level may be within sight, and I believe we will attain it.

REASONS FOR INCREASED CASELOAD

Mr. FOGARTY. From your justifications it appears that a major reason for the required increase in funds in 1962 and 1963 is a continuing trend of increased numbers of cases and so-called situations that you have to handle. What do you attribute this increase to?

Mr. MCCULLOCH. A whole variety of factors, no one of which is easy to single out and say, "This results in 5 percent of the increase." First, as a result of the Nation's steady economic growth, as new plants are developed, the pressure for organization for collective bargaining runs into the same problems under our law that it has in other places.

As plants move from one section of the country to another, similar problems arise as unions seek to organize the employees. We find that the changing technology produces many new problems. As automation comes in and changes the nature of the work force and the nature of the job that is being done, we have new and different problems concerning units for representation. We have new and different problems that arise in connection with the scope of collective bargaining. All of this is also productive of more Board business.

The 1959 legislation which made a number of changes, particularly in reference to the law as it relates to picketing, secondary boycotts, and hot cargo contracts, are still being explored by the parties. They are trying new contract provisions, new techniques and devices to further their interests which we are testing out under the new phases of the law.

So, although that has been in operation now for more than 2 years, there are many legal implications of it that haven't been determined at all. We are finding that this is productive of more business.

In addition, despite the efforts of the labor movement within the federation to solve their internal problems, there are still many conflicts between unions. There are also a number of unions, as you know, which are not in the federation.

In our statement we have actually identified the controversies between the Teamsters' Union and many of those affiliated with the AFL–CIO which are producing a substantial number of contested complaint and representation cases before the Board.

One other factor which we think is producing an increase may be that the improvement in the Board's services is inducing more parties to exercise their statutory rights than did so before.

We certainly have instances, at least, of this reported to us from both employer and union counsel. It is harder for us to track down such factors in the cases of individuals, charging parties, who come in on their own.

But it seems to be a factor that some parties feel that, with the time-lag cut down, it is more worth their while to seek to exercise the rights which the law gives them.

Mr. FOGARTY. Why do you think this trend will continue?

Mr. MCCULLOCH. I see no letup in it at all. You mentioned earlier—very properly—the fact that when you began to look at the Board's budget, it was around a level of $9 million. Here it is at $20 million.

Mr. FOGARTY. I didn't find fault with that.

Mr. MCCULLOCH. I know you didn't find fault. But there is one other figure which confirms what I think is the implication of your own feeling that this has been needed. That is, for the first 10 years under Taft-Hartley, which you mentioned before, the filings in the unfair labor practice cases and the representation petitions averaged about 13,000 a year. This had its ups and downs, but it averaged about 13,000.

Now the current budget is based upon an estimate of 25,000—nearly double the petitions and the charges of the earlier period. So there is a rough comparability between the workload that is coming in as a result of these factors that I mentioned and the increases in the budget.

Mr. FOGARTY. You say on page 6:

Since fiscal year 1958, work brought to the agency has risen by more than 50 percent.

Are you sure that the methods of measuring the workload in 1958 are comparable to the current methods?

Mr. MCCULLOCH. We think our current methods are substantially better and even more firmly based, and of course they assume a higher degree of productivity. We have done our best to improve that.

Mr. FOGARTY. Since the workload since 1958 has only gone up 50 percent, how do you explain that you need over 100 percent more money?

Mr. MCCULLOCH. I think from 1958 to this year——

Mr. FOGARTY. Whoever has the answer or can get the information, just give it.

Mr. WRIGHT. The appropriation in fiscal year 1958 was $9,749,000. The case intake has risen roughly 50 percent to the present. The large additional difference in the cost has been some pay raises that have gone into effect and some increases in miscellaneous costs.

Mr. MCCULLOCH. I think what Mr. Wright is saying is that we, like other agencies, are subject to the inflation in costs which has taken place, and that this is an additional factor.

Mr. ROTHMAN. I should like to add in that connection, Mr. Fogarty, that the statistics used at the present time, I believe, more accurately reflect the caseload than in some of the earlier years. Some years back we made a very deliberate effort to squeeze out of statistics cases improperly reported. The statistical methods of reporting the caseload then may have indicated a bigger caseload than was actually the case.

In addition, the number of complaints issued at the present time, and last year as well, are in the vicinity of 1,200 to 1,300 cases, while in 1958 the figure was 672, or approximately half.

So with respect to the merit caseload and the merit workload problem, where the greatest amount of funds are required because there is more work involved, the caseload as well as the appropriation, has in fact doubled.

Mr. FOGARTY. I know costs are going up throughout the budget, not only in this one but in every one.

Mr. WRIGHT. There is one other factor. In 1958 we did not keep up with the work we received. We fell behind on unfair labor practice work by approximately 1,900 cases. We were not keeping up with what was coming in at that time.

(The following was subsequently furnished at the request of the committee:)

NOTE.—Actual comparison of fiscal year 1958 with the 1963 request is as follows:

	Actual, fiscal year 1958	Estimate, fiscal year 1963
Case intake:		
Unfair labor practice cases	9,260	14,600
Unfair labor practice situations	7,673	12,750
Representative cases	7,488	12,300
Subtotal, ULP situations and R cases	15,161	25,050
Percent rise in intake, 1963–1958		65.2
Cases closed:		
Unfair labor practice cases	7,289	15,575
Unfair labor practice situations (approximate [1])	5,859	13,688
Representation cases	7,490	12,300
Subtotal, ULP situations and R cases	13,349	25,988
Percent rise in cases closed, 1963–1958		94.7
Work accomplished:		
(In normal agency experience an average unfair labor practice situation requires 4 to 5 times as much manpower as an average representation case.)		
Unfair labor practice work:		
5,859 situations times 4 in 1958 and 13,688 situations times 4 in 1963	23,436	54,752
Representation work	7,490	12,300
Subtotal work accomplished	30,926	67,052
Percent rise in work accomplished, 1963–1958		117.1
Appropriations or request	$9,749,000	$20,250,000
Percent rise in 1963 request over 1958 appropriation		107.7

[1] Excludes 1 category of case closing credited in 1958 for which no special statistical credit is currently given.

Mr. FOGARTY. Mr. Michel?

GEOGRAPHIC ASSIGNMENT OF REGIONAL EMPLOYEES

Mr. MICHEL. Mr. Rothman, I think the greater share of these additional employees are going to be field examiners and field attorneys. Where principally would there be a need for those additional examiners and attorneys?

Mr. ROTHMAN. In all regions where needed. Some regions have an increasing caseload greater than others. There are certain sections of the country where the caseload seems to increase at a greater rate than others.

Mr. MICHEL. Where would that be?

Mr. ROTHMAN. We have found this last year that the proportion of caseload increase was greater through the central part of the United States and the southern part of the United States—New Orleans, up through Illinois, around the Mississippi River, for some reason.

On a visit to that part of the country you see a tremendous number of new establishments, new businesses being opened, large national companies opening petrochemical plants in the South and other national companies opening factories and places of business in that part of the country.

Mr. MICHEL. There seems to be a direct relationship, then?

Mr. ROTHMAN. In my view; I think it very safe to say that, as long as the national economy continues to expand and there is an increasing number of new businesses opened, there will be an increase in the caseload and in work for the National Labor Relations Board, both in problems of unions representing employees in these plants and in unfair labor practices.

ORIGIN OF UNFAIR LABOR PRACTICE CASES

Mr. MICHEL. How about in this area of unfair labor practices? What percentage would be filed by unions as against employers or individual union members? Do you have that broken down by categories?

Mr. ROTHMAN. In general the number of charges filed by unions or employees against employers runs around 60 percent; and the number of charges, filed by employers or employees against unions will consist of the balance, except for one other category. I can't give you the amount, but it may run from 7 to 10 percent, and that is charges filed against both employers and unions.

Mr. MICHEL. Would that be pretty constant for the life of the NLRB? Or would there have been a change?

Mr. ROTHMAN. That has been relatively static—the number of charges filed by unions against employers, or vice versa, since the Taft-Hartley Act. Of course, it is only since then that the Board has had charges of employers against unions.

Mr. MICHEL. Has the percentage of valid cases as against those that have been thrown out been pretty much the same, whether it be filed by the employer or by the union?

Mr. ROTHMAN. Within a rather narrow spectrum, the percentage has been fairly firm. But in the last 3 or 4 years the percentage of valid charges filed by unions against employers has increased; and the percentage of charges which were found to have merit and been valid filed by employers against unions has decreased.

But I must immediately add that this matter in my view is wholly dependent on the nature and kind of charges filed in any particular year; and in another year, the percentage may be reversed.

I should like to point out that in the last few years—I can only speak with respect to my own term of service—the number of charges that have been found to have merit, thus resulting in complaints, have also increased percentagewise.

Among the number of complaints issued, the number against employers have gone up somewhat. But in another year the ratio may be reversed.

CASE LOAD RESULTING FROM INTERUNION RIVALRY

Mr. MICHEL. In your testimony, Mr. McCulloch, in this item 4 on page 3, "Interunion activity," you said that you are finding an increase in the degree of nationwide rivalry among the major unions, particularly among the Teamsters and the AFL–CIO, which has been having a noticeable effect on case filings.

What percentage of your total case filings would fall within that category?

Mr. McCULLOCH. I am not sure that our statistical office has the breakdown. It would be a small percentage of the total, although in terms of the representation case filings, petitions involving bargaining rights, it is a pretty substantial percentage of the total.

I wonder if Mr. Fields could help us?

Mr. FIELDS. Roughly speaking, in representation cases, in 20 percent of the cases there are two or more unions involved. In the other 80 percent there is just one union involved in the situation.

REMEDIES PROPOSED FOR VIOLATIONS

Mr. LAIRD. In a speech which you made since you have become Chairman of the Board you called for harsh remedies against violators of the law. Can you be a little more specific on what you meant by this?

Mr. McCULLOCH. First, I suspect that the word "harsh" is a characterization by someone else. I do not recall specifically, but I don't think the word appears in my speech. I suspect I said something like "more effective" remedies, and that this may be an editorialization of my effort——

Mr. LAIRD. This was a newspaper clipping.

Mr. McCULLOCH. This is understandable. I don't complain except that I think sometimes the choice of words in a report may give a coloration to the speaker's intention, which was not meant to be there.

We have felt a number of matters, such as delay and other factors, resulted in the Board's not getting to the root of the problem in time or with an adequate remedy to do its job. Some of the most obvious of these problems were present in back-pay cases where, because of the difficulty of figuring out how much pay a man had coming to him after the time of the discharge, and then figuring out through an uneven work history the kind of credits you should give as against that back-pay obligation, and weighing all of these factors, that has taken years.

We have been criticized recently because one of the most complicated back-pay cases took more than 10 years. This is much too long.

"KNICKERBOCKER PLASTICS" CASE

Mr. LAIRD. That happens to be the case I kept calling your attention to. That would be the *Knickerbocker Plastics Company* case. I have been writing to the Board about that after several Members of Congress called it to my attention.

I have no personal interest in it. It happens to be out in California, I believe. That took 10 years to clear the Board. Isn't that correct?

Mr. McCULLOCH. Yes; that's correct.

Mr. LAIRD. Is that what you were talking about?

Mr. McCULLOCH. This is one of the remedy questions that I was talking about.

Another thing was that, as the statute was set up, Congress authorized two main kinds of injunctive proceedings. One is the proceedings under section 10(1) that are mandatory. Under this the Board has an obligation to seek injunctions where there are apparently

meritorious charges of certain secondary boycott or hot cargo or picketing violations filed with the Board. Then there are discretionary injunctions which the Board is permitted to seek where complaints have been issued charging commission of unfair labor practices by employers or unions. These the Board has used more sparingly.

The Pucinski hearings and the Cox committee recommendations were that the Board had made inadequate use of the so-called discretionary injunctions which seek to preserve the situation, while this long Board litigation goes on.

As a matter of fact, I devoted almost an entire speech to analyzing this, looking at the dangers of injunctions, and recognizing that injunctions were not a full answer, because turning over to the courts the basic adjudication is not what Congress asked us to do.

Where the General Counsel has issued a complaint, however, and irreparable injury is threatened to a party's rights unless immediate temporary relief is afforded the Board can't shirk its responsibility, and I indicated that in my judgment this more frequent use of discretionary injunctions would help make the Board's remedies more effective. In cooperation with the General Council we have moved ahead on that front.

The General Counsel suggested a third thing, and the Board has been studying this at the same time and when it is presented to the Board we shall have to pass upon it. That is, a proposal that interest be added to the backpay obligation. This would more full compensate the wronged individual for his loss and by increasing the financial burden would probably increase the deterrent effects of the possible Board remedy. Thus, those who either were pondering the commission of an offense or were wondering whether or not they should promptly comply with a Board order will be more strongly prompted to avoid the violations or to remedy it sooner, because of the addition of this added monetary remedy.

These are three. We certainly haven't solved the backpay question. We have some of our staff members looking to how we avoid this possibility, this reality, of a 10-year delay in such cases. A 10-year delay, however, is an exceptional case. It is not normal. It is not routine.

Mr. LAIRD. Two years ago I got word that that case was going to be settled within the next couple of months. Last year I wrote another letter, and it was going to be a couple of months.

Mr. ROTHMAN. If I may add something on that. We regret it as much as you or anyone. Unfortunately there are some matters that are beyond our control, and we are just caught up by them. That is, since enforcement is a matter of litigation and there are adversaries in the matter, these things take a long time to clean up in the courts, and some of these matters go on for a long time.

I would like to point out that in this area of compliance activities and enforcement of a Board order and court decree, we have had a special project to clean up these "old dogs." I think there were approximately 40 such cases that were 4 or more years old. We have disposed of many of them—some 16—this last year. We are making a real effort to finally close them.

EXTENT OF BACKLOG OVER 5 YEARS OLD

Mr. LAIRD. How many backpay cases do you have that are over 5 years old?

Mr. ROTHMAN. I cannot tell you offhand. I may have this figure here or I will have to supply that to you. I am happy to do that, because it will show that the number—which may be around somewhere between 30 and 40—has been very substantially reduced.

I should also like to point out that for this last year and the last few years the agency has been able to almost double the amount of backpay collected in cases.

For example, in 1958, $877,000 was collected in backpay from employers who had improperly discharged employees under the statute. In 1960 the amount had been increased to $1,263,000. In this last calendar year it was over $1,650,000.

I think that points to what I consider a fair but vigorous enforcement of the act where violations have been found out.

(The following answer to the inquiry was subsequently submitted:)

The following tabulation shows compliance with old cases during the past 12 months.

	Cases pending 4 or more years from filing of charge as of Feb. 1, 1961		
	5 years old or older	4 to 5 years old	Total
Pending as of Feb. 1, 1961	22	16	38
Closed during 12 months ending January 26, 1962	−9	−7	−16
Pending as of January 26, 1962	13	9	[1] 22

[1] In 3 of the cases all that remains is some pro forma action, i.e., entry of a consent decree by a court or submission of a closing compliance report by the regional office. For all practical purposes compliance has been secured in these cases.

NOTE.—Of the total of 22 cases still pending, 10 are actively before the Office of the General Counsel, 3 are before the Office of the General Counsel although compliance has been secured (see footnote 1): 5 are actively before the Board; 4 are actively before the courts.

The Office of the General Counsel in 1961 attacked the old case problem vigorously. One phase involved identifying, concentrating on, and disposing of NLRB cases 4 or more years old.

USE OF THE INJUNCTION

Mr. LAIRD. You have started using section 10(j), which permits an injunction to a much greater extent than any other Board chairman. I believe that this section has been exercised by the Board some 43 times in the past 10 years.

How many times has it been exercised within the last 12 months?

Mr. ROTHMAN. In the last 12 months, a recommendation to the Board to exercise 10(j) authority was made in some eight cases.

Could you tell us, Mr. Johns, the number of situations where that has been disapproved and the number in which we did seek 10(j) injunctions?

Mr. JOHNS. I think the recommendation was adopted in all cases, in approximately eight cases, within the last 12 months. I think we sought injunctions either against unions or employers. Some of them are still pending in the courts.

METHOD OF MEASURING WORKLOAD

Mr. LAIRD. It seems to me that since I have been listening to the testimony before this committee, the method of counting your caseload has changed somewhat. I would like to ask a couple of questions about that.

First, if a man files 35 charges, rather than listing these 35 charges as 1 case, do you now list this as 35 cases?

Mr. ROTHMAN. No. On the contrary, we have reversed the trend and count that as one situation. When I came on this job some 2½ years ago, I told the staff I would never come before this or any committee of Congress with any figures that could be considered phony, or that had any possibility of being questioned, and that we had to work out a better method of statistical reporting.

There were some situations in the past where something like that occurred. I mention that in connection with the 1958 caseload problem, where every charge filed—whether it was actually only one part of one legal situation, would be handled in the agency as a single situation and was counted separately.

For that reason, we have submitted a fairer budget indicating the number of charges filed, but we also have an itemization of "situations" to measure the workload. That is the basic figure that we use in connection with that budget justification.

The situation today is to the contrary of that you describe.

Mr. LAIRD. The reverse applies, too? If 35 men file the same charge against one employer, that situation is considered as one case?

Mr. ROTHMAN. If it arises under the same factual situation so that it will be handled as a single case or a single situation in the agency, we treat it as one situation and not 35 cases for budget purposes.

Mr. LAIRD. In looking over the justifications, I think it was in 1958, it seems to me that there was a change in measuring workload. Now you have changed back again. Is that correct?

Mr. ROTHMAN. I wasn't there in 1958, so I cannot speak of the situation.

Mr. LAIRD. The figures in 1958 had these all listed as separate cases.

Mr. WRIGHT. That is correct.

Mr. LAIRD. You have changed back now. I think that is a good change.

Mr. MCCULLOCH. It is more accurate.

Mr. WRIGHT. That is why we have situations in here on the charges so you can see them.

Mr. ROTHMAN. I would like to add in that connection, in partial answer to a question raised, that the caseload has only gone up 50 percent, that by the more accurate method of reflecting the workload, the caseload has in fact risen more.

In addition, we must remember that, since 1958, the statute has changed and a series of very complicated new unfair labor practice charges were added to the statute, which are so intertwined with other parts of the statute that the problems of investigation, interpretation, and enforcement have been increased to a considerable degree.

It is a much more complicated statute, and the problems of administration and enforcement are greater. Even the increase in interunion rivalries has increased the difficulties of our work.

That means that the amount of time taken in some of these very complex interunion situations doesn't reflect itself merely as a caseload situation. Our work has not been made easier as the complexity of labor-management relations in the country increases.

Mr. McCulloch. Congressman, could I just interject a further answer and call your attention to page 5 of the justifications which you, I believe, have before you.

If you will look there you will find our best staff effort to differentiate between situations and cases. Look at the top item, 1958, unfair labor practice situations, 7,600; representation cases, 7,400. You will see that those add to a total of 15,000—just a little over 15,000.

Now, what we are having to do for fiscal 1963 is estimate on the basis of what is coming in. Take the comparable figures for 1963 to those I just read for 1958—they are 12,750 unfair labor practice situations and 12,300 representation cases, which adds to a little over 25,000. This is obviously 66⅔ percent above the 1958 figures.

So, as far as we can give you that estimate on the basis of situations, it is reflected in that figure. It may have been a mistake for us to state it so conservatively as we did in the top sentence on page 6, which the chairman very properly asked about, and where we said it was a 50-percent increase in workload.

I think that that sentence doesn't adequately reflect the facts.

N. B. RELIANCE FUEL & OIL CASE

Mr. Laird. You have a heavy workload according to what you have been talking about. I am interested in your purely local cases, for example an appeal which was made to you against a local distributor of heating oil. This is the case of the N. B. Reliance Fuel & Oil Co., of Long Island, N.Y., which is engaged in the local distribution of heating oil and servicing oil burners.

I would like to know just how that fits into your program.

Mr. Rothman. It is very interesting that, as a matter of experience and practice, our regional offices do not get any large number of cases where the question turns on whether or not we will take jurisdiction of the case.

It is just a fact that we do not get before the agency very many of those small cases.

Now, with respect to this case, which you used as an example, the Board took jurisdiction of the case and the second circuit refused to go along and remanded it.

If it is the case that I believe it is, I can only say that we in the agency were very much surprised to find at this late stage that the second circuit had a question about constitutional jurisdiction as it did in that matter. The Board is presently considering whether to appeal the case and have it reviewed by the Supreme Court. We think that the second circuit is wrong on this problem.

As you know, this matter of Federal jurisdiction under the commerce clause of the Constitution versus local jurisdiction has gone through quite an evolvement in the courts. We thought that some of these questions had been fully settled by the Supreme Court.

The final answer to your question is—we must exercise the greatest care on our part whenever we seek to enforce this statute against parties, that we will assure ourselves in every way that we have jurisdiction before we begin.

We have recommended a petition for certiorari, but no petition has been filed in this case yet.

Mr. LAIRD. That is all.

Mr. FOGARTY. Thank you very much, gentlemen.

NATIONAL MEDIATION BOARD

WITNESSES

FRANCIS A. O'NEILL, JR., MEMBER
THOMAS A. TRACY, ASSISTANT EXECUTIVE SECRETARY

NATIONAL RAILROAD ADJUSTMENT BOARD

C. W. KEALEY, MEMBER
H K. HAGERMAN, MEMBER
LELAND HOWARD, ADMINISTRATIVE OFFICER

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1961 actual	1962 estimate	1963 estimate
11	Personnel compensation:			
	Permanent positions	728	818	835
	Positions other than permanent	440	568	621
	Other personnel compensation	3		
	Total personnel compensation	1,171	1,386	1,456
12	Personnel benefits	61	68	69
21	Travel and transportation of persons	163	196	256
23	Rent, communications, and utilities	42	46	49
24	Printing and reproduction	38	62	43
25	Other services	13	11	13
26	Supplies and materials	9	11	11
31	Equipment	16	7	7
	Total obligations	1,513	1,787	1,904

Personnel summary

	1961 actual	1962 estimate	1963 estimate
Total number of permanent positions	88	104	104
Full-time equivalent of other positions	17	22	22
Average number of all employees	105	125	126
Number of employees at end of year	129	130	130
Average GS grade	8.7	8.6	8.6
Average GS salary	$7,572	$7,550	$7,671

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
1. Mediation	577	604	631
2. Voluntary arbitration and emergency disputes	336	350	460
3. Adjustment of railroad grievances	601	835	813
Total program costs	1,514	1,789	1,904
Change in selected resources [1]	−1	−2	
Total obligations	1,513	1,787	1,904
Financing: Unobligated balance lapsing	91		
New obligational authority	1,604	1,787	1,904
New obligational authority:			
Appropriation	1,604	1,804	1,904
Transferred to "Operating expenses, Public Building Service," General Services Administration (75 Stat. 353)		−17	
Appropriation (adjusted)	1,604	1,787	1,904

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1960, $15,000; 1961, $14,000; 1962, $12,000; 1963, $12,000.

General Statement

Mr. Fogarty. Mr. O'Neill, do you want to read your statement?

Mr. O'Neill. If it please the chairman of the committee, I prefer to have the statement made a part of the record.

Mr. Fogarty. Whatever you want to do.

Mr. O'Neill. I would suggest we make the statement a part of the record.

(The statement follows:)

Statement, National Mediation Board

The National Mediation Board administers the Railway Labor Act which was established for the purpose of disposing of disputes between carriers and their employees so as to avoid any interruption to commerce or to the operations of a rail or air carrier engaged in commerce. Definite procedures to accomplish this purpose are provided by the act. These include mediation, voluntary arbitration, investigation of emergency disputes and adjustment of railroad grievances. These activities are conducted through the National Mediation Board, arbitration and emergency boards and the National Railroad Adjustment Board.

The appropriation recommended for carrying out these activities for the fiscal year 1963 is $1,904,000, an increase of $117,000 over the adjusted appropriation for the previous fiscal year.

For the mediation activity of the Board it is recommended that $631,000 be appropriated. This is an increase of $27,000 over the 1962 appropriation due to increased travel costs resulting from the passage of legislation in the last session of Congress which permitted a maximum per diem allowance of $16. This increase also covers mandatory increases in personnel costs. 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.

For the activity voluntary arbitration and emergency disputes, the Board is recommending an appropriation of $460,000. These funds are used to finance special boards of adjustment, arbitration boards as well as emergency boards created by the President under section 10 of the act to investigate labor disputes which threaten substantially to interrupt interstate commerce. It is not possible to determine with exact precision the number of boards which will be required and financed from this fund. An increase of $109,500 is being requested for this purpose. This request is based upon increased per diem travel costs and a need to have a sufficient reserve in this fund to handle emergency situations which may arise in the airline and railroad industries.

The National Railroad Adjustment Board which was created by section 3 of the Railway Labor Act to handle grievances in the railroad industry is recommending that $813,000 be appropriated for this activity. This is slightly less than available in the current fiscal year.

To summarize the National Mediation Board is requesting an appropriation of $1,904,000 for fiscal 1963. The increase of $117,000 over the previous fiscal year is based on increased travel costs and a need to have available a sufficient reserve to handle emergency disputes.

Mr. O'NEILL. There are two items that I would like to comment on, Mr. Chairman. We are asking for an overall increase of $117,000 in the 1963 budget over the current budget; $27,000 of that is for the mediation activity of the National Mediation Board.

Mr. FOGARTY. You are not asking for any additional positions?

Mr. O'NEILL. No, no additional positions. This will take up the travel increase. I might say the Board made a very careful survey of that per diem allowance. We didn't put it into effect immediately. We had each mediator file detailed reports of his expenses in the field. The Board approved it on November 1, rather than immediately after the legislation was passed. In the next fiscal year we think we will have to go along with it because it is fully justified.

WORKLOAD OUTLOOK

Mr. FOGARTY. Do you expect any increase in your workload next year?

Mr. O'NEILL. Undoubtedly.

Mr. FOGARTY. The railroads and airlines?

Mr. O'NEILL. Yes. We expect we will have a pretty rough year. We don't see any clear light of too much peace in the immediate future.

REQUEST TO THE BUREAU OF THE BUDGET

Mr. FOGARTY. Did you ask the Bureau of the Budget for any more money than what you are requesting?

Mr. O'NEILL. I'll let the Adjustment Board take up the matter. I think they went along pretty much with us.

Mr. TRACY. We asked the Bureau of the Budget for $1,986,000. We were allowed $1,904,000.

FUNDS FOR EMERGENCY BOARDS

Mr. FOGARTY. What about your emergency board fund?

Mr. O'NEILL. We find, Mr. Chairman, as of January 1, 1962, we had obligated 65 percent of our current budget, which leaves us very little money to go through the balance of the year.

It will therefore be necessary to come in with a supplemental. That is presently pending before the Bureau of the Budget.

Mr. FOGARTY. You will have to go before another committee on that, then.

Mr. O'NEILL. I bring that fact out to show that this estimate of ours is low for the current year. We think an additional $100,000 will see us through without the necessity of coming back for a supplemental.

That is about the size of the situation. As I say, there are no signs of a slacking off in the workload in any way.

Mr. FOGARTY. We shall hear from the Adjustment Board.

Mr. KEALEY. Mr. Chairman, members of the committee, we have a prepared statement.

Mr. FOGARTY. We shall put it in the record.

(The statement follows:)

STATEMENT OF NATIONAL RAILROAD ADJUSTMENT BOARD

While most of the members of the committee probably are familiar with this 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.

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, miantenance-of-way men, dispatchers, et cetera; 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 Meditation Board, which Board then selects the referee.

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.

In order to reduce the backlog of some 2,600 third division cases, following an agreement of the parties, there has been established a supplemental board of 10 members, which it is hoped will materially reduce the number of pending cases within a year or so. Salaries of these members are likewise paid by the parties they represent.

It might be pertinent to point out that there are some 20 standard railroad labor organizations; more than 100 class 1 railroads, and hundreds of other than class 1. There are about 5,000 agreements in effect between the carriers and labor organizations covering rates of pay, hours of service, working conditions, et cetera. It is these agreements with which we deal.

During the past fiscal year, the four divisions of the Board received and docketed 1,870 cases and closed 1,859, but a backlog of 5,968 remained as of June 30, 1961. Many of these cases may involve hundred of thousands of dollars.

The estimate for the fiscal year 1963 is $813,000, which is less than for the current year. We should like to stress the fact that the salaries of the members of the Board and third division supplemental board are paid by the labor organizations and the carriers. It is estimated that this amounts to about $800,000 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.

INCREASE FOR 1962 TO REDUCE BACKLOG

Mr. FOGARTY. You received an increase of $200,000 for 1962 to reduce the backlog of cases. What is being done?

Mr. HOWARD. The Supplemental Board, Mr. Chairman, was set up. It takes a little while to get it going. They are going very well now. I think in another 6 months or a year it will show a sharp decrease in that backlog.

Mr. FOGARTY. You are satisfied with the progress that is being made?

Mr. HOWARD. I think everybody is satisfied with it, sir. As I say, it takes a little while to get going on a thing like that where you have a 10-man board. But I think progress is being made.

Mr. FOGARTY. Were you asked by the Bureau of the Budget to put any of your 1962 funds in reserve as some other agencies were?

Mr. TRACY. No.

Mr. FOGARTY. Is there anything else you want to say?

Mr. O'NEILL. I believe that completes our statement.

Mr. FOGARTY. Thank you very much.

WORKLOAD STATISTICS

We shall place in the record at this point the workload statistics from the justifications.

(The statistics referred to follow:)

NATIONAL MEDIATION BOARD

1. *Mediation.*—The Board mediates labor disputes and determines collective-bargaining representatives for the 700 carriers and 1.25 million employees in the railroad and airline industries.

Mediation cases	1960 actual	1961 actual	1962 estimate	1963 estimate
Pending, start of year	223	257	271	281
Received during year	341	339	360	360
Closed during year	307	325	350	350
Pending, end of year	257	271	281	291

2. *Voluntary arbitration and emergency disputes.*—When mediation fails, the parties are urged to submit their differences to arbitration or special adjustment boards, including neutral members paid from this account. If neither mediation nor voluntary arbitration is successful, the President, when notified of disputes which threaten seriously to interrupt service, may appoint an emergency board to investigate and report on the dispute as a basis for agreement.

	Number of boards			
	1960 actual	1961 actual	1962 estimate	1963 estimate
Arbitration boards	9	8	10	10
Special adjustment boards	101	114	125	125
Emergency boards	7	7	7	7

3. *Adjustment of railroad grievances.*—Railroad employee grievances resulting from application of collective bargaining contracts may be brought for settlement to the 36-man Board composed of 4 divisions. Each division has an equal number of carriers and union representatives paid by the parties and handles the grievances of a particular type of employee. The appropriation provides clerical assistance to the Board and neutral referees to sit with divisions of the Board when they are deadlocked.

	Workload			
	1960 actual	1961 actual	1962 estimate	1963 estimate
Pending, beginning of year	5,645	5,957	5,968	5,968
Received during year	1,798	1,870	2,050	2,075
Closed during year	1,486	1,859	2,050	2,075
Pending, end of year	5,957	5,968	5,968	5,968
Referee days of service	1,712	1,647	2,800	2,870

NATIONAL RAILROAD ADJUSTMENT BOARD

	Number pending, July 1	Number received	Total	Number closed	Number pending, June 30
Fiscal year 1959:					
1st division	2,530	1,084	3,614	742	2,872
2d division	268	397	665	383	282
3d division	2,102	770	2,872	464	2,408
4th division	48	146	194	111	83
Total	4,948	2,397	7,345	1,700	5,645
Fiscal year 1960:					
1st division	2,872	799	3,671	567	3,104
2d division	282	305	587	222	365
3d division	2,408	615	3,023	624	2,399
4th division	83	79	162	73	89
Total	5,645	1,798	7,443	1,486	5,957
Fiscal year 1961:					
1st division	3,104	823	3,927	999	2,928
2d division	365	216	581	293	288
3d division	2,399	733	3,132	486	2,646
4th division	89	98	187	81	106
Total	5,957	1,870	7,827	1,859	5,968

RAILROAD RETIREMENT BOARD

WITNESSES

HOWARD W. HABERMEYER, CHAIRMAN
HORACE W. HARPER, BOARD MEMBER
THOMAS M. HEALY, BOARD MEMBER
FRANK J. McKENNA, CHIEF EXECUTIVE OFFICER
MICHAEL RUDISIN, DIRECTOR OF BUDGET AND FISCAL OPERATIONS

Limitation on Salaries and Expenses

Object classification

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
11 Personnel compensation:			
Permanent positions	6,920	6,993	6,923
Positions other than permanent	90	54	36
Other personnel compensation	156	125	97
Total personnel compensation	7,166	7,172	7,056
12 Personnel benefits	531	536	522
21 Travel and transportation of persons	206	250	240
22 Transportation of things	19	19	19
23 Rent, communications, and utilities	1,149	1,277	1,301
24 Printing and reproduction	91	86	88
25 Other services	162	153	158
Services of other agencies	122	130	139
26 Supplies and materials	103	94	94
31 Equipment	23	23	23
Total obligations	9,572	9,740	9,640

Personnel summary

	1961 actual	1962 estimate	1963 estimate
Total number of permanent positions	1,263	1,193	1,185
Full-time equivalent of other positions	25	13	10
Average number of all employees	1,168	1,153	1,130
Number of employees at end of year	1,163	1,150	1,128
Average GS grade	6.6	6.7	6.7
Average GS salary	$5,985	$6,130	$6,198

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
1. Maintenance of earnings accounts	497	414	383
2. Processing claims	7,024	7,179	7,059
3. Maintenance of beneficiary rolls	1,042	1,090	1,128
4. Hearings and appeals	59	60	60
5. Actuarial services	207	212	217
6. Administration	740	785	793
Total program costs	9,569	9,740	9,640
Change in selected resources [1]	3		
Total obligations	9,572	9,740	9,640
Financing: Unobligated balance lapsing	213		
Limitation	9,785	9,740	9,640

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1960, $16,000; 1961, $19,000; 1962, $19,000; 1963, $19,000.

Mr. Fogarty. Mr. Habermeyer, do you have a prepared statement for the committee?

Mr. Habermeyer. Mr. Chairman, in the interests of time, I would like to have the opening statement made a part of the record.

(The statement follows:)

Statement of the Railroad Retirement Board

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, maternity, and sickness benefits to qualified railroad workers, and an employment service for placing unemployment benefit claimants in jobs.

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 recommendation of representatives of carriers, and one, the Chairman, without designated recommendation. The Board's administrative organization is designed to integrate the administration of the programs conducted under the two acts without duplication of facilities or operations.

Funds for the support of the unemployment and sickness insurance system are paid by railroad employers only. Contributions are required on an employee's earnings up to $400 a month. The maximum contribution rate provided by the Railroad Unemployment Insurance Act is 3.75 percent, which was the rate in effect for calendar year 1961. However, the contribution rate was increased to 4 percent for calendar years 1962 and 1963 by the Temporary Extended Railroad Unemployment Insurance Benefits Act of 1961. The additional contributions provided by this law are to be used to repay funds appropriated from the general fund of the U.S. Treasury for payment of extended benefits to railroad employees. An amount equal to 0.2 percent of the taxable payroll is set aside from contributions for the payment of the administrative expenses of the unemployment and sickness benefit programs.

When 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 from the railroad retirement account in order to pay unemployment, sickness, and maternity benefits. 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 December 31, 1961, a total of $379,960,000 had been borrowed from the railroad retirement account; $129,691,000 had been repaid, plus interest amounting to $2,603,000; and the balance due was $250,269,000, plus interest of $7,716,000.

Taxes for the support of the railroad retirement system are paid equally by employers and employees on an employee's earnings up to $400 a month. The combined tax rate of 13½ percent in effect for calendar year 1961 increased to 14½ percent effective January 1, 1962. Retirement 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. Also, appropriations are made to the railroad retirement account for military service creditable under the Railroad Retirement Act. Funds required for the administrative expenses of the railroad retirement system are derived from the railroad retirement account in amounts specifically authorized by Congress.

Railroad workers entering military service may have such service credited toward benefits under the railroad retirement system under certain conditions. Under existing law the Government is obligated to pay to the railroad retire-

ment account the combined employer-employee payroll tax on $160 for each month of military service performed after 1936 and before 1957 during war-service periods. For service after 1956, the Government is required to pay the difference between the combined taxes on $160 and the combined social security taxes actually paid with respect to the military service involved. It is contemplated that a bill will be introduced to change the method of financing of creditable military service performed after June 30, 1962, from a tax basis to a modified cost basis.

Under the contemplated bill, if enacted, an estimated supplemental of $16 million is needed for payment of the first of seven yearly installments on the existing debt owed to the railroad retirement account for creditable military service for the period through December 31, 1958. When the amounts of the remaining six installments are computed, appropriate allowance will be made for interest accruing as a result of such deferment in the payment of amounts due and for any adjustments made under the financial interchange for duplicate military service payments to the social security and railroad retirement systems. Subsequent studies by the Railroad Retirement Board will determine the amounts due for military service after 1958, and these amounts will be included in future year appropriations.

The Board requests an appropriation of $9,640,000, to be derived from the railroad retirement account, to cover the administrative expenses of the railroad retirement system for fiscal year 1963. This appropriation request is $100,000 less than the $9,740,000 appropriated for 1962. Expected improvements in productivity make it possible to schedule this decrease in fund requirements even though there are some uncontrollable cost increases in 1963 such as within-grade salary advancements.

In addition to Mr. Harper, the labor member, and 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.

RETIREMENT OF MR. HARPER

Mr. HABERMEYER. I would like to say at the outset that I regret, after 11½ years as labor member of the Board, Mr. Harper is retiring as of next month.

Mr. FOGARTY. Yes; I understand that. We are sorry to see him go. I want to say for the record that I don't think the brotherhoods could have had a better representative on the Board. I don't think anyone could have fought any harder for them than he has. He has given everything he had for them. He has been a wonderful representative.

The man who has been recommended to succeed him, I think, will do an excellent job also.

Mr. HABERMEYER. I think that is a proper reflection of our attitude at the Railroad Retirement Board, too, Mr. Chairman.

PROPOSED BUDGET

The budget of the Railroad Retirement Board this year is in the amount of $9,640,000—or a reduction over the appropriated amount for the current year, which was $9,740,000. This is a reduction of $100,000.

We are very proud that the Board has again this year, as it has in the past, been able to improve its productivity and efficiency, which has resulted in the economies we bring before you this morning.

MILITARY SERVICE CREDITS

There is one other item that I know this committee has been interested in over the years. That has been the dispute between the Board and the Bureau of the Budget with respect to military service credits.

I am very happy to report that this matter has been resolved to the satisfaction now, I think, of both the Railroad Retirement Board and the Bureau of the Budget. During this coming year we will start receiving the credits.

Mr. FOGARTY. That will require legislation.

Mr. HABERMEYER. Yes; that will require legislation, and that legislation will be introduced.

Mr. LAIRD. This is the same thing that has been happening as far as the Bureau of the Budget is concerned for a good many years. They have always wanted to wait for the legislation to be changed. You are back in the same position—that we have to have new legislation.

Mr. HABERMEYER. Yes. But the position of the Bureau of the Budget has changed in that they agree with the Railroad Retirement Board that the amounts due under the law shall be paid to the Board.

Mr. LAIRD. They are going to ask Congress to change the law?

Mr. HABERMEYER. With respect to the future. We have been of the feeling that we would go along with such a resolution of the matter.

Mr. LAIRD. You are willing to change the law, then?

Mr. HABERMEYER. Yes.

Mr. FOGARTY. That is for the future.

Mr. HABERMEYER. Yes.

Mr. HARPER. The proposed legislation provides for payment for military service credits on a modified cost basis in the future rather than on a tax basis as at present.

Mr. LAIRD. Mr. Chairman, there isn't any money in this budget for military service credits.

Mr. HABERMEYER. No.

Mr. FOGARTY. Do you have anything else?

Mr. HABERMEYER. No; that is all, unless the committee has something.

Mr. FOGARTY. Mr. Harper, do you have something you would like to say?

Mr. HARPER. Yes. As to this military service credit, we are indebted to you and the committee for the good and careful attention that you have given our position. I think the reports you have made from time to time have strengthened our position considerably.

Mr. FOGARTY. It is the unanimous feeling of this committee, Mr. Harper, as you know.

Mr. HARPER. I want the record to show that we appreciate that. We have been trying to settle this issue, as you know, of course, for 10 years. This will enable our Board to collect sums due it in installments or deferred payments so that the payment of the whole indebtedness to the Board will be distributed over a period of 7 years.

We are happy with it, and as has just been said, management is, too.

Mr. FOGARTY. That is good. Mr. Healy, do you want to say something?

COMMENTS ON MR. HARPER'S RETIREMENT

Mr. HEALY. Yes, sir, Mr. Chairman. I would like to say one thing, if I may. This is Mr. Harper's last appearance before this committee. I recall the first time I appeared before this committee, and your interrogation. I would like to say that for the last 6 years of my life I have been very happy. We have had a wonderful Board. Mr. Harper has contributed to it immensely. We will miss him terribly.

I would just like to say for the record that in the past 6 years this Board has been operating just the way you wanted it to operate.

Mr. FOGARTY. That's good. The man who has been recommended to the vacancy, I understand, is Mr. Lyons. I am sure he will do a good job.

We are sorry to see you go, Mr. Harper. We have enjoyed your acquaintanceship all these years. As I said before, you certainly have been an outstanding representative of those who work on the railroads.

Any questions?

Mr. LAIRD. I would like to echo Mr. Fogarty's sentiments in that regard, that you certainly have been a fine representative.

Mr. FOGARTY. Mr. Michel, any questions?

Mr. MICHEL. No.

Mr. FOGARTY. Thank you very much.

FRIDAY, JANUARY 26, 1962.

FEDERAL MEDIATION AND CONCILIATION SERVICE

WITNESSES

WILLIAM E. SIMKIN DIRECTOR
ROBERT H. MOORE, DEPUTY DIRECTOR
L. E. EADY, DIRECTOR, ADMINISTRATIVE MANAGEMENT
JOHN G. FLANAGAN, CHIEF, BUDGET AND FINANCE DIVISION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1961 actual	1962 estimate	1963 estimate
11	Personnel compensation:			
	Permanent positions	3,352	3,585	3,855
	Positions other than permanent	18	32	57
	Other personnel compensation	15	3	3
	Total personnel compensation	3,385	3,620	3,915
12	Personnel benefits	253	269	289
21	Travel and transportation of persons	279	345	472
22	Transportation of things	9	20	12
23	Rent, communications, and utilities	155	167	215
24	Printing and reproduction	6	7	8
25	Other services	11	11	24
	Services of other agencies	16	25	10
26	Supplies and materials	17	20	23
31	Equipment	34	36	55
	Total obligations	4,165	4,520	5,023

Personnel summary

	1961 actual	1962 estimate	1963 estimate
Total number of permanent positions	345	377	393
Full-time equivalent of other positions	3	3	5
Average number of all employees	345	370	395
Number of employees at end of year	347	377	393
Average GS grade	10.6	10.8	10.8
Average GS salary	$9,733	$9,714	$9,847

NOTE.—Obligations incurred under allocations from other accounts are included in the schedules of the parent appropriation, "Emergency fund for the President, national defense."

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
1. Mediation and conciliation of labor disputes	3,790	4,096	4,470
2. Ad hoc boards, panels, mediators, and consultants	3	5	100
3. Administration	386	415	452
Total, program costs	4,179	4,516	5,022
Change in selected resources [1]	−14	4	1
Total, obligations	4,165	4,520	5,023
Financing: Unobligated balance lapsing	1		
New obligational authority	4,166	4,520	5,023
New obligational authority:			
Appropriation	4,166	4,538	5,023
Transferred to "Operating expenses, Public Buildings Services" General Services Administration (75 Stat. 353)		−18	
Appropriation (adjusted)	4,166	4,520	5,023

[1] Selected resources as of June 30, are as follows: unpaid undelivered orders 1960, $31,000; 1961, $17,000; 1962, $21,000; 1963, $22,000.

Mr. DENTON. The committee will come to order. Gentlemen, we are glad to have you with us. Mr. Simkin, this is your first appearance before the committee. I wish you would give us your background.

BIOGRAPHICAL SKETCH OF MR. SIMKIN

Mr. SIMKIN. Very briefly, for 22 years before I was appointed to this job I worked full time as a labor arbitrator. I was Chairman of the Shipbuilding Commission for the War Labor Board and performed various other functions for the Board. As a labor arbitrator, I spent approximately 75 or 80 percent of my time on so-called permanent arbitration assignments. The principal ones that lasted over a period of years were Goodyear Tire & Rubber, Firestone, Crucible Steel, Bethlehem Shipbuilding Industry.

Mr. DENTON. You worked as a labor arbitrator?

Mr. SIMKIN. Yes. American Viscose and a number of others, but this had been my work full time prior to assuming my present job.

Prior to that I had been a schoolteacher. I taught years ago in high school and just before starting arbitration, I taught at the Wharton School at the University of Pennsylvania. I went to college out in Richmond, Ind., Earlham College.

Mr. DENTON. Are you a Hoosier?

Mr. SIMKIN. Unfortunately, I am not a Hoosier. I grew up in New York State. This in summary of my background. We have for the record a brief biography.

(The biography follows:)

BIOGRAPHICAL SKETCH OF WILLIAM E. SIMKIN, DIRECTOR, FEDERAL MEDIATION AND CONCILIATION SERVICE

Mr. William E. Simkin was born January 13, 1907, in Merrifield, N.Y. He is married to the former Ruth Commons, of Richmond, Ind., and has two sons.

Following receipt of a B.S. degree from Earlham College, Richmond, Ind., in 1927, he became principal of Central High School, Sherwood, N.Y. He also taught science and mathematics.

In 1930, he transferred to the staff of the Brooklyn, N.Y., Friends School in order to pursue a part-time postgraduate course in economics at Columbia University.

His teaching career and graduate studies were interrupted by 5 years' service as a field representative in West Virginia for the American Friends Service Committee, working on a project of retraining unemployed miners in furniture manufacturing.

In 1937, he resumed his postgraduate education at the University of Pennsylvania and also was a full-time instructor in industry at the university in the Wharton School of Finance and Commerce.

His career in labor relations began on July 1, 1939, when he became associate impartial chairman in the Full Fashioned Hosiery industry working under Dr. George W. Taylor who was then impartial chairman.

In 1942, he left the field of arbitration temporarily to enter the service of the National War Labor Board. He served successively as Special Mediation Representative, Chairman of the Shipbuilding Commission, and Cochairman of the Steel Commission. His last service to the Government during this period was as a member of the factfinding board appointed in the Greyhound Bus dispute of 1946.

Following the war, he resumed full-time work in arbitration and, in 1950, was elected president of the National Academy of Arbitrators. At various times he has served as so-called permanent arbitrator in the shipbuilding industry (Bethlehem, Sun Ship, and Cramp Ship), the rubber industry (Goodyear and Firestone), the steel industry (Crucible and National Can), the rayon industry (American Viscose), the apparel industry (Men's Clothing and Dress in Philadelphia), and in transportation (Greyhound). He has also done an extensive amount of ad hoc arbitration work in a wide variety of industries, including arbitration of new contracts.

He also authored two books: "Arbitration of Grievances" (with Van D. Kennedy) and "Acceptability as a Factor in Arbitration Under an Existing Agreement."

Mr. Simkin is affiliated with the National Academy of Arbitrators and the Industrial Relations Research Association.

GENERAL STATEMENT

Mr. DENTON. Have you a statement?

Mr. SIMKIN. I have.

Mr. DENTON. You may file your statement or read it.

Mr. SIMKIN. I would prefer not to read it.

Mr. DENTON. Then just file your statement and proceed.

(The prepared statement follows:)

STATEMENT BY FEDERAL MEDIATION AND CONCILIATION DIRECTOR WILLIAM E. SIMKIN

You gentlemen of the committee are well acquainted with the Federal Mediation and Conciliation Service. You realize it is the only agency responsible for the prevention and settlement of labor-management disputes, except in rail and airline cases. You know its fuctions, its organization, its manpower, and its procedures. In this, my first appearance before you, I think I should first

tell you that I have not seen the need, and do not believe there is a developing need, for any drastic change in any of these areas.

Various elements have contributed to an accelerated demand for active mediation service. The result has been unexpected requirements to finance travel and communications for our field operations during this fiscal year and a corresponding necessary increase in both appropriations and authorization for personnel for fiscal year 1963. These elements include—

1. A current increase of about 15 percent in the number of cases received and actively handled.
2. Intensification of mediation efforts in all cases.
3. Continuing demand for mediator activity at missile sites.
4. Greater use of two- and three-man mediation panels on difficult cases.
5. Greater participation in active dispute cases by regional directors and national office staff.

Of the more than 7,000 labor-management disputes in which our staff has participated during the past calendar year, we have found an increasing number of particularly difficult situations. Most of these did not make the headlines. All were important and many hundreds of them were vital.

Some of the headline cases included: National Maritime; Oak Ridge, Tenn., Atomic Energy; farm equipment (several companies); major automotive companies; AGC, Alaska (defense construction); Hawaiian longshore; western trucking companies (11 States); I.T. & T.-Federal laboratories; Yale & Towne in Philadelphia; National Lead of Ohio (AEC); and Remington Rand-Ford Instrument.

The record of the Service for the prevention and settlement of these disputes remains excellent. While not properly subject to statistical measurement, we are convinced that the record in the future will be even brighter.

A difficult and important group of contracts is due to expire during fiscal year 1963. Perhaps the most widely publicized is the steel industry (June 30, 1962), followed by some maritime contracts, rubber, longshore, aluminum, trucking, communications, and many airframe. The Service is already actively involved in many of these matters. This type of operation is one important aspect of the preventive program of the Service.

Mediation is a fundamental process, but this does not mean that it is not susceptible to improvement, nor that it can remain static in the face of changing conditions. As the result of extensive discussions, consultation, and field experience, I have encouraged the development of a number of rather significant changes that are perhaps more in the area of attitude and approach than in procedures or techniques.

Several months ago, in collaboration with my staff, a summary statement was prepared of our proposed intensified mediation approach to the prevention and settlement of labor disputes. This has been given to and rather thoroughly discussed with nearly 100 outside experts in the labor relations field. They include all of the members of the President's Advisory Committee on Labor-Management Policy, and other individuals and groups studying the problems in free collective bargaining. The reaction has been almost unanimously favorable, and this summary now represents the outline of our more aggressive mediation operation. A copy is attached.

The more significant elements that have been developed include earlier and more constant mediator attention to serious situations, our insistence that mediation involve affirmative efforts and suggestions by each mediator toward the resolution of the dispute, the greater use of two- and three-man mediator panels in special cases, the greater degree of direct participation in dispute situations by regional directors and national office staff, the use of specially qualified outside experts in selected cases, and more emphasis on what is often called the preventive aspect of mediation—being on top of problems before they develop too far.

One additional area of responsibility has been added under Executive Order 10946, establishing the Missile Sites Labor Commission. Under this Executive order, the Service has the responsibility for all Commission and mediation functions at each missile site. Our experience record has been very good.

The only organizational change involved is our recommendation for a reactivation of the National Labor-Management Panel, created by section 205(a) of title II, Labor-Management Relations Act, as amended.

It is obvious that our present more intense and aggressive-type mediation operation requires more manpower. After very careful study and consultation, I am convinced that this is a very sound governmental investment. For a relatively

small percentage increase, we are securing in return a far greater total degree of effectiveness.

During the same time that we have been developing our concept of accelerated mediation operation, we have also been confronted with an increase in the number of cases calling for active mediation, while the use of two- and three-man panels has increased at least 80 percent. The national office staff has been almost constantly involved in dispute cases, both in Washington and the field.

It is a combination of all of these factors that has necessitated our request, and has resulted in Bureau of the Budget approval for the slight increase in number of employees and in funds for fiscal year 1963. You will note that, in round figures, the increase in personnel calls for eight additional mediator positions, with three supporting clerical positions, and five additional national office positions. The money factor involved is an increase in total appropriation over fiscal year 1962, which including supplement was $4,538,000, to $5,023,000 for fiscal year 1963.

In terms of general application, the resulting increase of $485,000 represents some $260,000 for permanent personnel, something less than $100,000 for resulting fringe costs, such as travel, Service contributions to funds, rent, communication, etc. Approximately $100,000 will be required for the added utilization of ad hoc boards, panels, consultants, and mediators. This will include the cost of reactivating the National Labor-Management Panel.

Our more aggressive and intensified mediation operation has been so well received and so eminently effective that it must of necessity continue. Thus, the only unknown factor is our workload for fiscal year 1963. Aside from the added mediator time required on each case, it is quite certain that the caseload for fiscal year 1963 will if anything increase above the present level. The appropriation presented to you, therefore, in my opinion represents a minimum financing for the type of mediation operation that the Nation requires today.

My staff and I will be glad to answer any questions you may care to ask.

FEDERAL MEDIATION AND CONCILIATION SERVICE,
OFFICE OF THE DIRECTOR,
Washington, D.C., January 8, 1962.

Memorandum to: All FMCS commissioners.
From: William E. Simkin, Director.
Subject: Policies on intensified mediation.

Since entering on duty as your Director, I have been exploring numerous matters related to the proper role of the Service under conditions that exist today. At previous meetings and discussions I have expressed the conviction that if we are to discharge our responsibility the mediation process must be made more intensified and effective.

You may have seen recent press reports reflecting my views along this line, and the attached outline has been publicly released as expressing the concensus of the national office staff and the regional directors. During the forthcoming series of regional conferences, we will be discussing this whole policy with you.

FMCS DISPUTES SETTLEMENT PROCEDURES NOT REQUIRING NEW OR AMENDED LEGISLATION

(Prepared by Director and staff of the Federal Mediation and Conciliation Service)

A. NATIONAL LABOR-MANAGEMENT PANEL

The President should appoint at an early date the 12-member (six from management and six from labor) National Labor-Management Panel (sec. 205(a) of LMRA, as amended) for the following purposes:

1. To advise the Director and staff of the FMCS.
2. To continue to perform thereafter the duties noted in section 205(b) of the LMRA.

B. INTENSIFIED MEDIATION EFFORTS (NOT LIMITED TO "NATIONAL EMERGENCIES")

The existing conciliation and mediation activities of the FMCS for industries within its jurisdiction are being intensified in the following ways:

1. The FMCS program under which individual FMCS mediators and supervisory staff employ more aggressive and affirmative mediation methods, especially in strike situations, will be continued and intensified.

2. More use will be made of 2- or 3-man panels of FMCS mediators, including regional and national office representatives when needed.

3. Specially qualified impartial and nongovernmental labor relations experts will be appointed by the Director of the FMCS when appropriate in dispute cases of special national interest. Such appointees wil serve as ad hoc mediators, work with the Director and his staff, and advise on techniques and procedures for the settlement of the dispute as may be indicated in each case.

4. Early mediator or mediation panel assignments will be made by the FMCS in situations known to present especially difficult negotiating problems.

C. NATIONAL EMERGENCY DISPUTES

Any board of inquiry appointed under section 206 of Labor-Management Relations Act will be offered full mediatory assistance of the FMCS.

D. COOPERATION WITH OTHER GOVERNMENTAL AGENCIES

When any governmental agency has an interest in a specific labor dispute, such agency may make known the nature of its interest to the Director of the FMCS who will, as far as possible, arrange for the agency to have the opportunity to inform the parties to the dispute regarding such interest.

E. PREVENTIVE MEDIATION

When it becomes known to the FMCS that a specific collective bargaining relationship or a related group of collective bargaining relationships important to the national defense or to the national economy may present unusual collective bargaining problems, the Director of the FMCS will make mediation assignments on a long-term, continuing basis with the objective of—

(1) Assisting in the development of suitable programs, studies, plans, and procedures designed to promote a better collective bargaining climate; and/or

(2) Encouraging the parties to develop their own program and procedures designed to accomplish the same result.

F. CONTINUOUS STUDY OF MEDIATION PROCEDURES

The FMCS will engage in a continuous study of mediation procedures and practices which may more effectively assist in the resolution of labor-management disputes, and will accelerate its training of its mediator staff to more effectively implement these intensified mediation procedures.

APPRAISAL OF THE SERVICE

Mr. SIMKIN. I am very happy to appear here for the first time. In conjunction with the very able assistance of Bob Moore, Ted Eady, Walter Maggiolo, and others on our staff, I have been spending this first year—or somewhat less than a year—in appraising the work of the Service and formulating plans for its continued development. It has seemed to me that this is the kind of job that cannot be done solely by sitting at my desk in Washington, so I have been out in the field working, both getting acquainted with our staff and doing a certain amount of work on active cases, including a long stretch out in Detroit in the automotive industry cases. What I will have to say here rather briefly is based not only on my appraisal of our work from the Washington office but resulting from this experience in the field.

I might say quite frankly there is, I think, too much of a notion around in the labor relations field—and I must say that I had heard some of these comments myself—a somewhat derogatory impression of the work of the Federal Mediation Service. As a result of this past year, I can say without hesitation that I think we have a very devoted, conscientious, hard-working group of men, many of whom have great ability and are exhibiting it.

INTENSIFIED MEDITATION

I have no plans in terms of work of the service for any major revision of policy. I think everything that we are planning for the future and have been working on in the last few months is essentially an intensificatiton of work that our best mediators have done and have been doing for years. I do feel and all of our staff feels that, as with all activity, there is room for improvement.

We have talked considerably about a more aggressive, more intensified program. In substance, as I see it, it amount to this: In the first place, there is an increasing need, as negotiations become more difficult, for our mediators to get into the picture somewhat earlier than was the case years ago. Even with the best intent to settle these cases, it simply takes longer, even where there are no major problems.

I might give one little illustratiton. You will recall there were some very significant changes in the SUB (supplemental unemployment benefits) plan in the auto industry. I worked with and saw the worksheets on those cases. There were some 60 pages, big pages of mimeographed worksheets for SUB plans alone, with changes or alterations or additions from the old plan on virtually every one of those 60 pages. This is only one item of their negotiations. In terms of time involvement in translating an agreement in principle into an actual agreement, it took the very hard work of a subcommittee 3 or 4 days to get that accomplished. This is only one little illustration of how much more complicated collective bargaining is today than it was 15 or 20 years ago.

FORM OF COLLECTIVE-BARGAINING AGREEMENTS

Mr. DENTON. The formal agreements, however, are more or less the same?

Mr. SIMKIN. Every one is different, actually.

Mr. DENTON. There is a general form they follow?

Mr. SIMKIN. A somewhat similar form but even within the auto industry there is no absolute identity among the major companies. The SUB in autos is somewhat different than in steel or rubber. I do not want to overemphasize SUB. This is only one place where the complexities of modern-day collective bargaining are so different than they were 20 years ago when the principal issue was the amount of general wage increase. Because bargaining is so much more complicated it is necessary not only for our mediators to be fully competent and aware of the nature of the problems involved, but also be aware in sufficient time in advance of the deadlines of the specifics of the issues in any one dispute. We have to get into a case earlier in order to be fully aware of the problem.

USE OF MEDIATION PANELS

Another device we are using extensively, where we know in advance in important cases that serious problems are going to arise, is to use more than one mediator. We find that a two-mediator panel can be used in a very difficult case and can be much more effective than one man. In just the brief period of time that I have been around, our use of so-called panels has gone up about 83 percent. Those panels are used, of course, only in the more difficult cases. They may be composed of two or three mediators from the region. They may be supplemented in more important cases by a regional director, or an associate regional director or by someone from the national office staff. We have been sending out assistance from the national office in terms of some one of us at a top level or what we call a national office representative who is a mediator assigned to work out of the national office. We have been giving more and more assistance from the national office than had been true in the past.

We intend and we have in one or two instance, to use an ad hoc person, someone not a full-time mediator, to work with us on cases where that will be appropriate and that is a use provided for in our proposed budget.

PREVENTIVE MEDIATION

We are stepping up even more than in the past what we have come to call preventive mediation which in simple terms means that our mediators working in the field have an obligation in the more difficult situations to keep in touch with both company and union representatives throughout the term of the contract so as to maintain a friendly relationship and to help promote a good atmosphere rather than to confine our activity solely to the few hectic days just before contract expiration.

Now, there are other items in our so-called program of intensive mediation but I think these are the major points. This requires more time, it requires more manpower than a program in which we are involved only in the last few days or weeks before a contract expires.

HIGHER CASELOAD

In addition to this more intensified program we have found that our caseload is somewhat higher this year, in the first 6 months of this fiscal year than had been anticipated. As you know, we are in a recovery period and it is more or less typical and we find it to be the case now that unions are somewhat more militant in the period coming out of a recession than right in the middle of a recession.

On the other side of the picture there is increasing reluctance on the part of management in many instances to grant union demands and in a very sizable number of cases companies are making demands, and very significant demands for contract changes. In fact, some of the toughest cases we have on hand today are cases where the principal issues in dispute are not the union demands but the company demands for changes in the contract. As all of you know from your acquaintance with labor relations, this makes for a very difficult type of case.

All these factors require somewhat more manpower, certainly more effective manpower in addition to the manpower we have.

MISSILE SITE PROGRAM

We are continuing our work on missile sites which you gentlemen know about. We secured a supplemental appropriation last year for the current fiscal year after the President issued Executive Order 10946. We have some 30 of our men working on assignments at each of the major missile sites as chairmen of local site committees. Of these 30 men, 2 are working full time, 1 at Canaveral, 1 at Vandenberg. The other 28 are working part time on missile sites and part time on other work for us. You are familiar I am sure with the general success so far of this program. The strike activity, the days lost due to strikes have dropped satisfactorily.

In the last 6 months' time loss on misssile sites is only about a third of the national average in that respect. I am sure you are aware that in calendar year 1961 in spite of the fact that we were in a recovery period, our strike activity countrywide in all industries was at a low point since the war—it was approximately the same as in 2 prior recession years, 1957 and 1959. We do not pretend to take all the credit or perhaps even major credit for that.

Mr. LAIRD. You cannot take all the credit. We had the Secretary of Labor here taking some of the credit for it a few days ago.

Mr. SIMKIN. I do not pretend to take all the credit. I do think with reasonable modesty it is fair to say that this intensified program has at least made a significant contribution to that 1961 record.

Now I know you gentlemen will have questions and I or others on my staff want to amplify what I have said, but I think that is enough for a start.

1963 BUDGET SUMMARY

Mr. DENTON. The appropriation for 1962 is $4,538,000. The request this year is $5,023,000. That is an increase of $485,000, and 16 positions.

You received an increase of about $370,000 in 1962. Were any suggestions made to you to place some of the funds in reserve for saving?

Mr. SIMKIN. No. There were no such suggestions made. As a matter of fact the Budget Bureau approved our current request for fiscal year 1963 with very minor changes.

REACTIVATION OF THE LABOR-MANAGEMENT PANEL

Mr. DENTON. Part of your increase is to activate the Labor-Management Panel?

Mr. SIMKIN. That is right.

Mr. DENTON. How much are you budgeting for that?

Mr. SIMPKIN. We have a total of $100,000 for use of other than full-time persons that is composed of a whole group of purposes. One is activating the Labor-Management Committee. Second, for boards of inquiry under the Taft-Hartley Act where we take the fiscal responsibility. Third, for use of these so-called outside experts who work with us on cases. Finally, for such per diem uses as we may make of retired mediators, or experienced men we may call back on a per diem basis. I think that covers it. More specifically, as far as the Panel is concerned, Ted, would you give us the figure as to the Labor-Management Panel itself?

Mr. EADY. It is $23,000, Mr. Chairman.

Mr. DENTON. When was the Panel authorized?

Mr. SIMKIN. The Panel is authorized in the Taft-Hartley Act itself. It is spelled out in the act. The act provides that the President shall appoint six labor men and six management men with varied terms as being continuing as a group. That Panel was started back in 1947. It held one or two meetings and sort of died a natural death at that point

We intend to reactivate it. I have discussed this matter with all of the members of the President's Labor-Management Committee and with a large number of other people who are active in this area and we have found virtually unanimous approval of this notion of reactivating this Committee on a fairly current basis. No official request has yet been made of the President and we expect to do that soon.

Mr. DENTON. This is authorized by the Taft-Hartley Act but it has never been active?

Mr. SIMKIN. Except at the outset.

Mr. DENTON. Are there any conditions that have changed to make it necessary now other than this recommendation of the President's labor relations group?

Mr. SIMKIN. Well, even before the committee discussed this matter—frankly, when I took office I had the idea we should do this because it seems to me that it is appropriate for a top committee of this kind to be of great use to the Service in advising us on policies.

We did not move before this, partly because it was not covered in the budget but primarily because I thought the timing was poor, that we ought to wait until after the President's Labor-Management Committee had considered this matter.

Mr. DENTON. Does the work of this Panel differ any from this Labor-Management Committee?

Mr SIMKIN. Yes. The President's Labor-Management Committee has the duty of making recommendations to the President in broad terms on mediation functions, but not in specifics.

Mr. DENTON. You work with details and their work has been an overall program?

Mr. SIMKIN. If we reactivate this we intend to meet frequently with members of this 12-man Committee and to go over our work in detail with them and get their advice and counsel.

COMPARISON BETWEEN SERVICE'S PROGRAM AND THE PROGRAM PROPOSED BY THE DEPARTMENT OF LABOR

Mr. DENTON. The Secretary of Labor I think proposed $200,000 to improve the climate of labor-management relations. The Secretary testified that he had helped conciliate and settle a good many strikes.

Now how will your program differ from this proposed new program of the Department of Labor? They call it "to improve the climate of labor-management relations."

Mr. SIMKIN. The labor-management panel part of our program?

Mr. DENTON. Both parts.

Mr. SIMKIN. We have the statutory responsibility for all labor disputes other than railroads and airlines. It is true of course that the Secretary and members of his staff have been active in a few disputes.

Quantitatively the number has been small. Very small compared to our workload. But I do not think there is any fundamental conflict here. We have worked in cooperation with the Secretary but I do not think there is any—I do not know what the Labor Department testimony was in this respect but I do not think there is any anticipation on the part of the Department to get into a large number of disputes. The number within our jurisdiction to date has been quite small. There has been no lack of cooperation.

Mr. DENTON. The Secretary just acts in very important cases, very difficult ones, and he brings the prestige of the Secretary of Labor to bear to settle them and you handle—what should I call them—the great mass of cases; is that right?

Mr. SIMKIN. You could put it that way but actually we are involved in all of those cases. There may be an occasional case where we will need some help.

Mr. LAIRD. And you call the Secretary?

Mr. SIMKIN. I was personally involved in the auto negotiations, and the Secretary was not involved in the auto picture in any direct way. So that it is not our intention to stay out of the major disputes in any sense but we have worked cooperatively with the Secretary.

PRECEDENT FOR INTERVENTION

Mr. DENTON. This has gone on for a great many years. Back under the Truman administration the President himself often intervened in those strikes.

Mr. SIMKIN. That is correct.

Mr. DENTON. And under the Eisenhower administration there were a number of times when Mr. Mitchell intervened in those cases.

Mr. SIMKIN. Yes. This is in the major cases, it is not a general thing.

Mr. LAIRD. Then, also they had Nixon intervening. But that does not make it right. I think that was wrong at the time and I wondered if you are asking for the Secretary to come in on these cases.

Mr. SIMKIN. In one or two instances we have requested the Secretary to give us a boost.

Mr. LAIRD. In the Steel case where he is vitally interested at the present time, did you request his help?

Mr. SIMKIN. The Secretary and I have discussed the Steel case. I have been holding some preliminary conferences myself.

Mr. LAIRD. He has too and he talked about them. You felt you did not have the authority?

Mr. SIMKIN. No; but because of his interest in and obvious knowledge of the industry, and I think he has been very helpful.

Mr. DENTON. It has been that way from Theodore Roosevelt's time on. Some of those labor disputes are so important it takes the Chief Executive or his direct representative to settle them.

Mr. SIMKIN. There are some of that nature.

Mr. DENTON. Just the same as the Chief Executive intervenes in other matters affecting the public welfare when it becomes necessary.

ROLE OF SECRETARY OF LABOR IN SETTLING DISPUTES

Mr. MOORE. Could I, by way of illustration maybe, mention one or two situations. We, for instance, had a threatened strike in a rather important atomic plant out on the west coast. The Ching labor-management panel of the AEC had made recommendations that General Electric would not buy. Walter Maggiolo went out representing the national office. We discussed the problem with the Secretary and he was extremely helpful—I do not think his name was even mentioned and he took no official part in bargaining, but through his other sources of contact he was extremely helpful in aiding our people in getting a settlement without a strike.

More recently I was out in Hawaii on a threatened longshoremen strike. I had to have at least official help. The end result was that working through Bill Simkin and the Secretary—and Governor Quinn of Hawaii last year—we got from them the push that was needed to put this over.

Mr. DENTON. The Taft-Hartley law contemplates the President will play a certain part because he has to ask for an injunction.

RELATIONSHIP WITH SECRETARY OF LABOR IN SETTLING DISPUTES

Mr. MOORE. It is not a case that the Secretary replaces us, and if I can express this more or less as a personal opinion, the degree of the Secretary's direct involvement will depend upon our own effectiveness. The intensified program that Mr. Simkin has explained to you is developed not only by us but in conjunction with everyone. We are saying the Mediation Service can do the job if we get up and really work at it, have the funds to put the people out there and to the extent to which we can make it work, other people will not become involved. That is the real problem.

Mr. SIMKIN. If I may add one other illustration: We had a very critical dispute down at Oak Ridge in the Atomic Energy plant. This dispute was handled solely by the Service with one exception. We got to a place where we needed a few days' postponement for further negotiation. We did get a Presidential telegram requesting the parties to extend the contract for a few days for further negotiations under our auspices. We had to have that at a critical moment and the Presidential telegram was extremely helpful. Otherwise, the whole dispute was handled by us.

RELATIONSHIP WITH NEW DEPARTMENT OF LABOR PROGRAM

Mr. DENTON. The Department of Labor wants $200,000 additional for this and you want $485,000.

That is $685,000 both of you want for settling labor disputes. I expect this is money well spent if it works well, but is there any necessity for those two separate increases?

Mr. SIMKIN. We believe it is essential—and believe me I am a believer in economy—but I think both our workload picture and the actual demands on mediators' time make it almost mandatory that we have this amount of increase in order to do this kind of a job and we feel that it would be money well spent.

FEWER WORK STOPPAGES

Mr. DENTON. The Secretary of Labor commented on the fact that there had been fewer work stoppages this year than there had been in a great many years. Can you say anything more about that?

Mr. SIMKIN. I mentioned that earlier. The loss of time in calendar year 1961 was low. It was about the same as 1960 and 1957 and it was a much more critical period. I think this is due to a number of factors but certainly one factor is the administration's policy of our being much more active in the more difficult cases and especially in those where a strike seems imminent or where we actually have one occur.

I think we have both been able to eliminate a substantial number of strikes, a very substantial number and have been able to shorten them in cases where they have occurred.

ORGANIZATIONAL STATUS OF THE MEDIATION SERVICE

Mr. DENTON. When the Mediation Service was set up it was intended to set it up as an independent agency. As you pointed out, the President has intervened before and the Secretary of Labor and sometimes the Vice President and other people have intervened and it was thought best to set it up as an independent agency. But now we do find that the Executive, the Secretary of Labor, and other people still intervene.

Do you think this Conciliation Service should be under the Labor Department, the Labor Relations Board, or are we getting right back to where we were? Will you comment on that?

Mr. SIMKIN. No, I do not think we are. We do not consider ourselves as a subsidiary branch of the Department of Labor. We are an independent agency. And I think we should remain an independent agency. I think there is a difference between being highly jurisdictional in terms of the functions of this kind and cooperation. I think all agencies of the Department should cooperate through a joint endeavor. As far as I am concerned I do not propose to take a dog-in-a-manger attitude of hanging onto a dispute on strictly jurisdictional bases. I think cooperation not only with the Department of Labor but with the Department of Commerce is a part of our job. I think, as Bob said, the more effective we can make our services the less necessary it will be for any other agency of Government to become actively involved.

Mr. DENTON. Was your experience before you were working with the Government on the side of management or labor?

Mr. SIMKIN. I was in the middle. As an arbitrator, I was a so-called neutral.

INCREASED EFFICIENCY AS BASIS FOR LABOR DISPUTES

Mr. DENTON. Now, from what experience I have had with labor cases I find this problem the cause of most disputes: It is a grievance that I am talking about. It occurs where a more effective or efficient way is found to do a certain operation. That means one man produces more than he did before. There is always a dispute about who gets the benefit of this extra production, whether the workman gets

it or whether the employer gets it. I have found most of the grievances you have stem from that.

Do you have any policy on that difficulty?

Mr. SIMKIN. I do not think it can be said that we have any general policy. I would agree with you that both in the area of grievances which are primarily a function of arbitration, not of our services, and of contract negotiations, that this general question of how the fruits of increased productivity are going to be shared between labor and ownership and consumers is perhaps the most vital question in collective bargaining today. We do not as a service have any fixed policy on that question, but this underlies some of our most difficult negotiations.

Mr. DENTON. That is the big argument on the price structure when you negotiate a contract.

Mr. SIMKIN. There is no doubt about that.

STEPUP OF PREVENTIVE MEDIATION

Mr. DENTON. You indicate on page 7 you are going to step up preventive activities. Do you care to elaborate further on that?

Mr. SIMKIN. Our mediators are scattered all over the country, as you well know. Now, in the course of our major job of working in disputes, when a mediator finally settles a case and gets a settlement, he may find that the labor-management relationship is very bad in that particular situation. This oftentimes opens up the channels for working with labor and management people in that particular situation, in anticipation of the next negotiations. Some of our men scattered around the country have set up labor-management conferences, they have set up conferences at particular plants to discuss mutual problems. We have what is called an audio-visual program where we have developed some aids to use as a starting point for a discussion toward a stimulation and promotion of a better understanding. Our mediators participate both as speakers and as listeners at labor-management conferences all over the country—seminars—so there are a variety of activities, sir, that we loosely call "preventive mediation" which are disassociated from the hectic days right at contract negotiation time. We do intend to intensify that program.

Mr. DENTON. You used this statement on page 7:

> The earlier concept that preventive activities could be used as fill-in work when a mediator was not busy on dispute cases no longer can be accepted.

Now, why do you say that?

Mr. SIMKIN. Well, we say that because I feel there is a need for this more than just something to fill in time. We do have a typical cycle of our work. There is a peak load of disputes mediation which occurs normally beginning in early April and running through November. December, January, February are traditionally months of relatively low activity during which men take annual leave and where there is a little more time for this other work, quite aside from how much emphasis is given to it. But we feel that this work is so important that we need to do it throughout the year and have sufficient staff to be able to do it when it is needed rather than simply at that particular period——

Mr. DENTON. When your predecessor was here, I think a year or two ago, he brought out the fact that it is just at certain times conciliators are needed. They are something like a fire department, where they are needed at times very badly but then there are spells when they are not needed. He gave an outline of the work they did during this off time.

As I gather from you, you think this preventive work should not only be done at quiet times but also at times when there is an emergency.

Mr. SIMKIN. We do do that. For practical reasons it will be done more extensively in terms of time involvement during that dull period but if it is limited to that it cannot be fully effective.

Mr. DENTON. How much of the requested increase is budgeted for this?

Mr. SIMKIN. Practically no quantitative part of our budget is based on that. To put it frankly, we expect more activity and more extensive work on the part of these mediators. We did not allot in terms of money any part of our new request for this preventive work any more than we have in the past.

DISTINCTION FROM NEW LABOR DEPARTMENT PROGRAM

Mr. DENTON. How does this differ from the Department of Labor proposed new program?

Mr. SIMKIN. I do not know the details of the Department's new program.

Mr. MOORE. I would say that I would draw the general distinction from what I understand of the Department of Labor's proposal that it is an activity toward general improvement in the labor-management relations field. This would include such things perhaps as the President's Labor-Management Committee.

Mr. LAIRD. No, I think not.

Mr. MOORE. I mean in the general area rather than the specific dispute case. All of our proposals to you are predicated on direct relationship to direct and immediate dispute cases. We have nothing that we are proposing, except very casual participation in some of the university programs and others, that has any relationship to the general problem.

Our primary proposal to you is for mediation activities directed toward identifiable problems between people and not to the general climate of improving labor relations.

Mr. DENTON. We do not want any overlapping.

Mr. MOORE. These funds we seek are going to be spent for mediators' salaries, travel, people working on specific problems. They would be working in a variety of ways but not generally.

Mr. DENTON. I can understand when there is the Mediation Service, the Railway Mediation Board, National Labor Relations Board, there would be overlapping.

Mr. MOORE. I do not think so. I cannot believe the Department of Labor intends that its funds will be spent on specific dispute cases, while all our funds in general will be spent in that area.

Mr. SIMKIN. Most of this preventive work of ours develops naturally and logically out of our mediator's work in a specific case where he sees a problem that needs some working on later, and this is the normal development growing out of his regular work.

There is nothing in our budget for full-time people in the field working in this area. This is simply part of the mediator's job.

Mr. DENTON. The President's Labor-Management Committee and the Secretary of Labor try to improve relations generally between management and labor, and you deal with specific cases?

Mr. SIMKIN. That is a good summary.

Mr. DENTON. Mine run cases, shall we say?

Mr. SIMKIN. I would not agree to that.

Mr. DENTON. You deal with specific cases?

Mr. SIMKIN. Yes, sir.

Mr. LAIRD. Will you yield, Mr. Chairman?

Mr. DENTON. Yes.

Mr. LAIRD. You are saying in effect you are not going to be doing preventive mediation.

Mr. SIMKIN. No; we do intend to be doing preventive mediation, we intend to be doing more.

Mr. LAIRD. I have before me the budget justification of the Secretary of Labor in which he discusses this preventive mediation they wanted to do. He uses the example of the airlines which is a specific dispute. He feels if the Department of Labor can get into these specific areas early, they could prevent some of these work stoppages.

Mr. MOORE. That would go to the National Mediation Board, not us, coming under the Railway Labor Act.

Mr. LAIRD. I am using that as one of the examples he uses in his budget justification. He uses missile site cases, too, which would be under your jurisdiction. He wants this money to enable him to get into this area to prevent strikes. This is what you want to use your people for, is it not?

Mr. MOORE. I think this is in a different concept, if I may try to distinguish. When we speak of preventive, we are talking, as I say, generally about a specific problem. The only area in which we are involved in general preventive—in other words, building a better climate—is probably when we participate with the universities in general training programs and things of this sort. But using the missile sites problem as a specific illustration, it would seem to me that the decision to establish a Missile Site Labor Commission would fall probably in the general area, this is overriding, overall.

Our problem then is anticipating, settling, providing for mediation at each site, depending on the people there, the problems there, our mediator being in position to prevent in the specific situations where the other is a general overriding problem.

In the airlines and others I can see where some agencies of Government are going to need to make studies of the problem. In the Maritime Administration, I know they are studying the problem of labor relations in the maritime industry and may come up with recommendations to do something generally to improve the climate.

Our problem is to study the specific contracts, to determine areas of probable conflict when these come up for renewal next summer, part of them, two summers hence in the case of others, and to be prepared so our people will have the correct contacts. In the particular situation, if it is a contract between Max Harrison and Paul Hall, the preventive area here may involve contacts with these two people. It may involve doing other things that we feel will help give us a better

climate when that particular contract comes up for renewal, put us in a better position to mediate and to prevent its coming to a crisis. I think this can be clearly differentiated from the longtime effort.

Mr. LAIRD. I am reading from the budget of the Department of Labor, and I quote:

> The Federal Mediation and Conciliation Service and the National Mediation Board are the established agencies to deal with specific labor-management disputes.

The justification goes on to explain how they would like to get into this area before specific disputes come about. You want to get into those before they come about, too, do you not?

Mr. MOORE. I still believe the distinction is they are talking about an industry, as an entity, while we are talking about particular contracts that exist within the industry.

Mr. LAIRD. It seems to me we are probably going to have to set up another agency in the next few years to coordinate the work of all the other agencies in this field. Usually that is the final result.

Mr. MOORE. We would rather let the committee do that in the form of our justification for funds and your audit of the way we spend them because I can assure you we are contemplating a very practical approach to preventing specific disputes and settling them.

I would say generally, if I might interpolate here, that our feeling of the present demands on this service is that the administration and this committee or no one else is very much interested in excuses as to why strikes occur or continue. We feel our mandate at the present time is that it is not a question of why, but get the blankety-blank thing settled. Put the men on there, the director himself or anybody else. We have no pride at all, whatever it takes, get in there and get the job done. This is the synthesis.

STATUS OF MEDIATION SERVICE AS AN INDEPENDENT AGENCY

Mr. DENTON. It goes back to why you were set up as an independent agency rather than put you under the Department of Labor.

Mr. MOORE. I have to agree with our Director. I believe the feeling is we are more effective as an independent agency.

Mr. SIMKIN. I know of no effort on the part of anybody to change the organizational setup.

Mr. DENTON. I do not, either. I do think you have a certain overlapping here.

Mr. SIMKIN. In theory, yes, there may be some overlapping. I did not hear their full presentation. I noted what you said.

Mr. DENTON. This has gone on for a good many years.

Mr. SIMKIN. I do not think realistically there is any overlapping here that is of significance.

Mr. DENTON. When we get on the floor, can you think of any statement that will explain why there is no overlapping?

Mr. SIMKIN. I think what we have already said, that our so-called preventive work for the most part is not an industrywide approach, it is not a generalized educational program, it is a program of working specifically with one company and one union in a situation where our mediators in the course of their major job find there is need for this preventive activity.

It flows naturally and properly out of our regular work. The mediator who has established the contacts and who is fully acquainted with the problem as a result of his major work is the logical person to carry on that activity through the term of the next agreement.

We do have, as Bob indicated, in the maritime industry an industry approach in the sense that we are working throughout the year to clarify the issues, to get factual information which we found in our negotiations this last year and earlier was rather scarce in that industry.

WORK IN THE MARITIME INDUSTRY

Mr. DENTON. The maritime industry has always been one where the Executive has intervened over the years, has it not?

Mr. SIMKIN. Not always in terms of Executive intervention.

Mr. DENTON. There have been several Taft-Hartley injunctions.

Mr. SIMKIN. Several Taft-Hartley boards both in longshore and maritime. That is a very complicated industry.

Mr. MOORE. More so in longshore, I think.

Mr. SIMKIN. For the most part, I think our work flows normally and naturally out of specific instances where a mediator finds the need and follows up.

Mr. MOORE. We mentioned longshore. That has usually been a personal problem of mine. Let me illustrate one facet of preventive mediation as we visualize a specific case. I was in New York about a week ago and met with the New York Shipping Association people and top longshore people. Their contract comes up next September 30. The substance of our discussions was one of the bargaining problems we have always have when we get down to the line in longshore and that is less than full clarity as to exactly what the issues mean. The last time around we settled the question of this containerization and the way this deprived longshoremen of work by a loose settlement, in effect imposing a tax on containerized cargo that was neither loaded nor stripped on the docks. This was work, in other words, that normally was performed by longshoremen, and they were deprived of it because a complete container was both loaded and unloaded away from the docks and sent in as a unit.

This was done simply because neither the industry nor the union had sufficient data to really understand what they were talking about. It had to be kind of swept under the rug in a loose settlement.

As a part of our discussions last week, both the union and the industry are now starting a careful and detailed study, for instance, of this containerization and palletization problem, the types of cargo and volume involved, exactly the impact on the labor force. So when we come up to September, both of them assure us they will have available factual material that will permit a much more ready resolution of this problem and a much more sensible one.

The same thing is true in some of the problems of pension and welfare funds. Again committees are now being set up by both groups under our suggestion largely. This is the type of prevention we are talking about. We are trying to create a proper bargaining situation so when we come to the time to sit down and work the problem out, we can have a factual background and accomplish the results more easily. We might for the first time—there is a chance we might come up with a settlement without a strike.

Mr. DENTON. As I get it, you deal with specific details of a problem.

Mr. MOORE. That is right. How do you approach this forthcoming problem in order to prevent its becoming acute?

JUSTIFICATION OF EXECUTIVE INTERVENTION

Mr. DENTON. If you do get a dispute of such importance that some high authority such as the Secretary of Labor or even the President or the Vice President intervenes——

Mr. MOORE. This is obviously true, I think, because the country is more interested in that being settled than whether we settle it or not. I do not think you should say we should permit a matter to go to a strike if the President can avoid it.

Mr. DENTON. Because of the fact that the President does have to ask for an injunction and appoint a board of inquiry, there is some responsibility under the law on him, too.

Mr. MOORE. I think generally we should recognize that it is not uncommon, and I think it exists here, that he treats his Secretary of Labor as his liaison with all labor agencies. This is true with the National Mediation Board.

Mr. DENTON. Before he actually gets the injunction, he deals with his right-hand labor man?

Mr. MOORE. Of necessity, someone has to advise him. I do not think you would expect the President to take advice individually from all of us.

USE OF IMPARTIAL LABOR RELATIONS EXPERT

Mr. DENTON. You say on page 10 that the Service proposes to make extensive use on a per diem basis of well-known and impartial labor relations experts. Would you elaborate a little on this and tell us why this is necessary?

Mr. SIMKIN. I can refer to a specific instance in the past where this was done and one that we have had during the time since I have been in office. Some of you will remember the long Westinghouse strike some years ago. This strike dragged on and on. My predecessor brought in George Taylor and Dave Cole to work with John Murray, one of our mediators, as a special mediation board. John Murray had been working with the case for months. Those three men as a special mediation board were able to settle that strike.

During this last year we were active in the maritime industry at the outset and throughout the course of the proceedings, even including the time when the board of inquiry was working. At the end of the Taft-Hartley injunction, there was one unresolved dispute, the Masters, Mates & Pilots, and Pacific Maritime Association on the west coast.

In addition to our mediators who were on the west coast and Bob and I, who were both interested in that case, we employed on our own payroll Jim Healy, who was a member of the board of inquiry and a well-known labor relations expert on the Havard faculty. We employed Jim Healy on a per diem basis to help get that Masters, Mates & Pilots dispute settled.

Mr. DENTON. You are telling us why you did it in the past. Why do you intend to step it up more so than you did in the past?

Mr. SIMKIN. We feel that particularly in these larger cases, cases of national prominence, that there may be an intermediate step which is in many instances preferable to bringing in a completely new group, where we may bring in a man like George Taylor, Dave Cole, or somebody of that stature to work with our mediators so we will retain the continuity of the work we have done and at the same time get this top assistance.

Mr. DENTON. I understand why you did it in the past. What I want to know is what is the reason for stepping it up now more so than you did in the past.

Mr. SIMKIN. Because I think in the future we are likely to have more and more of these difficult cases and the chances are we will have to use that device more frequently.

Mr. DENTON. How much of the budget increase is for this activity?

Mr. EADY. $59,000.

Mr. MOORE. That is the entire cost.

Mr. SIMKIN. Salaries, expenses, and all other items of cost in connection with that part of it.

MEDIATION PANELS

Mr. DENTON. On page 17 you indicate you are going to change your policy somewhat and assign panels instead of single mediators to labor-management disputes. Why is this necessary?

Mr. SIMKIN. Simply because no one mediator works exactly like another. This is a highly personalized kind of activity. A combination of two personalities and two minds frequently is more helpful in a very critical situation than one. If we find that one man is not doing a complete job, we will supplement him with an additional man to give a little extra boost and a little extra prestige, frankly, to the operation.

Mr. DENTON. How much is that increase going to cost?

Mr. SIMKIN. No specific estimate on that. It is not broken down, is it?

Mr. EADY. No.

Mr. SIMKIN. I think I mentioned earlier that in the last 9 months, in contrast to the prior year, we have used that device almost twice as often.

AUTHORIZATION TO INCREASE FEES PAID TO CONSULTANTS

Mr. DENTON. Here is a queston that will come up on the floor, certainly. You are asking for authority to pay certain temporary people at a rate of $100 a day instead of $75 previously authorized. Why is that necessary?

Mr. SIMKIN. One of the very simple answers to that is that in order to get the type of men we need we almost have to pay a hundred dollars a day. This, in fact, is not a high rate for persons of the caliber we would seek. Most of the men who would serve in that capacity at a hundred dollars a day would serve at a substantially lesser rate than their normal charges for private work.

Mr. DENTON. How much will that add to the budget?

Mr. SIMKIN. The difference between $75 and $100 is included in the $59,000 figure. Of the $59,000, only part is salary, so it probably is somewhere in the neighborhood of $7,500.

NUMBER OF LABOR DISPUTE INTERVENTIONS

Mr. DENTON. Do you have anything in the budget about how many labor disputes you have intervened in and negotiated?

Mr. MOORE. Yes, sir.

Mr. DENTON. Is that in the record?

Mr. MOORE. Yes, sir.

Mr. SIMKIN. Our active intervention is in the neighborhoood of 7,000. More than that. We run approximately 20,000 assignments per year. That is, assignments closed.

Mr. DENTON. You do not know how many the Railway Mediation Board has?

Mr. SIMKIN. No. Our figures are about 20,000. That figure does not include the missile work.

Mr. DENTON. How many would you estimate the Secretary of Labor or other people intervene in in the course of a year?

Mr. SIMKIN. Since I have been in office, in terms of active intervention, I would guess it is not more than a dozen or 15 cases. I do not think it is as high as that within our jurisdiction.

Mr. DENTON. You say a dozen or 15. That includes cases like airplane cases?

Mr. SIMKIN. Airplane is outside of our jurisdiction.

Mr. DENTON. Did you have the Metropolitan Opera case?

Mr. SIMKIN. We had a mediator in the Metropolitan Opera case.

Mr. DENTON. That man down in my hometown is exceptionally efficient and does very good work.

Mr. SIMKIN. As I said earlier, I am convinced, not just from sitting in my office, but from working with some of these men, that we have a large number of very able mediators.

Mr. DENTON. Mr. Marshall.

INCREASE IN PERMANENT POSITIONS

Mr. MARSHALL. Mr. Simkin, you had in 1960 actually 344 permanent positions. In 1961 you had 344 positions. How many permanent positions did you have in 1962?

Mr. EADY. 377.

Mr. MARSHALL. How many will you have under your proposed request for 1963?

Mr. EADY. 393.

Mr. SIMKIN. We are asking for 16 additional positions. Eight will be mediators in the field, two will be national office representatives who are mediators, men in the national office who will be out working on cases most of the time in active mediation. There are three supporting clerical positions in the field. If we have a field office with three or more mediators, we have one secretary in that spot. If it is less than three, we have no secretarial help at all. We need those three supporting positions in the field.

Then in the national office there is one man to work covering the information services and two additional secretarial positions. That makes up our total added request for 16 people.

Mr. MARSHALL. In 1960, on page 4 of your justifications, you show that you had assignments closed of 20,170. In 1961 you show that you had assignments closed of 18,231, or quite a substantial drop. Now, in the last 6 months of calendar year 1961 how many assignments did you close?

Mr. EADY. I do not have that.

Mr. SIMKIN. The first 6 months of the 1962 fiscal year, from July 1 through December 1961, we closed 10,754 cases.

Mr. MARSHALL. Do you have that figure for the comparable period now of fiscal year 1961?

Mr. SIMKIN. No, that is the figure we will have to supply you. We do not have it with us.

(The information to be supplied follows:)

Assignments closed last 6 months—Calendar year

1960	8,975
1961	10,754

Mr. SIMKIN. I should point out again that these case figures do not include any missile work. So that under our current missile program of our total mediator personnel in terms of time involved we have the equivalent of about 16 full-time mediators on missile work. That work is not reflected in any way in these case figures.

So that in terms of our total mediator personnel, as of the present moment, we need to subtract 16 to get down to the level of the mediator personnel working on this particular caseload. To put it in another way, at the current moment we have 213 men. That means we have 197 who have been handling this workload on regular assignments during the last 6 months.

CASELOAD PER MEDIATOR

Mr. MARSHALL. On page 4 also you show that the average assignments closed per mediator in 1960 was 101.4. You show the average assignments closed per mediator for 1961 of 94.5, also a substantial drop.

Mr. SIMKIN. This is a little bit of a drop below 1960. The bulk of the fiscal year 1961 was a recession year, as you know. Our caseload, as we have indicated elsewhere in our presentation, as we come into a recovery period, has gone up substantially. So that if you take this last 6-month figure that I gave you, I have not made the calculation, it is 10,754 divided by 197. We are now at a level of about 109, somewhat over a hundred cases per mediator per year assigned during the last 6 months.

All the indications in looking toward the future, during this calendar year and ahead, indicate even more difficult labor relations. It is very difficult to make precise predictions, but I think almost anyone who is familiar with the labor scene will agree that 1962 is likely to be a much tougher year in terms of labor disputes and mediation involvement than even 1961.

Mr. MOORE. Mr. Marshall, could I call to your attention in that connection that these statistics cannot in any sense reflect the mediator time required for the more intensive operation that we are inescapably involved in. In other words, this cannot reflect the need for a man to be available to serve with one or two others of a panel. It cannot reflect the added requirement of having a man available for contacts or entry into a case earlier. These are bare statistics with numbers of cases. If a man conducts a hundred meetings, it is still one case. If we have one or two or three men working on the case, it is still one case. A strict mechanical application of number of mediators to number of cases closed cannot reflect the real work or work requirements, so that the intensification, which is a very real thing, in the demand on the manpower cannot be integrated numerically into a caseload figure.

Mr. SIMKIN. I do not think we can emphasize that too much. Sure, cases closed give a very rough measure of activity, but a best it is a rough measure.

Mr. MARSHALL. What you are saying, in other words, is then that you can take the cold, factual figures and that you can always justify ignoring what these disclose.

Mr. MOORE. This works both ways, really, Mr. Marshall. Mr. Eady can verify what I am saying. As part of our internal audit, which has been intensified over the past several years, which is a careful review of what we are doing, this has resulted in actually somewhere between 10 and 20 percent reduction in these case statistics by reason of a better operation.

For instance, we called for a much higher degree of consolidation of cases now than used to be true. If we have a number of related assignments, instead of reporting them as individual cases, we consolidate to have only one piece of paper reporting to worry with. This whole process gives us better internal control, but in bringing figures to you here it results in a very substantial reduction in numbers. We still think it is the wise thing to do because we think it is more important to have an efficient operation than to get into the numbers racket.

Certainly, you can draw all kinds of conclusions from this. I guess in our particular operation, when we end up, I do not know that we can even prove to you that we justify our existence. It is hard to prove that mediation specifically accomplishes anything. We know it does, labor and management insist that it does, but in many of these areas I think in effect you have to more or less take our good faith, we cannot prove a lot of these things statistically or factually.

Mr. MARSHALL. At what period did this change in the statistical reporting take place?

Mr. MOORE. It has been gradual over about 4 years. We have been gradually tightening it down ever since. In some regions it would run as high as 20 percent reduction and in others as little as 10, depending on the internal operations in the particular region.

PENDING CASES

Mr. MARSHALL. Yet in spite of all this consolidating, you end up with 800 more cases pending at the end of fiscal year 1961 than you did in 1960.

Mr. MOORE. As Mr. Simkin mentioned, this was an upturn in demand made on us incident to the economic situation.

Mr. SIMKIN. Our reports from all regions and all mediators indicate that during my term of office the demand on mediator time, the realistic demand, whatever the figures may show on mediator time, has been much more extensive than at any time in the last several years.

For example, I do not have a specific figure, but we have a very substantial number of men in our staff who were just unable to get off to take their annual leave this year. Many of them actually have lost it permanently because, as you know, under present requirements you can accumulate up to a certain point, then you lose it. I was working on a particular case just recently where the two men assigned to that case are both going to lose 10 days of annual leave for last year simply because they could not get away from the job. This is not just an isolated kind of report. The reports I am getting over my desk and those coming to Bob all the time indicate that this is nationwide.

Right at the present moment, which is normally a low spot in our workload, we have substantially above the normal level of activity right now. In fact, there are very few of our regional offices where the men are not quite busy right at the moment in this so-called dull period.

Mr. MARSHALL. Again looking at page 4, going back to these figures, you show pending at the end of the year 5,058 cases. That is at the end of 1961. In 1960 you showed pending at the end of the year 4,231. You go up under assignments and you see that the reverse takes place, that in 1960 you had assignments of 19,931 but in 1961 you had assignments of 19,058. So that your assignment figure has dropped and your cases pending at the end of the year have increased.

In your statistical reporting and your change of system, that would hardly be an explanation for that sort of situation taking place, would it?

Mr. MOORE. No, sir. Mr. Marshall, I think this is what happens. Remember, we are talking fiscal year, so these end dates are July 1. Somewhere along in the spring, and it varies from year to year as to when, starting in March or April, we start getting a flood of notices of contract renewals. These will be in various process of settlement on July 1. Some years you may have a delay if you are waiting for a steel settlement or an auto settlement that may have an impact on other bargaining. At times you will have a lag within the total period that may result in a greater or lesser number of pending cases on July 1.

I do not know that this is particularly significant. Many of them may be within a day or two of settlement and many of them may be a month or two away. I guess we put this in here just by some frame of reference. We can draw no particularly significant deduction from this; certainly within that narrow area you could not.

Mr. MARSHALL. If this chart that you have supplied to the committee does not portray to the committee a true picture of the work of your organization, why do you not come up with something that does?

Mr. MOORE. This does about as good as we can, sir, without going into an individual case analysis to tell the status of each case. It is part of the total picture, but it is hard to reflect our work statistically in any event.

Mr. MARSHALL. It is hard for a committee such as this to make appropriations on the basis of figures that you present that show such a picture as this discloses. Looking at these figures, and ignoring all of the things you have said, looking at the basic figures, it would seem that your work down there has taken quite a slump.

Mr. SIMKIN. We can assure you that is not the case.

Mr. MOORE. I think in 1961, during the recession period, it did. Now it goes back up. We have cyclical loads.

Mr. SIMKIN. A small factor to explain that carryover of 5,000 is that we had at that particular moment a very large number of cases where the contract had expired, we will say on May 1 or on June 1, but where either at our request or by joint action of the parties negotiations had continued. That is an increasing tendency for negotiations to continue past an expiration date.

There were a large number of contract expirations this year right at that particular time. We think this is somewhat of a happenstance in terms of this particular record.

WORKLOAD STATISTICS

Mr. MARSHALL. I want these figures to disclose as accurate a picture as they can of the work of your department.

Mr. SIMKIN. We want them to do that also.

Mr. MARSHALL. It seems to me that from some of the things you have told me here that some of the figures in 1962 would give a somewhat different picture as far as trends are concerned.

Mr. SIMKIN. Yes, they would. Elsewhere in the presentation we show a 15-percent increase.

Mr. MARSHALL. If that be true, would it not be well to give a better picture of your work by putting in the first 6 months of the fiscal year 1962 and compare that with the fiscal period of 1961?

Mr. SIMKIN. We will supply those figures.

Mr. MARSHALL. Mr. Chairman, I would like to propose that the chart be amended to show that, and that both the chart from the justifications and the amended chart be placed in the record.

Mr. DENTON. Can you do that?

Mr. MOORE. Yes, sir; be glad to.

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(The information supplied follows:)

Comparison of mediation workload (exclusive of missile site activity)

FISCAL YEARS 1958-61

	1958	1959	1960	1961
Carryover, previous year	2,422	4,221	4,470	4,231
Assignments	16,487	20,172	19,931	19,058
Total workload	18,909	24,393	24,401	23,289
Assignments closed	14,688	19,923	20,170	18,231
Pending, end of year	4,221	4,470	4,231	5,058
Mediator strength, end of year	199	201	200	197
Estimated full-time equivalent of mediator strength assigned to missile work			1	4
Net mediator strength for regular disputes mediation	199	201	199	193
Average assignments closed per mediator	73.8	99.1	101.4	94.5

1ST 6 MONTHS OF FISCAL YEAR

	1961	1962
Pending, beginning of period	4,231	5,058
New assignments	8,036	9,549
Total workload	12,267	14,607
Assignments closed	8,975	10,754
Pending, end of period	3,292	3,853
Mediators employed, end of period	198	213
Number assigned to missile sites	4	16
Number assigned, regular duties	194	197
Average number of assignments closed per mediator	46.2	54.6

CASE TYPE

Mr. DENTON. In that same connection, the Administrative Office of the U.S. Courts furnishes figures broken down into different kinds of cases.

Mr. MOORE. I think that is true, and the NLRB can do the same, setting out whether it is an unfair labor practice, a representation case, the different types of cases. We have no categorization of cases. When a case is assigned, we can give you data concerning the issues involved, we have that in our presentation, where we attempt to analyze the complexity of the issues with which a mediator was confronted. However, we have just one case which is a dispute between the parties that a mediator is assigned to. There is no way I know of that we can categorize different types. They are all just disputes. Sometimes what appears to be the simplest of cases takes the most time and turns out to be the most difficult.

Mr. MARSHALL. You started to say something a while ago when I interrupted you because I wanted to keep the record straight.

Mr. SIMKIN. To continue this, if it were possible to indicate types of cases in a better way, I think we should do it, but it is very difficult to do. Actually, a case closed can vary from a case settled on the

basis of a half dozen telephone calls up to the cases we have actually had where a mediator has spent 60 or 70 working days on the case. We have that great range in terms of what a case is.

Mr. MARSHALL. Thank you. That is all.

Mr. DENTON. Mr. Laird.

BASIS FOR BUDGET JUSTIFICATION

Mr. LAIRD. In the last few years we have had justifications presented here which have justified increases in your budget based upon the increased number of contracts coming up for renewal. This was one of the major premises upon which you based your justifications for increase.

Now we come into a year where the number of contracts up for renewal are on the decline. We have here the expiration dates on agreements covering 5,000 or more workers. This is in the Department of Labor justifications on page 11. It shows that the number of contracts in 1963 will be about half the number of 1962. I am using as my source of information the U.S. Department of Labor.

We find in reading over our justifications a change away from this historic method to a new concept of budget justification. With the number of contracts coming up, particularly major contracts, being on the decline why would not that justify a decrease in the appropriation?

Mr. SIMKIN. I have seen what I assume are the same tables you are looking at in terms of the large disputes where the contract would expire during this coming fiscal year.

Mr. LAIRD. I am referring to the large disputes because this is the area that in prior years have been used as a justification for budget increases. I thought perhaps the reverse might be true—if the number goes down perhaps that could be used as a justification for decreases.

Mr. SIMKIN. If the total number of all the disputes we were involved in were going down, I think you would have a valid point.

This table shows plants with more than 5,000 employees, and a very substantial part of our workload involves smaller plants than that. As a matter of fact, some of our most difficult cases these days are cases of 500 to 1,000, or 1,500, employees.

I do not believe in terms of our total workload we would expect any substantial decrease in 1963, quite aside from what we have said earlier about this intensive effort.

INCREASE IN MEDIATORS ON SELECTED CASES

Mr. LAIRD. You are talking about putting more people on each of these cases.

Mr. SIMKIN. More people on the difficult cases, and where we do not put more mediators on, where it is a single mediator assignment, with the mediator necessarily spending more time on a per case basis than has been true in the past.

Mr. LAIRD. You feel by having two or three, you can do a better job than having one.

Mr. SIMKIN. In many cases, not in all.

Mr. LAIRD. Can we look forward to the time when you will want 10 on each case?

Mr. SIMKIN. No.

As a general rule, I think three are the most that can be normally effective in a case unless it is one of extreme size and complexity.

In the maritime industry we had more than three people. We had a large number of parties involved, a large number of unions and companies and separate contracts. When it is a single contract, three men are about the maximum in terms of effectiveness. In fact, in a majority of cases, I think in ordinary types of cases where help is required, two men are better than three.

DISTINCTION BETWEEN PREVENTIVE MEDIATION OF THE LABOR DEPARTMENT AND THE SERVICE

Mr. LAIRD. At the bottom of page 6 you get into the area of preventive mediation. This is on page 6 of the justification. You say:

> Other preventive activities have a more indirect impact on immediate dispute mediation but contribute substantially to total mediation effectiveness and the prevention of labor-management disputes. These include labor-management seminars and institutes under cosponsorship with universities and other organizations, development of local and area education and informational programs and participation in training and reserve projects in the labor-management field.

Earlier this morning, a distinction was made between the work you do compared with the work of the Department of Labor, you said you are more specific in your approach to these various problems of mediation and preventing strikes.

This would seem to me to be rather broad.

Mr. SIMKIN. Some of these items are broad.

Mr. LAIRD. How does this differ from the proposal of the Department of Labor to carry on an educational program in this particular area? They are asking for $200,000 to initiate a new program, to improve the labor-management relations through utilizing staff assistants and expert consultants in the specialized field of labor-management relationships. They go on in their justifications and talk about this same type of activity.

Are you going to be cooperating with them?

Mr. SIMKIN. We may.

Actually, their program to my knowledge is a projected program more than an actual program at the moment. I expect we would cooperate with them.

I can give you a couple of specific instances of projects that are underway that were initiated by us.

In the area around Kalamazoo, Mich., a labor-management forum was established 4 years ago by one of our mediators. That is a sizable group. I spoke out there late last year at their first meeting of the year. They have meetings every month of the top labor and management people in the area when they have some speaker on some current issue in labor relations and a discussion period afterward.

In addition to that, they have special committees that meet in between for more specific endeavors.

Another one is a project initiated by Commissioner Lamotte in the southern tier of counties in New York State. Construction in-

dustry in that area had had a large number of strikes, and Lamotte succeeded in getting the labor-industry people in the construction field to meet once a month at a lunch to discuss their problem in the industry. That has been a very successful program. It has been pointed more toward the problem in their industry, and the result has been there has been almost a complete elimination of strikes in the construction industry in that area in the last 3 or 4 years.

This is typical of the sort of thing we have in mind.

Mr. LAIRD. From what I have heard and read, this is typical of the sort of thing the Department of Labor has in mind, too.

Mr. SIMKIN. That may be; I do not know.

Mr. LAIRD. If you listen to both your justifications and the things you have in mind, there seems to be such a similarity that I have said facetiously perhaps we will have to set up a new agency to supervise and coordinate the agencies we have, but perhaps that might have to come to pass.

Mr. SIMKIN. I think our activities in every instance have developed out of the regular work that our mediators do. It has been a normal development.

Mr. LAIRD. It might be better for you people to be doing this.

Mr. SIMKIN. We feel we have an obligation to do it. We have no objection to the Department of Labor doing it.

Mr. LAIRD. I have only been on the Appropriations Committee since 1953, but I have seen a $200,000 appropriation grow to many millions in a period of 8 or 9 years. I am concerned that the small "foot in the door" appropriations sometimes grows into quite big oak trees.

Mr. MOORE. I might call your attention to one substantial difference.

The illustration Mr. Simkin used, and Mr. Eady could check me on this if I am wrong, I would question if the total expense involved in our efforts in this area would exceed $1,000 a year.

Mr. EADY. It would be very small.

Mr. MOORE. Instead of using consultants and experts they propose——

Mr. LAIRD. You do have consultants and experts on your payroll.

Mr. MOORE. These are evening meetings in Kalamazoo. They cost us nothing.

I doubt if we ever spent anything on that southern tier builders' conference unless Lamotte had to go out of town. With our cooperative work with the University of Tennessee, Hitchcock in Knoxville represents the Service in that area, and it is not a question of our getting involved in expenses. This is a peripheral activity that has somewhat of a less direct impact, but it is not considered of such importance to justify expenditures.

Mr. LAIRD. You are in a position where you cooperate with the Department of Labor and the Department of Commerce?

Mr. MOORE. Yes.

We also have cooperated with the State Department in its training department by audiovisual services. We have cooperated with the Defense Department in the same general area. We cooperate with any of them that we think we can be of service to. These do not involve expense. It is mainly work and trouble at the office level, and we do it.

Mr. LAIRD. I am trying to find out where this work can best be done at the lowest cost to the Government.

Mr. MOORE. I think we have two areas of work. I think we are giving you a good return on your investment.

What we are doing in the area is at substantially no added cost to the Government.

Mr. EADY. There is no substantial amount of money involved. With regard to the Kalamazoo situation referred to, memory best serves me at the moment there were two trips involved. Otherwise, the expense was relaetd to the mediator stationed in Kalamazoo attending the meetings in Kalamazoo.

Mr. SIMKIN. I made a trip to Knoxville at one of their recent meetings. That expense is incorporated in the expense of the national office. It is primarily travel expense rather than personnel expense.

METROPOLITAN OPERA DISPUTE

Mr. LAIRD. Take a situation like the Metropolitan Opera. Your activities broke down there. Is that correct?

Mr. SIMKIN. I think that is a fair statement.

We did not succeed in settling the dispute. The State mediation board was in on that picture and the city mediators were in on it. There were three mediation groups that were active in the case prior to the time the Secretary went in.

Mr. LAIRD. This was not a nationwide thing?

Mr. SIMKIN. It applied just to the Metropolitan Opera Co.

Mr. LAIRD. It did not affect any symphony orchestras around the country?

Mr. SIMKIN. No.

We had a somewhat comparable situation in Philadelphia that our staff handled with the Philadelphia Orchestra. They were in a difficult picture. They had to cancel two concerts. Our staff of mediators were able to settle that dispute.

Mr. LAIRD. Do you think it was the prestige of the Department of Labor that settled that dispute, or helped settle it?

Mr. SIMKIN. I do not know whether it was the prestige of the Department of Labor or the prestige of Arthur Goldberg as an individual. Certainly he did a good job.

Mr. DENTON. Is there anything else you would like to say?

Are you in a position to furnish the Labor Department such things as they need for these labor disputes?

Mr. MOORE. We exchange information regularly.

Mr. SIMKIN. We work closely with them and very closely with the Defense Department.

This is something I would like to add, although I think it is self-evident—our jurisdiction covers virtually all the defense industries and we have, particularly in view of the present difficult situation, given top priority to defense industries, defense plants, and in those disputes we work very closely with the various parts of the Defense Department in developing programs.

Mr. DENTON. Thank you very much.

WEDNESDAY, JANUARY 24, 1962.

INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN

WITNESS

ELLIS S. TISDALE, EXECUTIVE DIRECTOR

CONTRIBUTION TO INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities: Contribution to the Commission (total program costs—obligations) (object class 41)	5	5	5
Financing: New obligational authority (appropriation)	5	5	

Mr. FOGARTY. You may go right ahead, Mr. Tisdale.

GENERAL STATEMENT

Mr. TISDALE. I should like to make a brief statement in behalf of the $5,000 budget for fiscal 1963. This is the 5th year I have appeared before you in behalf of the Interstate Commission on the Potomac River Basin.

I have a small staff consisting of three professional persons: myself, a conservationist, a writer, and two secretaries. With the Federal grant of $28,000 a year, our budget is approximately $60,000.

I would like to speak briefly of the accomplishments of the first 5-year period for which we have received Federal assistance. During the past 5 years, 1957–61, our commission has witnessed and participated in the most intensive crusade and water pollution cleanup on the Potomac that has ever been carried out on any drainage basin in the United States.

Our commission has been privileged to play a vital role in these accomplishments, first, in making the 1952 studies to define the serious pollution both upstream in the Cumberland-Luke area; and in the Washington metropolitan area. Secondly, in carrying on public educational effort and seeing the new Federal laws and financial help to the States make it possible to abate the water pollution menace on the Potomac. Perhaps a brief comparison will tell the story better than many words.

SEWAGE TREATMENT AND DISPOSAL

Needs and accomplishments in sewage treatment in the Potomac Basin 1951–61:

In 1951, 62 cities and towns in 4 States and the District of Columbia needed new or better sewage treatment plants.

In 1957, 31 new and improved plants were needed.

In 1961, 18 small rural and mining towns in West Virginia, Maryland, Virginia, and Pennsylvania with a total population of 25,000 need new plants. Of the 18 small towns, 4 with a population of 10,000 discharge acid to streams, while 2 towns are now building treatment plants and 2 towns have plans approved by the States.

Looking at this startling comparison, it was no wonder that Monroe Bush of the Old Dominion Foundation spoke to the commission last fall at Colonial Beach, Va., is follows:

> In my personal opinion the battle against pollution will be won for the entire length of the river within 20 years.

How was this great water pollution control job accomplished? The Federal Government helped by passing a new law in 1956 allotting Federal grants to assist cities, States, and interstate commissions. Since 1957 60 projects, new sewerage systems, and treatment works have been completed in the Potomac Basin; $33,225,000 have been spent to do this job, of which Federal grants toaled $5,973,000. Much of the work in the Washington metropolitan area, like the Potomac interceptor from the Dulles Airport, running 35 miles to the District of Columbia treatment plant, will be finished next year. The separation of storm and sanitary wastes in the District is underway.

Arlington, Va.; Fairfax County, and the city of Alexandria are at work on additional sewage treatment plants. The Washington Suburban Sanitary Commission has a large sewerage improvement program underway.

The water quality standards of our commission officially recommended to the States in 1958 have been adopted by Maryland, Virginia, and the District of Columbia for the stretch of the river from Key Bridge upstream to the Monacacy River. Thus, the Washington water supply will be protected.

A new era of water conservation looms ahead. Recognizing that the water pollution control job is well along toward accomplishment, the commission has sought and obtained amendments to the Potomac compact, which was adopted 20 years ago. Maryland, West Virginia, and Pennsylvania have approved the amendments. Virginia is now considering them. After the Congress approves the new compact, our commission can work on all aspects of water conservation—not only on water pollution control—in cooperation with the States and the several Federal agencies.

In the attached booklet, "Water Management in the Potomac Estuary," the recent improvement of water quality in the Washington metropolitan area is briefly summarized by Norman Jackson of the Department of Sanitary Engineering in the District of Columbia. The results are promising.

Mr. FOGARTY. Is that the whole booklet, you mean?

Mr. TISDALE. No. The article here is "Water Quality in the Tidal Potomac."

Mr. FOGARTY. Do you think it ought to go in the record?

Mr. TISDALE. Yes, I would like to have it in the record. It is called "Water Quality in the Tidal Potomac," by Norman Jackson. It shows the improvement that has taken place in the last 5 years.

Mr. FOGARTY. We will put it in the record.

(The material referred to follows:)

WATER QUALITY IN THE TIDAL POTOMAC

(By Norman E. Jackson)

The average citizen of the metropolitan region is likely to call the Potomac River a cesspool or an open sewer. In his mind it is the most polluted river in the world and a disgrace to the National Capital. This is the oft-repeated concept of the water quality of George Washington's river.

This view was largely promulgated by motion pictures known by the familiar titles of "Our Beautiful Potomac" and "George Washington's River." The purpose of these films was to awaken the conscience of the public and those who have the welfare of the Potomac River at heart to the real need for pollution abatement. They were most successful in this intent. This is all to the good, for the necessary legislative measures and money for much needed pollution abatement and water resources protection could not be obtained without the support and active assistance of the interested public.

But some interesting side reacions have occurred. The average citizen seems to think that the entire Potomac is grossly polluted and has little concept of the variation in water quality with geographical location and of progress being accomplished in pollution abatement. He is apt to think that the Potomac is an active and growing menace to the health of the population of the metropolitan area and that nothing is being done about it.

The purpose of this discussion is to give you a better appreciation of what has been accomplished in pollution abatement measures in the upper reaches of the tidal Potomac.

Let us think of the upper reach of the tidal Potomac as extending from Chain Bridge in the District of Columbia downstream about 24 miles to Hallowing Point. Hallowing Point lies on the Virginia side of the river about 3 miles below Fort Belvoir between Gunston Cove and Occoquan Bay.

The middle and lower reaches of the tidal Potomac will not be considered in detail in this paper, but they should be mentioned for perspective. The middle reach is considered as the crescent of the river lying between Hallowing Point and Port Tobacco River, a distance of about 34 miles. The portion of the tidal Potomac lying between Port Tobacco River and the Chesapeake Bay 47 miles away may be thought of as the lower tidal reach.

We might also look for a moment at the water quality condition from the head of tidewater upstream to the Monocacy River. This will give us some idea of the condition of the river as it enters the tidal estuary.

This portion of the river is the water supply source for the Washington metropolitan region. The water here has always been relatively good physically, chemically, and bacteriologically. Silt is an ever-present problem, particularly in times of excessive runoff; and numbers of coliform bacteria, which are used to indicate organic pollution of human origin, have generally been high during those times of excessive runoff. In recent years, the average coliform count at the Great Falls intakes of the Washington water supply has been increasing. In fiscal year 1959, the average most probable number of coliforms (m.p.n.) per 100 milliliters (ml.) was 4,863; in 1960 it was 6,787; and in 1961 it was 7,177. The cause of this increase is not known definitely but it may be due partly to increasing amounts of sewage effluent from a number of long established sewage treatment plants serving expanding communities which lie in the watershed, tributary to this section. However, it should be noted that a companion indicator of pollution, lowered dissolved oxygen, has not decreased perceptibly. It averaged 9.4, 9.0, and 9.3 parts per million in fiscal years 1959, 1960, and 1961 respectively. Further, since sewage flows are relatively steady or uniformly increasing due to rising population, minimum counts of coliform organisms in the river during the absence of rainfall should also be increasing if the rise is due to sewage contributions. This is not the case. The minimum m.p.n.'s for the fiscal years mentioned are 16, 40, and 11 coliform organisms per 100 ml., respectively. For these reasons, there is basis for conjecture that the increase may be due to increase in rainfall and resultant runoff which would contribute large numbers of coliform bacteria originating in the soil in addition to the coliforms of sewage origin. Both types are included in the standard m.p.n. counts.

Until the past year, the major concern for this reach of the river has been about the potential pollutional hazard to the water supply which would be created by the rapid increase in population predicted for the tributary area of the watershed. But vigilant citizens groups and jurisdictional organizations and officials alerted the people of the area and the Congress to this threat, and the Potomac interceptor is now being built to safeguard the future water quality. The interceptor for which Congress has authorized $28 million will connect the Dulles International Airport with the District of Columbia sewerage system and is designed to protect the Potomac from the waste waters of the tributary population until the year 2000.

There are areas between the upper limits of the interceptor and the Monocacy River, where there is nothing to prevent waste waters reaching the Potomac. In these areas one of the recently achieved milestones of area cooperation will operate quite effectively. A joint agreement between the pollution control authorities of Maryland and Virginia now assures unified action to control sewage treatment plant installations within the Potomac watershed between Little Falls and the Monocacy. Their guides will be the water quality objectives recommended in 1958 by the Interstate Commission on the Potomac River Basin, and the statement on this subject by the Washington Metropolitan Regional Sanitary Board, August 15, 1960. The official health and water pollution control agencies of both States accepted the joint agreement in the spring of this year.

Thus the present water quality of the river entering the metropolitan area is reasonably good, and measures have been taken to insure this quality and improve it in the future.

Therefore, the quality of waters in the upper tidal reaches of the Potomac from Chain Bridge to Hallowing Point will be determined by pollution abatement measures in the metropolitan area, not by abuse of the river upstream. Let us see what is happening in pollution abatement in the Washington metropolitan area.

The chief architects of water quality in the upper tidal estuary are the communities of Arlington, the District of Columbia, the Alexandria Sanitation Authority, Fairfax County, and the Washington Suburban Sanitary Commission. The greater portion of sewage generated in the Washington Suburban Sanitary District tributary to the Potomac is conveyed to the District of Columbia's sewage treatment plant for processing and further remarks concerning the District's pollution abatement efforts will, therefore, include those of the Washington Suburban Sanitary Commission. In addition there are now, and will be in the future, other smaller plants located in Maryland (Prince Georges and Charles Counties); and Virginia (Prince William County) which are tributary to this reach of the Potomac. Most of them are small and provide secondary treatment. Their effect on water quality is negligible compared to the volumes of water from the larger communities.

What these larger jurisdictions do, or do not do, therefore, will largely affect the water quality of the river at least as far as Hallowing Point, and possibly below. Let us consider what these jurisdictions have done to date and what they are planning to do in the future to reclaim water quality.

Arlington does not yet provide secondary treatment for its waste waters, though it does obtain an average of about 40 percent removals of contaminating matter as measured by biochemical oxygen demand (BOD). This is a high percentage of effectiveness for a primary treatment plant. Within the past year, the governing board of Arlington authorized a study leading to the installation of secondary treatment by January 1, 1966.

The District of Columbia, together with a portion of suburban Maryland is, by far, the largest contributor of treated sewage in the Washington metropolitan area. Before 1959, the District provided primary treatment which amounted to roughly 25 percent removal of polluting material from domestic wastes before release to the river. In 1959 new secondary facilities were installed, costing $7 million, which provided 80 percent removal of organic pollutants. These facilities did a great deal to reduce pollution in the upper tidal Potomac because of the large volumes of waste waters treated at the new plant, averaging over 180 million gallons per day. It should be noted that the Washington Suburban Sanitary Commission has contributed roughly 37 percent of the cost of these improvements as its proportionate share.

Over the next 6 to 7 years, the District of Columbia plans to spend about $47 million to reduce pollution to the Potomac River through construction of Project C. The balance of the cost of this project, about $71 million, to be eventually recovered from jurisdictions in Maryland and Virginia through user charges.

Maryland's share will be approximately $17 million and Virginia's about $7 million. This project consists primarily of a system of large interceptor sewers along the left bank of the Potomac River from the District line above Chain Bridge to the District of Columbia sewage treatment plant, together with similar sewers along the left bank of the Anacostia. In addition, Project C contemplates the reinforcement of the Rock Creek main interceptor and the separation of combined sewers in certain selected areas. This project will remove all sewage flows now entering the Potomac between the District of Columbia line above Chain Bridge to below Key Bridge. In the portion of the Potomac between this point and the sewage treatment plant, and in the Anacostia River, this project will remove up to 75 percent of the untreated sewage now reaching these waterways through storm water overflows from the combined sewerage system. It should be noted that at present only about 2 percent escapes treatment. The system will likewise provide capacity for substantial flows of sewage from suburban Maryland and Virginia.

The District has a long-range plan which will eventually separate all the sanitary sewerage system from the existing storm water sewers. When completed, all sanitary sewage generated in the District will receive treatment. No other city in the United States has adopted such a far-reaching program.

With the extension of the Potomac interceptor and with the implementation of Project C, it will soon be necessary to add additional facilities to the District of Columbia sewage treatment plant. Plans and specifications for an additional aeration tank and two final settling tanks costing approximately $1½ million are nearing completion. Bids for their construction will be advertised in the near future.

Fairfax County has been hard pressed in recent years to keep pace with its rapidly increasing population. In addition to the older (1953) Westgate plant on Hunting Creek which cost originally about $1.6 million and which provides about 50 percent removal of organic pollutants, Fairfax installed secondary facilities in 1959 at the Little Hunting Creek plant, at a cost of $874,000, and at the Dogue Creek plant at a cost of $750,000. Designs for doubling the capacity of the Little Hunting Creek plant (from 12,500 to 23,000 tributary population) are now underway and construction at a cost of $440,000 is expected to begin within a year. As soon as the designs for the Little Hunting Creek plant are complete, the county expects to double the capacity of its Dogue Creek plant (from 10,000 tributary population to 20,000) at a cost of $400,000.

In July of 1956, the city of Alexandria completed a secondary sewage treatment plant costing $8.4 million. At the present time, this plant is operating at about 50 percent of its 1973 design capacity and is obtaining approximately 85 percent removal of organic pollution as measured by suspended solids and biochemical oxygen demand.

In Prince Georges, Charles, and Prince William Counties on the upper tidal estuary, most of the recently built plants provide complete treatment (80 percent and upward of removal). There are not many plants as yet in these areas, and their tributary populations are small.

It is evident from this résumé of accomplishments that there is in the Washington metropolitan area an awareness of the need for pollution abatement, an awareness that has been demonstrated by support of adequate water quality objectives for the river and the commitment of large sums of money for pollution control facilities. Recital of these achievements is not intended to induce complacency or promote the attitude that nothing remains to be done. As with liberty, eternal vigilance is the price of a clean river.

Pollution between Hallowing Point and Maryland Point is not a serious problem. The effects of waste loading added to the river in metropolitan area have been largely dissipated by the time receiving waters arrive at Hallowing Point. Sources of pollution tributary to this reach of the river are scattered and, because of large volumes of receiving water available, do not pose serious threats to water quality. There are indications that pollution in some quantity is reaching the river in the vicinity of Indian Head. In general, though water of good quality is found throughout this area. Salinity becomes a problem in the vicinity of Maryland Point, where chloride concentrations during periods of low runoff in late summer may reach the order of 2,000 to 2,500 parts per million. In the lower tidal Potomac from Maryland Point downstream to Chesapeake Bay, water is generally of good quality for all uses not requiring low salinity.

Mr. TISDALE. That briefly is what I wanted to bring out.

RETIREMENT OF EXECUTIVE DIRECTOR

Mr. FOGARTY. It has come to my attention that you have tendered your resignation.

Mr. TISDALE. I am retiring as of tomorrow. Our commission meets in Washington tomorrow and the next day—a 2-day commission.

Mr. FOGARTY. We are sorry to see you go. We think you have done an excellent job.

Mr. TISDALE. I appreciate that. It has been interesting.

Mr. FOGARTY. I think you have helped to clean up the Potomac River. We wish we had more people like you.

Mr. TISDALE. Thank you, sir, very much.

ACTIONS TAKEN TO IMPROVE SITUATION IN POTOMAC RIVER BASIN

Mr. FOGARTY. Will you supply for the record, please, what the other States have done in the past year. Have there been many changes?

Mr. TISDALE. Yes, I will be glad to. You mean enumerating the changes that have taken place?

Mr. FOGARTY. Yes.

Mr. TISDALE. I would like to do that.

(The requested information follows:)

REGION III,
Charlottesville, Va., February 1, 1962.

Mr. ELLIS S. TISDALE,
Director, Interstate Commission on the Potomac River Basin,
Washington, D.C.

DEAR ELLIS: Enclosed are two copies of a listing by States of municipalities that have carried out sewage treatment improvements in the Potomac River Basin. You will note that the list now contains 60 projects, rather than the 58 previously used. This is due to the fact that just this week we have made offers on two new projects. These are located at Purcellville and Mount Vernon Park, Va.

These projects represent a total construction cost of $30,490,564. The Federal Government's contribution to this construction cost is $4,932,836.

Sincerely yours,

LLOYD W. GEBHARD,
Regional Program Director,
Water Supply and Pollution Control.

Construction grants projects located in the Potomac River Basin

MARYLAND

Project	Description	Total project cost	Federal grant
Projects completed:			
WPC-Md-1: Cabin John Creek.	Intercepting sewer to connect Rockville with Washington, D.C., sanitary system.	$888,532	$250,000.00
WPC-Md-6: Hagerstown.	Secondary treatment facilities and necessary appurtenances. Additions and improvements to existing facilities.	323,244	92,517.00
WPC-Md-10: Leonardtown.	Primary treatment plant	152,099	45,629.89
WPC-Md-11: Cabin John Park.	Intercepting sewers to connect this area with the District of Columbia sanitary system. Treatment is at Blue Plains Plant.	154,348	35,383.00
WPC-Md-16: Sligo Branch Interceptor.	Intercepting sewer	104,626	24,700.00
WPC-Md-18: Rockville	do	16,840	3,738.00
WPC-Md-19: Emmitsburg.	Secondary treatment plant and intercepting sewer.	277,106	67,837.00
WPC-Md-35: Greenbelt	Intercepting sewers to eliminate an overloaded treatment plant. To be connected to District of Columbia system.	172,764	38,386.00

Construction grants projects located in the Potomac River Basin—Continued

MARYLAND—Continued

Project	Description	Total project cost	Federal grant
Projects under construction or about to go under construction:			
WPC-Md-17: Gaithersburg.	Construction of intercepting sewers to connect to District of Columbia system and to Blue Plains treatment plant. To abandon an obsolete plant.	$1,028,942	$148,000.00
WPC-Md-30: Union Bridge.	Intercepting sewers and a secondary-type sewage treatment plant.	230,750	57,687.00
WPC-Md-31: Rockville.	Construction of intercepting sewers, pumping station, force main to convey sewage to Cabin John Creek interceptor, thence to Blue Plains plant.	709,797	143,618.00
WPC-Md-32: Williamsport.	Construction of pumping stations, force mains, and primary-type treatment plant to eliminate obsolete plant.	288,226	72,056.00
WPC-Md-33: Westernport.	Construction of intercepting sewers, pumping stations to convey sewage to municipal plant.	376,412	75,282.00
WPC-Md-34: Boonsboro.	Construction of intercepting sewers and a primary-type treatment plant to eliminate septic tanks.	150,000	30,000.00
WPC-Md-37: Northwest Branch relief sewer.	Intercepting sewer	417,557	49,000.00
WPC-Md-47: Indian Head.	Additions and alterations to an existing treatment plant to obtain secondary treatment.	75,100	18,775.00

VIRGINIA

Projects completed:			
WPC-Va-5: Arlington County.	The construction of 4 pumping stations, intercepting sewers, force mains, and improvements to existing treatment plant to provide for secondary treatment.	$350,373	$77,071.00
WPC-Va-9: Colonial Beach.	Construction of a primary-type sewage treatment plant.	265,707	58,280.00
WPC-Va-13: Dumfries	Construction of a secondary sewage treatment plant.	101,587	20,471.00
WPC-Va-14: Edinburg	Construction of pumping station, force main, interceptor, and primary type treatment plant.	114,442	33,180.00
WPC-Va-15: Elkton	Construction of sewage treatment plant (primary only).	42,761	6,109.00
WPC-Va-16: Fairfax	Construction of a secondary treatment plant from an existing plant.	682,087	77,071.00
WPC-Va-17: Fairfax County (Dogue Creek).	Construction of a new secondary treatment plant.	159,419	38,248.00
WPC-Va-18: Fairfax County (Holmes Run).	Construction of a lift station, force main, and intercepting sewers.	380,448	65,347.00
WPC-Va-20: Fairfax County (Little Hunting Creek).	Additions to existing plant to provide secondary treatment.	208,585	35,350.00
WPC-Va-22: Front Royal.	Construction of a pumping station, force main, and intercepting sewer to convey sewage from Viscose City to Front Royal plant.	89,544	11,892.00
WPC-Va-26: Herndon	Improvements and enlargements to primary treatment plant.	124,616	11,654.00
WPC-Va-32: Monterey	Construction of a secondary treatment plant	43,548	7,428.00
WPC-Va-33: Mount Jackson.	Construction of primary-type treatment plant, 2 pumping stations, force mains, and intercepting sewers.	73,809	15,658.00
WPC-Va-35: Occoquan-Woodbridge Sanitary District.	Construction of secondary-type treatment plant	197,727	28,790.00
WPC-Va-44: Woodstock	do	116,877	12,520.00
WPC-58: Bridgewater.	Construction of a primary treatment plant with chlorination facilities.	150,789	45,236.72
WPC-Va-70: Arlington County.	Construction of additions to existing treatment plant, pumping station, force main, and intercepting sewers.	511,781	139,000.00
WPC-Va-71A: Fairfax County (Pimmit Run).	Construction of intercepting sewer from existing obsolete plant to District of Columbia sanitary system.	607,714	170,913.00
WPC-Va-85: Vienna	Construction of a secondary-type sewage treatment plant.	127,047	38,114.36
WPC-Va-89: Fairfax County (Pimmit Hills).	Construction of intercepting sewer to eliminate a treatment plant and convey sewage to District of Columbia sanitary system.	78,197	23,459.12
WPC-Va-105: Winchester.	Additions and extensions to a secondary-type treatment plant.	58,524	17,557.24
WPC-Va-74: Leesburg	Construction of intercepting sewers and improvements and enlargements of existing treatment plant.	66,681	12,700.00

Construction grants projects located in the Potomac River Basin—Continued

VIRGINIA—Continued

Project	Description	Total project cost	Federal grant
Projects under construction or about to go under construction:			
WPC-Va-50: Occoquan-Woodbridge Sanitary District.	Construction of a secondary treatment plant for Featherstone-Lynwood area.	$413,232	$78,024.00
WPC-Va-55: New Market.	Construction of a secondary-type sewage treatment plant.	110,000	26,471.00
WPC-Va-75: Occoquan-Woodbridge Sanitary District No. 1.	Additions to existing treatment plant	508,550	36,200.00
WPC-Va-76: Occoquan-Woodbridge Sanitary District No. 2.	Intercepting sewers, pumping station, and secondary sewage treatment plant for Manassas.	400,000	83,000.00
WPC-Va-78: Staunton	Intercepting sewers and a secondary-type sewage treatment plant.	691,085	150,000.00
WPC-Va-79: Strasburg	Construction of a secondary-type sewage treatment plant.	189,845	40,200.00
WPC-Va-87A: Fairfax County (Hollin Hills).	Construction of intercepting sewer to Little Hunting Creek treatment plant to eliminate a pumping station.	76,188	21,700.00
WPC-Va-104: Warrenton	Pumping station, force main, and intercepting sewers to prevent sewage from entering the Potomac Basin.	59,700	15,720.00
WPC-Va-119: Fairfax County (Mount Vernon Park).	Intercepting sewer	31,550	5,300.00
WPC-Va-133: Purcellville.	Construction of pumping station, force main, and enlargement of existing plant.	101,200	24,170.00

WEST VIRGINIA

Projects under construction or about to go under construction:			
WPC-WVa-8: Moorefield.	Pumping stations, force mains, interceptors, and primary-type treatment plant	$155,550	$44,565.00
WPC-WVa-38: Piedmont.	Intercepting sewers, pumping stations, and force mains.	116,000	34,800.00

DISTRICT OF COLUMBIA

Projects completed:			
WPC-DC-1: Blue Plains	Blue Plains plant (1st stage) secondary treatment.	$6,080,778	$250,000.00
WPC-DC-2: District of Columbia.	Main pumping station	304,596	91,378.97
WPC-DC-4: District of Columbia.	Blue Plains plant (2d stage)	1,107,616	250,000.00
WPC-DC-5: District of Columbia.	Blue Plains plant (3d stage)	2,229,415	250,000.00
WPC-DC-7: Glen Dale	Intercepting sewer, siphon, and appurtenances	86,119	25,146.00
WPC-DC-8: District of Columbia.	An intercepting sewer, including a siphon across Anacostia River between Main Pumping Station and Poplar Point Pumping Station.	826,823	248,047.16
Projects under construction or about to go under construction:			
WPC-DC-3: District of Columbia.	Intercepting sewer and pumping station	2,292,465	250,000.00
WPC-DC-6: Lorton Reformatory.	Pumping station, force main, interceptors, and a secondary-type sewage treatment plant.	654,248	196,274.00
WPC-DC-9: District of Columbia.	Project C. A pumping station and intercepting sewer.	2,592,058	250,000.00
WPC-DC-10: District of Columbia.	Blue Plains treatment	1,543,940	463,182.00

Mr. FOGARTY. Thank you.

U.S. SOLDIERS' HOME

WITNESS

GEN. WADE H. HAISLIP, GOVERNOR

LIMITATION ON OPERATIONS AND MAINTENANCE AND CAPITAL OUTLAY

Object classification

[In thousands of dollars]

		1961 actual	1962 estimate	1963 estimate
	U.S. SOLDIERS' HOME			
11	Personnel compensation:			
	Permanent positions	3,745	3,732	3,879
	Positions other than permanent	64	66	66
	Other personnel compensation	168	158	158
	Total, personnel compensation	3,977	3,956	4,103
12	Personnel benefits	279	283	294
21	Travel and transportation of persons	1	1	1
22	Transportation of things	2	2	2
23	Rent, communications, and utilities	114	114	132
24	Printing and reproduction	4	4	4
25	Other services	401	388	419
26	Supplies and materials	991	1,086	1,139
31	Equipment	86	447	98
32	Lands and structures	153	77	209
41	Grants, subsidies, and contributions	1	1	1
	Subtotal	6,009	6,359	6,402
	Deduct quarters, subsistence, and laundry charges	137	134	134
	Total, U.S. Soldiers' Home	5,872	6,225	6,268
	ALLOCATION TO CORPS OF ENGINEERS—CIVIL			
11	Personnel compensation:			
	Permanent positions	65	66	66
	Other personnel compensation	2	2	2
	Total, personnel compensation	67	68	68
12	Personnel benefits	5	5	5
25	Other services	38	42	37
26	Supplies and materials		1	1
32	Lands and structures	133	233	274
	Total, Corps of Engineers—civil	243	349	385
	Total obligations	6,115	6,574	6,653

Personnel summary

	1961 actual	1962 estimate	1963 estimate
U.S. SOLDIERS' HOME			
Total number of permanent positions	1,015	1,014	1,041
Full-time equivalent of other positions	10	11	11
Average number of all employees	999	1,005	1,025
Number of employees at end of year	1,046	1,048	1,075
Average GS grade	3.7	3.7	3.7
Average GS salary	$4,528	$4,586	$4,586
Average salary of ungraded positions	$4,463	$4,240	$4,489
Average salary, grades established by Board of Commissioners, U.S. Soldiers' Home	$1,380	$1,421	$1,399
ALLOCATION TO CORPS OF ENGINEERS—CIVIL			
Total number of permanent positions	9	9	9
Average number of all employees	8	8	8
Number of employees at end of year	9	9	9
Average GS grade	7.7	7.7	7.8
Average GS salary	$6,878	$6,902	$6,926
Average salary of ungraded positions	$5,799	$5,899	$5,969

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities:			
1. Medical care	2,571	2,648	2,682
2. Domiciliary care	1,281	1,447	1,396
3. Administration and central services	2,006	1,957	2,050
4. Permanent improvements	257	522	525
Total obligations	6,115	6,574	6,653
Financing:			
Unobligated balance brought forward	−1,549	−1,291	−769
Unobligated balance carried forward	1,291	769	244
Unobligated balance lapsing	42		
Limitation	5,899	6,052	6,128

Mr. FOGARTY. General Haislip, we will put your statement in the record and ask you to give us some of the highlights. If you have any problems we want you to tell us about them.

(The statement follows:)

STATEMENT OF GEN. WADE H. HAISLIP, GOVERNOR OF THE U.S. SOLDIER'S HOME, PRESENTING THE FISCAL YEAR 1963 BUDGET TO CONGRESSIONAL SUBCOMMITTEES

INTRODUCTION

As Governor of the U.S. Soldier's Home, I am appearing before this committee to justify the funds required for operation of the home during fiscal year 1963. The budget now before you for consideration, as all past budgets, will be financed from the soldier's home permanent fund, a trust fund, and not from the geenral revenues of the Treasury. Since the home obtains its funds through annual appropriations by the Congress, the home request for funds appears in the Federal budget but is not included in the total thereof.

PURPOSE OF THE HOME

Organic legislation was enacted in March, 1851, establishing a home for the relief and support of certain old, invalid, and disabled soldiers of the Army of the United States. Its original mission of providing a permanent residence for enlisted personnel of the Regular Army has been continued for 111 years without cost to the taxpayer. In 1947 the applicability of laws governing the home was extended to include airmen and in 1948 enlisted women of both services became eligible for membership. It provides a place where members can live out their lives in the thought that they are not dependent upon public assistance, and with a sense of pride, in the knowledge that they and their comrades have made this possible through their personal contributions to its support. A 1940 report of a subcommittee of the Senate Committee on Military Affairs contained the following statement indicative of the reasons why the home has been able to continue its original purpose for so many years without major statutory changes:

"Your committee is 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."

ADMISSION CRITERIA

Membership in the home is confined to former warrant officers and enlisted personnel of the Regular Army and Air Force, with the following qualifications:

1. Those who have served honestly and faithfully for 20 years or more;
2. Those with a service-connected disability rendering them unable to earn a livelihood; or
3. Those with a nonservice-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 mission, the care of professional or career soldiers and airmen, and recognize and reward service both in peace and in war.

ADMINISTRATION

As Governor of the home, I report monthly to a Board of Commissioners, established by the basic law, and consisting of the Governor of the home and six specifically designated staff officers of the Army, namely: 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 authority to establish regulations for the general and internal direction of the home.

FINANCING

The act of 1851 provided that the home be financed from a trust fund and not from the general revenues of the Treasury. The Congress annually appropriates moneys from this fund for the operation of the home. The income of the fund 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 on October 31, 1961, was $91 million, but attention is invited to the fact that income from the named sources was a little over $9 million in fiscal year 1961, as compared with some $13 million during the mid-1950's. One action which has had the effect of reducing income from courts-martial was a decision by the services to raise the standards of enlistment and service, and by eliminating from their rolls individuals unable to meet the higher standards. Expenses have been mounting each year due to increasing costs and a persistently increasing membership. The level of operating funds now required is over $6 million as compared with the $3 million operating level of the mid-1950's, and it is clear that in the foreseeable future expenses will exceed income. The permanent fund balance, however, is adequate to provide for the operation of the home for some time to come.

PHYSICAL PLANT

The home now provides 1,445 permanent domiciliary and 469 hospital beds. A steady increase in membership since 1956 has not only required the use of all of the normal capacity of the domiciliary area but has made necessary the establishment of some 341 substandard bed spaces there. The fiscal year 1960 appropriation provided for a new 560-bed domiciliary building, now over one-third complete. This will increase the domiciliary capacity to 2,005 beds beginning in October of this year. Plans provide that 2 wings, with 340 beds, will be added to this building when the need arises. In October 1958, it was decided to handle members on sick call as outpatients, whenever medically advisable. This action resulted in a reduction of the demand on hospital facilities and the $384,000 which had been appropriated in 1960 for expanding the hospital was temporarily placed in reserve. In this connection, your attention is invited to the fact that the Bureau of the Budget has agreed to allow the home to accomplish, in fiscal year 1963, three major improvements using $140,000 of this money in lieu of requesting new obligational authority in that year. The Bureau of the Budget stated that use of these hospital funds for planned 1963 projects will not prejudice the hospital expansion program when it becomes necessary. Of the 1,445 permanent and 341 emergency domiciliary spaces available, 1,600 were assigned on December 31, 1961. Of the 469 hospital beds, 349 were assigned.

MEMBERSHIP

There were 2,163 members on the rolls as of December 31, 1961, not all of whom required bed space, as some were away on leave, while others were being treated in special hospitals serving the home on a reimbursable basis. The average membership during fiscal year 1961 was 2,110. This year it is expected to be 2,150. With additional facilities becoming available in October 1962, the average in fiscal year 1963 will reach 2,285. The estimated cost of this increase in membership is reflected later in my statement on the proposed budget.

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ANNUAL REPORT

The law provides that a comprehensive report of the home's activities be submitted annually to the Congress at the close of each fiscal year. Included therein, is a report of the Inspector General of the Army, who by law, is required to make an annual inspection of the home and to report the results to Congress. The following extract of his December 1961 report is quoted below to assure the members of the committee that the home is managed in an efficient and proper manner:

"I. GENERAL

"3. The Governor and his staff were carrying out the mission of the home in an outstanding manner. Exceptional and noteworthy was the attitude of the employees and their interest and dedication in looking after the personal affairs, well-being, and welfare of the members of the home. The care and attention provided members in the hospital were of the best, and particularly worthy of mention were the efforts to provide and maintain interest of these members by occupational therapy. Home facilities and roads and grounds were well cared for and maintenance standards were of the highest. Of special interest was the attitude of the officers of the home in taking a major interest in conserving the assets belonging to the home and insuring that such assets were utilized solely for the use and benefit of the members of the home."

ANNUAL BUDGET

The home's appropriation request now before this committee has followed the same budgetary procedure as any other Government agency, but it will be financed from the Soldiers' Home permanent fund. It is based on past experience, estimated changes in membership, and generally increased costs of supplies and services. Before an explanation of changes is offered, certain available figures should be reconciled, and a chart for this purpose is presented herewith for incorporation in the record:

	Fiscal year 1962	Fiscal year 1963	Difference
Appropriation and request	$6,052,000	$6,128,000	+$76,000
Plus fiscal year 1962 supplemental for wage board pay increases:			
1. Annualization in 1962 of 1961 increase	118,000	(118,000)	−118,000
2. Payment for balance of 1962 of 1962 increase	26,000		−26,000
Revised appropriation and request	6,196,000	6,128,000	−68,000
Plus obligations of prior year funds	522,000	525,000	+3,000
Estimated obligations	6,718,000	6,653,000	−65,000

It will be noted on the chart that the fiscal year 1962 appropriation of $6,052,000 as shown in the Federal budget has been increased in the home's proposed budget by $144,000 to reflect a supplemental request transmitted to the Bureau of the Budget on January 3, 1962, to cover the annualization, in 1962, of 1961 wage board pay increases, and to pay for the balance of fiscal year 1962 wage board pay increases made effective for one-half of that year. If this supplemental is approved by the Congress, the total appropriation for fiscal year 1962 will be $6,196,000. The fiscal year 1963 request includes the $118,000 shown, but nothing is included in that year for the annualization in 1963 of the fiscal year 1962 pay increase. That amount will be provided for by a supplemental budget transmitted to Congress in January 1963. As a further explanation, may I point out that we expect to obligate in fiscal year 1962 $522,000 of money brought forward from prior year appropriations, and in fiscal year 1963, $525,000 of this category of money. Fscal year 1962 obligations of prior year money are all for construction and items related to the new domiciliary building. Obligations of this money in 1963 include $385,000 for construction and related items, and $140,000 for the following: (*a*) Conversion of Stanley Hall to a chapel, and (*b*) demolition of the Sheridan Building, built in 1885, and construction of a parking area on its site. As indicated earlier in my statement, these items are being accomplished with funds held in reserve for expansion of the hospital.

In summary, then, there is a net reduction of $65,000 in obligations for fiscal year 1963 as compared with those of fiscal year 1962. This is explained below:

A. Reductions of $213,000

(*a*) There is an apparent decrease of $26,000 for personnel compensation and benefits due to the fact that the amount for fiscal year 1962 includes the additional cost of a pay increase to wage board employees made effective for one-half of that year. Nothing is included in the fiscal year 1963 budget to provide for that increase but a request for the additional funds will be included in a supplemental request to Congress in January 1963.

(*b*) There is a total decrease of $182,000 in the request for equipment, $138,000 of which is due to the fact that the fiscal year 1962 appropriation carried this amount for furnishings and equipment for the new domiciliary building while nothing is carried in the 1963 budget for this purpose, and $44,000 of which is because of the planned purchase of less costly items of equipment in 1963.

(*c*) There are two small decreases: one for $2,000 due to a 1-cent reduction in the estimated cost of the hospital ration from $1.03 to $1.02; the other for $3,000 because it is estimated that one less patient per day from the home will be at St. Elizabeths Hospital based on the persistent downward trend in beneficiaries experienced for the last few years.

B. Additions of $148,000

(*a*) Average membership in fiscal year 1963 is expected to reach 2,285 as compared with 2,150 for the current year. There is a $57,000 increase for additional supplies growing out of this increase. These include rations, dentures, and spectacles for fiscal year 1963.

(*b*) There is an increase of $40,000 to provide for 27 additional employees required by new construction from October 1962.

(*c*) The new domiciliary building will require additional electric current beginning October 1962, which will require an additional $18,000.

(*d*) The Bureau of the Budget has provided for an increased rate at St. Elizabeths Hospital from $8.81 to $9.51 per patient per day or an additional $9,000.

(*e*) An additional $21,000 has been included in fiscal year 1963 for recurring, nonrecurring, and "phased" maintenance items for the upkeep of the buildings, facilities, and grounds.

(*f*) Obligations of prior year money in fiscal year 1963 will exceed those of fiscal year 1962 by $3,000; $522,000 will be obligated in fiscal year 1962 for construction and items related to the new domiciliary building, and $525,000 in fiscal year 1963 as follows: $385,000 for construction and items related to the new domiciliary building, and $140,000 for conversion of Stanley Hall to a chapel, demolition of Sheridan Building, and construction of parking area on its site.

CONCLUSION

I wish to thank the members of this committee for the opportunity of appearing here, and to assure them that I and my staff will endeavor to continue to maintain the high standards of operation of the home expected of us by this committee and the Congress.

SPACE PROBLEM

General HAISLIP. We have no problems except that of being rather crowded now, with people still wanting to come in. We haven't adequate space for them now but our new building will be completed in October 1962.

Mr. FOGARTY. How many will that take care of?

General HAISLIP. It will house 560.

Mr. FOGARTY. That will ease your space problem?

General HAISLIP. Yes, sir; for a number of years to come.

SUMMARY OF BUDGET

Mr. FOGARTY. The appropriation for 1962 is $6,052,000, and the request for 1963 is $6,128,000—an increase of $76,000. How much did you ask the Bureau of the Budget for?

General HAISLIP. $6,293,000. They made a net reduction of $165,000.

Mr. FOGARTY. What did they cut out that you thought was needed?

General HAISLIP. They cut down the number of patients that we thought we would have at St. Elizabeths, which cuts a considerable amount of money off—$21,000. They cut $10,000 from our hospital supplies, but we will try to get along.

Mr. FOGARTY. What do you mean—what kind of supplies? Medical supplies?

General HAISLIP. Medical supplies of all kinds.

Mr. FOGARTY. Do they know more about your business than you do?

General HAISLIP. I think they have a rule of thumb that they apply. We will try to get by with it.

Mr. FOGARTY. I didn't know you could apply a rule of thumb to medical supplies or medical attention.

General HAISLIP. We don't estimate requirements that way.

Mr. FOGARTY. I hope you don't.

General HAISLIP. They took $140,000 away from us. We had $384,000 appropriated in 1960 to expand one wing of our hospital but found out that we got that money sooner than we needed it. We put it in reserve. It will probably be 2 or 3 years yet before we have to expand the hospital.

The Bureau of the Budget gave us authority to use $140,000 of that money without prejudicing the future expansion of the hospital.

Mr. FOGARTY. So that won't hurt you.

General HAISLIP. No.

Mr. FOGARTY. Are you fairly well satisfied with the budget before you?

General HAISLIP. Yes, sir; I think we can get along with it. There are a few things we will have to postpone, but we can get by.

MEMBERSHIP

Mr. FOGARTY. Do you expect much of an increase in membership in 1963?

General HAISLIP. We expect a net average increase of 135 members. That is due to the persistent increase in membership which has steadily grown through the years, and it means we may have to put off a number of people until our new building is finished.

Mr. FOGARTY. Is your physical plant adequate now?

General HAISLIP. Not at the moment, but it will be in October.

PERMANENT FUND

Mr. FOGARTY. Is the balance in the Soldiers' Home permanent fund still going up?

General HAISLIP. It is going up just a little bit. We can already see, Mr. Chairman, that our income is going to cross the line of outgo because our expenses are continually going up as supplies increase in cost, and particularly from increases in the cost of services.

Every year the wage board employees get an increase. That has run our appropriation up to where 73 percent of it is now personal services.

Mr. FOGARTY. Thank you very much, General. Do you have anything else you want to say?

General HAISLIP. No, sir; except I thank you very much.

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