

Project for a Prosperous America
Thomas F. Murphy, Chairman

NEWS RELEASE

For Immediate Release

Contact: Merlin Taylor,
(202) 783-3788

November 23, 1977

Doing away with the double taxation of corporate dividends would have substantial benefits to the economy, including creation of millions of new jobs and a reduction in the growth rate of both unemployment and inflation, according to a coalition of top-level leaders in labor and industry.

The coalition, Project for a Prosperous America, urged the Congress and the President to eliminate the double tax in a statement released today by Thomas F. Murphy, President of the International Union of Bricklayers and Allied Craftsmen and chairman of the group.

Murphy said the statement reflected business and labor leaders' concern with the slow rate of economic growth.

"Business without the capital to invest in expansion, improvements, and new facilities cannot create new jobs," the statement said. "Historically, companies faced with an equity shortage have reduced their investment, which has the effect of increasing unemployment."

Project for a Prosperous America also took the position that the tax relief should be given to shareholders, rather

than corporations. Corporations and individual shareholders now both pay taxes on the same income when it is distributed as dividends.

Eliminating the shareholders' portion of the double tax, the coalition said, "would make investment in corporate shares much more attractive and thus dramatically increase the supply of equity capital. That, in turn, would provide industry funds for expansion, creating more jobs, more income tax revenue, and a resumption of growth in the gross national product."

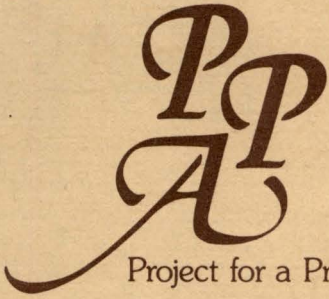
In an obvious reference to rumors that the Carter Administration is considering the elimination of preferential treatment of capital gains as a "trade-off" for relief from double taxation, the statement stressed the coalition's opposition to such a move.

"Double taxation applies to total corporate earnings, not only to dividends," they said. "Capital gains tax treatment recognizes this fact."

Murphy said that, because of the necessity of quick action to stimulate capital investment, they would prefer to see double taxation legislation introduced separately rather than as part of a complicated tax package, which would mean a delay in its implementation and its impact on the economy.

Murphy said Project for a Prosperous America was organized to provide a way for labor and industry to work together on economic issues of mutual concern. Its membership includes international union presidents, chairmen of the boards of major corporations, representatives of small business, and representatives of the banking and investment communities.

(Membership list and text of statement attached.)



Project for a Prosperous America
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RESOLUTION

Labor and business have a strong mutual interest in solving the critical economic problems of continuing high unemployment and inflation. Members of Project for a Prosperous America believe that eliminating the double taxation of dividends, at the shareholder level, would have substantial benefits to the economy. Specifically, it would alleviate the acute shortage of equity capital, and contribute to a reduction in the growth of both unemployment and inflation.

Business without the capital to invest in expansion, improvements and new facilities cannot create new jobs. Historically, companies faced with an equity shortage have reduced their investment, which has the effect of increasing unemployment.

Eliminating the double tax would make investment in corporate shares much more attractive and would dramatically increase the supply of equity capital. That, in turn, would provide industry funds for expansion, creating more jobs, more income tax revenue, and a resumption of growth in the gross national product.

The elimination of double taxation should not become a trade-off for capital gains treatment. Double taxation applies to total corporate earnings, not only to dividends. Capital gains tax treatment recognizes this fact.

We urge the Congress and the Administration to act this year to eliminate the unfair double tax.



Project for a Prosperous America

Thomas F. Murphy, Chairman

MEMBERSHIP

Norman Alexander
Chairman of the Board
Sun Chemical Corporation
Pan Am Building
200 Park Avenue
New York, New York 10017

I. W. Burnham II
Chairman
Drexel Burnham and Co., Inc.
60 Broad Street
New York, New York 10004

August A. Busch, Jr.
721 Pestalozzi
St. Louis, Missouri 63118

Howard Coughlin
President
Office Employees International Union
265 West 14th Street, Suite 610
New York, New York 10011

Justin Dart
Chairman
Dart Industries
P.O. Box 3157 Terminal Annex
Los Angeles, California 90051

Henri W. Emmet
American Manager
Banque Nationale de Paris
40 Wall Street
New York, New York 10005

Donald Engel
First Vice President
Drexel Burnham and Co., Inc.
60 Broad Street
New York, New York 10004

Alfred J. Fleischer
Managing Partner
Fleischer-Seeger Construction Company
5725 Manchester Avenue
St. Louis, Missouri 63110

Honorable J. John Fox
58 Commonwealth Avenue
Boston, Massachusetts 02116

Dr. William C. Freund
Senior Vice President & Chief Economist
New York Stock Exchange, Inc.
11 Wall Street
New York, New York 10005

Joseph Friedman
Chairman
Chromalloy American Corporation
120 South Central Avenue
St. Louis, Missouri 63105

Robert A. Georgine
President
Building and Construction Trades Dept.
AFL-CIO
815 16th Street, N.W., Suite 603
Washington, D.C. 20006

Thomas W. (Ted) Gleason
President
International Longshoremen's Union
17 Battery Place
New York, New York 10001

Edward Hanley
General President
Hotel & Restaurant Employees &
Bartenders International Union
120 East 4th Street, 13th Floor
Cincinnati, Ohio 45202

John W. Hanley
Chairman
Monsanto Company
800 N. Lindbergh Boulevard
St. Louis, Missouri 63166

Larry Hickey
Director of Research
Stein, Roe & Farnham
150 South Wacker
Chicago, Illinois 60606

John Lyons
General President
International Association of Bridge
and Structural Iron Workers
1750 New York Avenue, N.W.
Washington, D.C. 20006

James D. (Mike) McKevitt
Washington Counsel
National Federation of Independent
Business
490 L'Enfant Plaza East, S.W.
Suite 3206
Washington, D.C. 20024

Jack W. Minton
Chairman and President
General Bancshares Corporation
720 Olive Street
St. Louis, Missouri 63166

Thomas F. Murphy
President
International Union of Bricklayers
and Allied Craftsmen
815 15th Street, N.W.
Washington, D.C. 20005

Duane Pearsall
President
Statitrol Corporation
140 South Union Boulevard
Denver, Colorado 80228

George Strichman
Chairman
Colt Industries, Inc.
1801 K Street, N.W.
Washington, D.C. 20006

Louis B. Susman
Attorney
Susman, Stern, Heifetz, Lurie & Sheehan
7733 Forsyth, Suite 2201
St. Louis, Missouri 63105

Sam Talarico
International Secretary-Treasurer
Amalgamated Meat Cutters and Butcher
Workman of N.A. - AFL-CIO
2800 N. Sheridan Road
Chicago, Illinois 60657

Jay C. Turner
President
International Operating Engineers
1125 17th Street, N.W.
Washington, D.C. 20036

Zeppelin W. Wong
Attorney
Furth, Fahrner & Wong
Russ Building, Suite 1330
San Francisco, California 94104