Labor Leaders Denounce Wage Action

By DAMON STETSON

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BAL HARBOUR, Fla., Feb. 23—Leaders of building trades unions said today that President Nixon's suspension of the Davis-Bacon Act would have a negligible effect in curbing inflation but might adversely affect the wages paid nonunion workers.

George Meany, president of the American Federation of Labor and Congress of Industrial Organizations, described the President's action as "an open invitation to unscrupulous employers to exploit workers by competitive undermining of fair wages and labor standards." He predicted that the move would have no real effect on halting inflation.

The presidents of several major construction unions who have been meeting here discussed Mr. Nixon's action and its significance at a news conference late today. In general, they appeared relieved that the President had not imposed a wage freeze and heartened by his willingness to let the industry make further attempts on its own to resolve such problems as chronic instability, frequent strikes and excessive wage increases.

Protecting Wage Scales

The building trades leaders said, however, that they did not consider the Davis-Bacon Act an inflationary measure but one that protected wage standards. The act requires contractors building Federal projects to pay the prescribed prevailing wage rates as determined by the Labor Department.

John H. Lyons, president of the International Association of Bridge, Structural and Ornamental Iron Workers, said that the impact of the President's action on easing inflation would be "negligible" but that its effect on workers could be "extremely important."

He noted that union workers would continue to receive the wages that their unions have negotiated for them despite the suspension. But nonunion workers, he said, won't have anyone to protect them.

A nonunion contractor, Mr. Lyons said, may make a bid on the basis of union rates that are "prevailing" in the area if he is in competition with the union contractor. But if the nonunion contractor is successful in his bid, Mr. Lyons continued, he will not have to pay the union or prevailing rates to his nonunion workers. Thus, a contractor in this situation might make a bigger profit than he would have made prior to the suspension.

Mr. Meany, in a statement that was issued this evening, described the President's action in suspending provisions of the Davis-Bacon Act as wrong in principle.

"It attempts to correct the national economic problem — mass unemployment in a period of inflation—brought about by the unwise monetary and fiscal policies of the President and his economic advisers, by penalizing a single segment of the working population."

Mr. Meany said there were five cost elements in building—labor, materials, land, financing and profit—but that President Nixon had moved against only one, the cost of labor.

"This is decidedly one-sided," he said, "for the President has done exactly nothing about the fastest-rising cost element in construction—the cost of land." He concluded:

"What America needs is full employment at fair wages and decent conditions, not punitive action against workers."

Brennan's Comments

Peter J. Brennan, president of the Building and Construction Trades Council of Greater New York, accused the Government of using construction workers as a "patsy in the President's move to restrict wages.

Mr. Brennan contended that the order would help nonunion contractors in some parts of the country, and added that the unions intended to "do all we can' to prevent that from happening in New York City.

He was questioned by Gabe Pressman in a taped interview on the National Broadcasting Company's Sixth Hour News.

Stronger Action Urged

Contractors seemed generally disappointed yesterday that President Nixon did not take stronger action to forestall inflationary wage increases.

W. E. Naumann, chaiman of the M. M. Sundt Construction Company of Tucson, Ariz., said a wage freeze was needed to avoid the wage increases already built into existing contracts.

"Im very disappointed he didn't go further," Mr. Naumann said. "What this means is that the nonunion contractor will have an advantage over those operating under a labor agreement."

In general agreement with Mr. Naumann was Carl M. Halvorson, partner of the Halvorson-Mason Company of Portland, Ore. an immediate past president of the Associated General Contractors of America.

Mr. Halvorson, who is a member of the President's Construction Industry Collective Bargaining Commission, said the suspension of the Davis-Bacon Act would not have any effect on current labor negotiations.

'Could Be Significant'

"It will be ineffective in the short range," he added, "but could be significant over the long range because it might accelerate a movement toward an open-shop situation."

Lee E. Knack, director of labor relations for the Morrisson Knudsen Company of Boise, Idaho, a large contractor, hailed the action as a step in the right direction, but said it came 10 years too late.

"I think it should have been done in the early sixties," he said, "and we wouldn't have been in this situation now."

The Associated General Contractors of America called the President's action "disappointing, inadequate and totally ineffective in bringing stability to the construction industry."

William E. Dunn, executive director of the organization, said that the suspension might have some long-range results but would not stop the immediate demand for large wage increases.