

I would like to present Mr. Karl Rothermund.

Mr. KLUCZYNSKI. Do you have a prepared statement?

Mr. ROTHERMUND. No, sir, I do not.

Mr. KLUCZYNSKI. You may proceed.

It is a pleasure to have you before this committee.

Mr. ROTHERMUND. Thank you, Mr. Chairman, Chairman Fallon, Mr. Harsha.

The cutback in Ohio amounts to 46 percent, when you consider the amount of Federal aid approved by Congress that would be available to the State this year.

We have a very unusual circumstance, as pointed out by Mr. Harsha, and as covered by Mr. Masheter in his letter, because of the cutback in funds in 1966, because of a prolonged strike of the operating engineers last year in our industry in Ohio, and because of the delay in letting the contract of Federal-aid projects because of the change in design of safety standards, Ohio's program last year dropped to \$327 million.

This is compared to \$454 million in 1965 and \$445 million in 1966.

So that the cutback, taken from the \$327 million program that we had last year was reduced 5 percent from that, so this leaves us with a cutback this year of 46 percent from our normal program of \$450 million.

Now, you ask, Mr. Kluczynski, about contractor failures, and I understand this was covered yesterday very well by Mr. Armstrong.

In Ohio, in 1964, we had three highway contractors go broke. In 1965 we had two; in 1966, none; in 1967, we had eight.

And this can be attributed to the cutback and to the strike that we had last year.

Thank you, sir.

Mr. KLUCZYNSKI. Mr. Rothermund, the reason I asked Mr. Miller was, I would like to have that in the record, how many failures there were from the members of your association.

Any questions?

Mr. Harsha of Ohio.

Mr. HARSHA. Mr. Chairman, I would like to welcome Mr. Rothermund to the committee. He certainly played a big part in the development of the highway system in Ohio, and we are indebted to him for his leadership in that field.

Mr. Rothermund, you say that the effect of the cutback in Ohio actually allows for about 46 percent of what the highway program normally obligated during a calendar year?

Mr. ROTHERMUND. Yes, sir.

Mr. HARSHA. Now, what effect will this cutback have on the so-called inflationary problems that we are confronted with in the highway system?

What I am trying to get at is this: Will it, in effect, pull down the inflationary tendencies or, rather, to the contrary effect, encourage them and probably add impetus to them in the future?

Mr. ROTHERMUND. We feel that it definitely will in the future. For instance, last year we had eight contractors go broke, and we know this year we are going to have more; and this has this immediate effect.

But then when you try to catch up in the future, why, it will just make the spiraling that much faster.