

of highway contractor failures in the last 2 years. And the tabulation which I get of highway contractor failures in the last 2 years is 241, both voluntary and involuntary, in the 19 States, or parts of States, that reported.

Some examples: California, 20; Florida, 20; Illinois, 35; Louisiana, 53, as some examples.

I would like, Mr. Chairman, to have this tabulation made a part of the record at this point.

Chairman FALLON (presiding). Without objection, so ordered.

(Tabulation follows:)

<i>Failures</i>			
	<i>Number</i>		<i>Number</i>
Alaska -----	3	Michigan -----	11
Arizona -----	15	Minnesota -----	12
California -----	20	Mississippi -----	2
Connecticut -----	3	Missouri -----	6
Delaware -----	2	New Mexico -----	2
Florida -----	20	New York -----	7
Idaho -----	8	North Carolina -----	18
Illinois -----	35	North Dakota -----	11
Kentucky -----	9		
Louisiana -----	53	Total -----	241
Maine -----	4		

Mr. CRAMER. When the administration announced this cutback, it was on the basis, as you suggest in your statement, of approximately a 4-percent increase supposedly in cost of construction of highways in 1967 over 1966; is that not correct?

Mr. ARMSTRONG. I believe so.

Mr. CRAMER. Four percent.

Mr. ARMSTRONG. I believe.

Mr. CRAMER. At that time, when the cut was announced, I made the statement that it appeared to me that this cut—the justification of which was to prevent inflation—would actually cause inflation.

That is your conclusion, too; is it not?

Mr. ARMSTRONG. Yes, sir; very definitely, sir.

Mr. CRAMER. You cited some examples in your statement.

Secondly, a major contributor to the increase was the lack of guidelines which had previously been in existence relating to salary increases.

Mr. ARMSTRONG. This is correct.

Mr. CRAMER. And you indicated what the effect of dropping those guideline restrictions has been on the industry.

Mr. ARMSTRONG. Yes, sir.

Mr. CRAMER. So, is it your conclusion, as it was mine, that the greatest causes of the 4-percent increase was, No. 1, the cutback, itself, of last year, and No. 2, the guideline no longer being restrictive on wage increases?

Mr. ARMSTRONG. That is correct, sir.

Mr. CRAMER. So, in effect, what we are doing, by another cutback, is fueling the fire of inflation, as it relates to the highway industry; is that not right?

Mr. ARMSTRONG. This is right.

Mr. CRAMER. So, actually, the conclusion is this is the wrong approach to that problem?