

LABOR PERISCOPE

More moves to skirt Davis-Bacon

With congressional forces jockeying back and forth for positions for a frontal assault of the 48-year-old Davis-Bacon Act, the Carter administration is involved in behind-the-scenes maneuvers to undermine prevailing union wage rates on construction projects.

Legislation to exempt certain projects from Davis-Bacon coverage was referred to committee in the Senate without ever coming to a vote on the floor. The amendment, which would have exempted military construction for Davis-Bacon guarantees of payment of prevailing wage rates, was referred to the Senate Labor and Public Works Committee where it is expected to die.

At this point, even the most die-hard opponents of Davis-Bacon like Sen. Orin Hatch (R-Ut.) regard their chances of passing a significant emasculating amendment as close to nil for this session of Congress. Nonetheless, egged on by the likes of Senator John Tower of Texas, they are prepared to make one more effort in the fall.

Far more dangerous noises are now coming from the individuals within the supposedly pro-Davis-Bacon Department of Labor. At this moment, the Carter administration's failed seven percent wage-price guideline program is undergoing some kind of summer renovation. With inflation running at near 15 percent, the "pro-labor" people within the DOL are asking that the guidelines be revised upward to somewhere around 10 percent.

At the same time, sources in the DOL report they are thinking of trying to hold "prevailing wage" rates on Davis-Bacon-covered projects to below the established guideline figure. If this were not done, the government would simply deny or cancel the contracts.

The net effect of this maneuver would be to force construction union wage levels to below levels necessary even to maintain current living standards—or precisely the foot-in-the-door at lowering wage rates that the anti-Davis-Bacon forces have been calling for.

The proposal reportedly has the backing of still-reigning inflation czar Alfred Kahn.

Labor beware of Connally

Labor leaders who are now being courted by John Connally would do well to ask the GOP presidential hopeful how he reconciles his "pro-labor" PR with his close personal and political connection to the Houston-based construction firm Brown and Root—the leading corporate component in the "open shop" movement in the United States. Connally's law firm, Vinson, Elkins and Connally, handles Brown and Root as a major account.

Connally's persistent image as a pro-labor voice is hard to credit. As Nixon's secretary of the treasury, Connally—the originator of the Phases I, II, and III austerity program—recommended suspension of the Davis-Bacon Act. In a recent appearance before New Jersey trade unionists, Connally

declined to issue a statement opposing the current "free enterprise" campaign against Davis-Bacon.

Connally is remarkably consistent for a man with a slippery reputation. Dating back to his term as Texas governor, Connally teamed up with Lyndon Johnson and Senator John Tower to deliver to Brown and Root the projects which built this "open shop" into the biggest construction firm in the country.

During the 1970s, following Brown and Root's takeover by the British-dominated Halliburton oil services company, Connally sat on Halliburton's board. The composition of the board now includes Anne Armstrong, former U.S. ambassador to Britain; James W. Glanville, general partner of the London-run Lazard Frères investment house in New York; and the Rt. Hon. Lord Po-warth, director of the Bank of Scotland.

Recently, Connally law firm partner John Smither described his firm's representation of Brown and Root in a number of areas: "First, you must go to the unions, but you have to pay competitive wages. Then you should go to the NLRB (National Labor Relations Board) to pursue nonunion status ... this will allow you to go, what they call in the trade, 'double-breasted.'" Since Brown and Root and Connally's law firm adopted the "double-breasted" tactic in the early 1970s, the percentage of open shop operations in the Houston construction industry has increased from 30 to 43 percent, according to *Fortune* magazine.

Labor leaders will also be interested to learn that Connally's associates in the ABC and Brown and Root are now facing a \$75 million law suit brought by the Houston Building Trades charging them with conspiring to undermine union bargaining power.

—L. Wolfe and M. Kronberg