



Grover G. Norquist

President

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The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, DC 20510

The Honorable Steny Hoyer
Majority Leader
U.S. House of Representatives
Washington, DC 20510

The Honorable John Boehner
Republican Leader
U.S. House of Representatives
Washington, DC 20510

Dear House Leaders,

On behalf of Americans for Tax Reform (ATR), I urge you and your colleagues to strongly consider repeal of the Davis-Bacon Act. The recently passed Section 536 of H.R. 2638, the Department of Homeland Security appropriations bill on July 26, 2007 is further example of this Congress refusing to put-down out-dated and irresponsible legislation.

Specifically, Section 536 expanded Davis-Bacon prevailing wage rates to all DHS grants made to states and localities. This ultimately increased the burden on taxpayers and enhanced the strength of union leaders.

The Davis-Bacon Act, enacted during the New Deal by Northern Whites to clamp down on cheap Southern Black labor, requires any federal construction project to pay so-called "prevailing wages." In practice, this means that bloated unionized construction firms get to set their own price. Economists estimate that this raises the cost of federal projects from 25 percent to 33 percent.

Further, the Davis-Bacon Act sidelines billions in construction expenditures by imposing artificial wage increases. The elimination of Davis-Bacon would aid the resolution of any serious funding crisis; in a study by the Heritage Foundation, Michael Scardaville estimates that Davis-Bacon inflated federal construction projects by 50%, costing \$1 billion per year.

Bottom-line, the Davis-Bacon Act is a Depression-era wage control law enacted in 1931. Its time has run out. In the 21st Century, especially in the new competitive global economy, it is essential to allow the free market system to determine wages. Command-and-control government regulations do not foster a free and open society. Rather, further regulatory policy will result in a stagnation of the labor market with the benefits reaching only a few special interests. By refusing to repeal the Davis-Bacon Act you are pitting the government against the American taxpayer.

Once again, Americans for Tax Reform encourages you and your colleagues to repeal the Davis-Bacon Act, as this inefficient, antique act directly interferes with free-market enterprise and the basic fundamentals of a market-driven economy. Responsible legislation should never attempt to control and define wages.

Sincerely,

Grover Norquist
President

cc: All Members of Congress