

Bush Chose Slave Labor For Hurricane Work

by Paul Gallagher

Anyone who looks on the White House websites' "Executive Orders" page, for actions by President George W. Bush on the devastation of the Gulf states by Hurricanes Katrina and Rita, will find that there have been none; and only one "Proclamation," made on Sept. 8. That proclamation has come under general opprobrium by Congress and other institutions—but not by Halliburton, Bechtel, and other major no-bid contractors of the Cheney/Bush Administration. This is Bush's declaration "To Suspend Subchapter IV of Chapter 31 of Title 40, United States Code, Within a Limited Geographic Area in Response to the National Emergency Caused by Hurricane Katrina." It has damaged every effort at reconstruction of the economy and of residents' lives in the hurricane disaster area. A bipartisan majority of House Democrats and Republicans wants the proclamation overturned. On Oct. 26, after meeting with representatives among 37 House Republicans who had asked Bush to rescind his proclamation, White House Chief of Staff Andrew Card announced that by Nov. 8, Bush would, indeed, back off his suspension of the Federal requirement for decent wages in reconstruction.

The Davis-Bacon Law, which Cheney and Bush wanted to strike, is short, simple legislation passed in 1931, enforcing that workers hired on Federal government contracts worth more than \$2,000, must be paid, not even union-scale wages, but simply the prevailing average wage for their area and their trade, as determined by the U.S. Secretary of Labor. By—so far—breaking that law in large, substantial no-bid Federal contracts for repair and clean-up in the hurricane disaster area—contracts going to Cheney-allied looters like Halliburton's KBR and George Shultz's Bechtel—Bush has helped *prevent* displaced Louisiana and Mississippi residents from returning to their home towns and rebuilding; and instead has fostered the import of more virtual slave labor from Mexico and Central America into the region.

But by Nov. 4-7, Rep. George Miller (D-Calif.) may be able to force votes in the House and Senate to repeal Bush's slave-labor gift to Halliburton et al. In face of that, the White House made its promise to rescind. Miller's measure invoked the 1976 National Emergencies Act "which provides for fast track action by Congress when the President unilaterally suspends a law, as he did with Davis-Bacon." Every House Democrat co-sponsored Miller's action; and the 37 Republicans wrote to the White House asking Bush to rescind his destructive proclamation. On Oct. 26, Miller said, "The President is

backing down today, only because he had no other choice. The President's wage cut was just another example of his incompetence as a leader in a time of crisis, and of his constant need to reward the private agendas of special-interest friends rather than attend to the needs of all the people affected by this storm."

An 'Emergency' for Bush Tax Cuts Plan

The Davis-Bacon Law's Section 6 said that "In the event of a national emergency, the President is authorized to suspend the provisions of this Act." With blunt cynicism, the President's Sept. 8 proclamation declared Katrina's *regional* destruction to be a *national* emergency—not for the American economy, but for his Federal budget cuts (and his desired next round of tax cuts). The argument is as follows:

5) Several areas of the Nation have been recently devastated by Hurricane Katrina. The devastation from the hurricane has resulted in the largest amount of property damage from a natural disaster in the history of the Nation. . . . An unprecedented amount of Federal assistance will be needed to restore the communities that have been ravaged by the hurricane. Accordingly, I find that the conditions caused by Hurricane Katrina constitute a "national emergency" within the meaning of section 3147 of title 40, United States Code.

(a) Hurricane Katrina has resulted in unprecedented property damage.

(b) The wage rates imposed by section 3142 of title 40, United States Code, *increase the cost to the Federal Government of providing Federal assistance to these areas.*

(c) Suspension of the subchapter IV of chapter 31 of title 40, United States Code, 40 U.S.C. 3141-3148, and the operation of related acts to the extent they depend upon the Secretary of Labor's determinations under section 3142 of title 40, United States Code, will result in greater assistance to these devastated communities and will permit the employment of thousands of additional individuals. [emphasis added]

In fact, the breaking of Davis-Bacon wage standards for post-Katrina repair and cleanup contracts (there have been, in two months so far, no real economic *reconstruction or infrastructure-building* contracts given) has been accompanied by a White House push to slow Federal disaster aid drastically (see accompanying article). Two-thirds of the initially authorized \$62.5 billion in Federal aid funds had not been allocated by late October. And as Representative Miller emphasizes, Bush's proclaimed policy does not require or ask Halliburton et al. to pass back to the taxpayer these slave-labor wage savings in the Gulf.

Halliburton and other no-bid, large contractors are, however, hiring both legal and illegal-immigrant Hispanic workers to repair hurricane damage, violating both wage levels and

the desire of displaced Louisiana, Mississippi, and Alabama residents to return and rebuild. U.S. Immigrations and Customs officials announced on Oct. 21 that at least 10 illegal workers had been identified working for a subcontractor of Halliburton's KBR subsidiary on a Federal contract at the New Orleans port.

Completely refuting Bush's argument is the example of the reconstruction of California's I-10 and other highways after the January 1994 earthquake. With Davis-Bacon in effect, contractors employing union workers won *competitive-bid contracts* and had the highways rebuilt within 85 days of the earthquake, for \$30 million. They *saved* Congress and California \$35 million in losses by finishing so fast, according to a study by the Economic Policy Institute.

Legislators and Labor Protest

In an interview with *EIR*, Mississippi State Rep. James Evans stressed that the wage-cutting practice is rampant throughout the Mississippi and Louisiana "reconstruction" projects because of Bush's striking of Davis-Bacon. Evans has represented Mississippi House District 70, in the capital Jackson, for eight years. He spoke at an Oct. 14 press conference in Jackson, by legislators and union leaders from all five Gulf states, demanding that the President reverse the suspension of Davis-Bacon. On Oct. 29, he was to take part in a follow-up event in Baton Rouge, with national figures, to up the pressure on the White House to reverse this damaging course. Evans told *EIR* that this is the first time in Davis-Bacon's 75-year history that it has been suspended in emergency or disaster recovery work, and Bush's action has pushed the average wage being paid to unskilled and semi-skilled workers on FEMA-generated jobs, down to \$6/hour in Mississippi, \$6-7/hour in Louisiana—"and contractors just stiff some of them, and pay them nothing." This compares to the (already low) prevailing wage in the southern area of Mississippi—what Davis-Bacon would require on Federal recovery contracts—which averages \$9.60/hour for such construction and similar work. In Louisiana, that prevailing construction wage is \$10.70/hour.

While wages in the cleanup and recovery work have been driven down, prices there have risen, Evans said, especially prices for food, construction materials, gasoline and other fuels—and rents in hotels, motels, and nearby apartments have soared 50% and more in many cases.

"Ninety-eight percent of the recovery work has been awarded to out-of-state contractors," the Mississippi lawmaker reported, and their subcontractors are heavily hiring out-of-state workers and Hispanic immigrants, legal and illegal: "There is no floor except the Federal minimum wage, and sometimes not even that." This is rendering almost useless the labor-skills training camps which have been set up in the disaster areas by the Laborers International Union and the AFL-CIO. Residents returning or trying to return to the region and find work in the reconstruction—many of whom have

lost homes, employment, wealth, and even family members to the storm—if they receive skills training from union camps, must be ready to go to work at minimum wage, sleeping in contractor tents and trailers or on the ground. Thus, Bush's action is a factor in the low number of people displaced when the storm hit, who have returned to the disaster area.

One KBR subcontractor, Alabama-based BE&K, has fired unionized workers and those they were training, in order to take advantage of Bush's slave-labor proclamation. New Orleans electrical contractor Al Knight described to the Senate Democratic Policy Committee (SDPC) on Oct. 17 in Washington, how a "tent city" project actually failed and was left incomplete, because a Halliburton/KBR subcontractor froze out Knight's 75 electricians—and made them sleep outside for days before dismissing them—when it realized Knight's contract with them was at prevailing wage levels.

Evans called on the U.S. Congress to "end this attack on wages and unions under the guise of 'disaster reconstruction.' This is low-wage globalization brought into the United States. We need to reverse it."

Mississippi Housing Reconstruction Blocked

Representative Evans estimated economic damages from Hurricane Katrina's destruction in the state of Mississippi alone to be \$10-12 billion; the greatest damage consists in the destruction of housing. Tens of thousands of households in Mississippi and Louisiana are being denied home insurance payments for houses destroyed or severely damaged by floods, because they lived outside officially designated flood plains and were advised not to buy Federal flood insurance.

During an eight-day special session in late September, the Mississippi House attempted to pass legislative remedies. The House voted to create a \$600 million fund to make immediate grants and loans of up to \$50,000 per household for reconstruction of their (permanent) homes in the hurricane-struck counties. That reconstruction could be beginning now—but the Mississippi Senate failed to pass the legislation after being told by Governor Barbour—who has been coordinating closely with the White House—that he would veto it. "Let's see what the Federal government is going to do," Representative Evans said the governor told the legislature.

At the SDPC hearing, James Hale, the Laborers' regional president for the Ohio Valley and southern states, reported that labor conditions in the Gulf clean-up and recovery contracts so far, were like those of super-exploited agricultural migrant labor. Large numbers of the workers are immigrants "imported" from Texas and Florida, and because of the local devastation, are dependent for their needs on contractors—who face no wage floor. Some charge the workers transportation fees to get to the job, tent-housing fees, etc. While the Laborers International is running training sessions for workers in everything from generator installation to asbestos abatement, only those are hired who are willing, after learning these skills, to do the work at minimum wage.