TACOMA CHAPTER, AGC,
Tacoma, Wash., February 19, 1968.

J. M. SPROUSE,
Associated General Contractors,
Washington, D.C.:

In re February 13, 1968, wire estimated figure 20 firms in the past 2 years.

FRANK STOJACK, *Secretary Manager.*

PROVIDENCE, R.I., *February 15, 1968.*

J. M. SPROUSE,
Associated General Contractors,
Washington, D.C.:

Re your telegram February 13, five contractors out of business last 2 years, three involuntary.

W. J. SHEEHAN, *Rhode Island Chapter.*

PIERRE, S. DAK., *February 14, 1968.*

J. M. SPROUSE,
Associated General Contractors of America,
Washington, D.C.:

Re your telegram, 13 South Dakota contractors out during past 2 years.

JIM HUNT, *South Dakota Highway Heavy.*

Mr. ARMSTRONG. These replies show that as many as 20 highway firms in one county went out of business in the past 2 years; 35 went under in Illinois; 20 went under in Florida; nine in the St. Petersburg-Tampa-Clearwater area. We do not know how many of these failures can be attributed to the cutbacks, but we do know one very significant fact: the great majority were small contractors.

Of great concern to us also is the personnel problem arising from sudden cutbacks. Superintendents, foremen, equipment operators, and other top craftsmen who are kept on the payroll by contractors during the offseason and employed in repairing equipment so they will be available for summer construction, may have to even be laid off. Releasing these workers will result in severe disruption of the labor market.

The investment made by these firms in training personnel will be lost, since there is no assurance that the workers will be available when needed in the future, as the program is resumed. The workers will try to locate employment in fields unaffected by stop-and-go construction activities. It is very difficult for these workers, with their present skills, to find employment in other fields. College students, to whom summer employment in the construction industry is important, will find that summer employment is nonexistent.

The contractor must operate like any other businessman. He has all the usual business problems: personnel and equipment to procure and maintain, materials to buy, creditors and taxes to pay. Yet the highway construction industry, with an average profit of 1.2 percent, is substantially below the national average of 4 percent.

The U.S. construction industry is the largest industry in the world. It accounts for about 15 percent of the gross national product and provides direct employment for about 3.5 million persons. Its size and the employment it generates warrant the Government's best efforts to