

By Congressman Steve King

Spending is out of control in Washington, and even liberals who have long supported Keynesian economics are starting to talk about reducing the national debt. President Obama recognized this sentiment last month when he created a bipartisan National Commission on Fiscal Responsibility and Reform.

This commission is tasked with making recommendations to Congress on how to fully cover the cost of the federal government's operations and programs by 2015. In announcing the details and members of his commission, the President stated: "For far too long, Washington has avoided the tough choices necessary to solve our fiscal problems."

The President is right that many tough choices need to be made to lower federal spending, balance the budget and bring down the national debt. But before these tough choices are considered, why not start out with an easy one?

Right now, Congress can make a single change to current law that will save taxpayers \$11.4 billion this year. According to recent Heritage Foundation research, in 2010 the Davis-Bacon Act will cost taxpayers \$11.4 billion in expensive, artificially inflated wages that benefit a select group of workers.

The Davis-Bacon Act, a Depression-era wage subsidy law that is the last remnant of the old racist Jim Crow laws, was designed to block American blacks from construction jobs in the northeast. It requires that each public works contract over \$2,000 contain a clause that mandates "prevailing" wages be paid. Contractors and subcontractors are forced to pay a "prevailing wage" set by the federal government. However, a recent government study showed that "prevailing wages," as determined by the federal government, were in error 100% of the time.

In fact, these wages rarely resemble local market conditions. In practice, Davis-Bacon wage scales are inflated union wages imposed on even the smallest of start-up companies.

Davis-Bacon wage rates are on average 22% higher than the standard wage

rate in an area. Similar Heritage research revealed that, under Davis-Bacon law, the government pays four workers artificially inflated wages the same price it could pay five workers the local market rate.

This law disproportionately impacts small companies and rural businesses. Davis-Bacon law discourages small businesses from bidding on public projects because of the difficulty of meeting the complex and archaic reporting rules it requires. And, because it requires the payment of inflated union-scale wages, most small businesses are often priced out of competition -- leaving large, unionized firms to divvy up the work to be done under taxpayer funded federal construction contracts.

Requirements in Davis-Bacon law that workers be paid inflated wages increase the cost of completing federal construction projects. President Obama's "stimulus" bill required the payment of Davis-Bacon wages for all of the construction projects it funded, thus inflating the cost of these projects to taxpayers by \$13 billion.

Davis-Bacon laws also impact small towns across America. Some communities decide to forgo federal dollars because a Davis-Bacon project would inflate the cost of their project by 8-35%, often by an amount that is more than the federal dollars involved. Davis-Bacon law results in fewer projects being built and fewer jobs created. The result is only four miles of highway built rather than five or only four bridges constructed when we could build five with the same money.

While union bosses may love Davis-Bacon law, it is wrong for the federal government to impose a union wage scale. Some Members of Congress have long made the argument that the federal government has no business interfering in the relationship between two consenting adults. But Davis-Bacon wage laws will not allow me to operate one of my son's excavators for \$20 per hour, even if he and I agree that \$20/hr is a reasonable amount.

Young construction workers need an opportunity to develop their skills. A law requiring that every machine operator earns only the highest wage locks young workers out of the trades.

As the President seeks bipartisan solutions to reduce the deficit and increase America's competitiveness, he should start by championing a repeal of Davis-Bacon law. Changing this law will save taxpayers \$11.4 billion this year and even more in years to come. It will also increase employment in the construction

trades by 22%.

With 20 million Americans looking for work and a crumbling infrastructure, it does not take a Harvard lawyer to make this decision. But then again, it does.