

the buyer. In an era when construction costs are on the rise at a faster rate than almost any other costs, we should be conscious of the possibility of savings resulting from the elimination of seasonality in the construction industry.

An equally direct cost is levied upon the operations of the construction industry by the flood of casual employees entering our ranks during the peak season. Such people are, by no means, as experienced and efficient workmen as the full-time construction laborers in our membership.

Thus, in order to support the seasonal pattern of construction employment, the contractor must accept a measurable degree of inefficiency in his work force during peak periods of employment, giving rise not only to questions of higher costs in his operations, but to serious questions of safety as inexperienced and perhaps, incautious workers are added to the labor force in an industry which has one of the highest accident rates in this Country.

Before we can be accused of trying to limit education in America by eliminating summer construction jobs for students, let us assure the Committee that there will always be a place for casual workers in construction. There are some kinds of work that will not prove amenable to the kind of site protection necessary to all-weather construction; road work and giant hydroelectric projects are good examples. Even in those areas, some improvement in the seasonal picture is possible, but, by and large, these jobs will have to run in the summer. Thus, even if the Federal Government instituted deseasonalizing policies which achieved the maximum possible success, there would still be some peaks and valleys in construction employment and a place for summer workmen.

The final aspect of private costs connected with seasonality which we would like to point out goes directly to the buyer of construction work. Although we hasten to point out that all of the costs arising from seasonality are eventually imposed upon the buyer and through the buyer, the public, the cost associated with delayed income from a construction project and the freezing of capital invested in the construction projects arise directly from the buyer. When an industrial or commercial construction project closes down because of weather, or simply in response to a habitual pattern of construction operations, the buyer is called upon to support a heavy burden of carrying charges on his investment. In a recent speech before the Building Research Advisory Conference, Mr. Otto Nelson of New York Life Insurance Company estimated the financial carrying charges, alone, on a hypothetical construction project could amount to as much as \$45,833 a month for the difference between a thirteen (13) and twenty-four (24) month construction cycle. From the buyers' point of view, of course, all of these costs will ultimately be returned, either through depreciation or rental income, or a combination of both. From the point of view of the public, however, it would be far better to eliminate this factor of construction costs entirely by extending the construction season to cover the whole year, rather than merely a part thereof. One benefit of the study called for by H.R. 15990 could be to develop measurements of these cost factors and make them public in an attempt to inspire a demand for all-year construction on the part of buyers.

Thus, we can see that seasonality imposes substantial private costs on the construction industry, the buyer, and the public, in addition to the problems it creates for construction workers. We cannot, however, stop in our analysis of the effects of seasonality with these costs, for there are both costs and lost income to consider in the public sector, which would make a significant contribution to defraying the cost of an all-year construction subsidy program, should one be enacted by the Federal Government.

The first charge levied by seasonality in the Government area is obviously to the unemployment compensation funds of the fifty (50) states. We are not in a position to attach a figure to the losses these funds suffer covering the construction worker. We are sure, however, that this cost is both a measurable one and a tremendous drain on the unemployment compensation system. It could be argued, of course, that alternative sources of employment are used by construction workers to support themselves in the off-season, rather than the unemployment compensation system. While, to some extent, this may be true, it has not been our experience that our members are able to find significant amounts of alternative employment, nor do we know of any information available from Government sources which would indicate that such employment is available to construction workers, generally. To illustrate this point, let us introduce one more table, showing the number of non-farm laborers employed in construction and in other industries in 1967.