positions in a proportion far below the Negro population of the area; of 5,930 employees, only 655 are Negro.[8]

A major industry in the hearing area is the pulp and paper industry. An official of the Office of Federal Contract Compliance (the Federal agency which oversees the enforcement of Federal contract compliance requirements), Mr. Leonard Biermann, acknowledged that discrimination has been traditional in this industry and that the effect of such discrimination on employment patterns continues to be widespread at present.

Alabama State Superintendent of Schools Ernest Stone told the Commission that employment discrimination is by no means restricted to companies indigenous to the South;

> Most of the Northern people who come to Alabama and establish an industry are more concerned with employing white employees than they are Negroe employees.

Industrial employers have particularly poor records in employing Negroes in clerical positions. For example, MacMillian-Boedel Products, a Canadian-based company, which recently started operation of a plywood plant and sawmill in Wilcox County, has 25 to 30 clerical or stenographic employees, none of whom are Negro. Vanity Fair Mills, the corporate headquarters of which is in Reading, Pennsylvania, has 297 office and clerical employees, of whom one is Negro; his job is to service vending machines on the company's premises. Though employers claimed that they could not obtain Negro office personnel employees, the Commission learned that the State Trade Schools of Alabama graduate many Negro students from secretarial courses each year.

Discrimination by Companies Holding Government Contracts

In examining discrimination in employment, the Commission took a particularly close look at the employment practices of a special category of private employers in the hearing area—those holding contracts with the Federal government.

Since 1943, Federal agencies have been required by Presidential Executive Order to include in their contracts a provision forbidding discrimination in employment by the contractor.[9] Since 1951 the head of each contracting agency has been "primarily responsible" for insuring that the nondiscrimination requirements appearing in the contracts of the agency are enforced.[10]

The Executive Order has great—but thus far largely unrealized—potential. Significant leverage is afforded by the possible sanctions of loss or termination of government contracts.

The hearing and preparatory staff investigation disclosed that the Executive Order has received weak implementation in the hearing area, and that as a result noncompliance was widespread. The hearing revealed blatant discrimination by companies holding millions of dollars of government contracts—discrimination which had not been attacked effectively by contract compliance officers.

For example, Bellamy, Alabama is a company town owned since May 1960, by the American Can Company, a large General Services Administration (GSA) contractor.[11] The town is totally segregated. Only four of the 123 Negro houses

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[8] Though officials of Vanity Fair made much of the need to approach integration cautiously, other testimony indicated that industrial integration need not present problems. The Dixie Shoe Company, a women's shoe manufacturer with a plant in Barbour County, employs about 200 persons, most of whom operate sewing and other machines. Since it opened in August 1963, about 50 percent of the employees hired by the plant have been Negroes. The plant manager, Harold Becker, told the Commission that there have been no racial problems based on integration of the work force.

[9] Exec. Order No. 9346, 3 C.F.R. § 1 (1943). Executive Order 8802 (1941) required such a provision in defense contracts only.

[10] Exec. Order No. 10308, 3 C.F.R. § 1 (1951); also, Exec. Orders Nos. 10479, 3 C.F.R. § 1 (1953); 10925, 3 C.F.R. § 307 (1961); 11246, 3 C.F.R. § 205 (1965). In 1966 the Office of Federal Contract Compliance, an agency within the Department of Labor, assumed the duty of supervising and coordinating contract compliance by the Federal agencies. However, the agencies continue to bear the primary responsibility for such enforcement. Exec. Order No. 11246, 3 C.F.R. § 205 (1965).

[11] At its Alabama facility alone, American Can has GSA contracts for more than $1.7 million, for fiscal 1968 through February 1, 1968. Since 1962, American Can Company has been a member of Plans for Progress. Established in 1961, Plans for Progress is a voluntary association of businesses, numbering 417 in January, 1968, which are purportedly committed to eliminating all forms of employment discrimination within their respective operations. The organization receives administrative support from the Department of Labor, and has been a principal vehicle of OFCC's effort to promote voluntary compliance with equal employment requirements by government contractors.