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1970

**COLLECTIVE BARGAINING  
IS NOT ENOUGH**

*International Brotherhood of Teamsters*  
/

**TEAMSTERS JOINT COUNCIL 16  
JOSEPH TREROTOLA, PRESIDENT**

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*[Signature]*



## JOINT COUNCIL No. 16

INTERNATIONAL BROTHERHOOD OF TEAMSTERS  
CHAUFFEURS, WAREHOUSEMEN AND HELPERS  
OF AMERICA



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LEGISLATIVE DEPARTMENT

FOR RELEASE:  
6:00 p.m.  
April 13, 1969

Timed for the April 15 tax deadline, a study released yesterday concluded that federal, state and local income taxes and social security levies drained away a minimum of one-quarter and in some instances more than one-half of the wage increases won by New York City workers in various industries between 1965 and 1968.

The gross average weekly increases in the twenty-four manufacturing and nonmanufacturing industries and industry groupings covered by the analysis ranged from a low of \$7.99 in the stone, clay and glass products industry grouping to a high of \$30.50 in printing, publishing and allied industries. However, after the deduction of the 4-way tax bite, the weekly take-home increases in these two industries were \$3.22 and \$18.07 respectively.

"The tax collector does not pay dues to the union, walk the picket line or risk anything, but nevertheless extracts his greedy share from every collective bargaining gain made

"For a raid of its magnitude, the time (high noon) and setting (the United States Treasury, a stone's throw from the White House) showed a breath-taking boldness of design and planning. From out of nowhere, it seemed, they appeared — old people and young, rich and poor, an oil millionaire here, a factory worker there, a real estate tycoon, a working mother, several well-known movie stars, some corporation presidents, even the chairman of a powerful Congressional committee. It was a mixed lot, all right, that converged on the Treasury Building that high noon. Into the building they strolled, gloriously nonchalant. No one stopped them; not a guard looked up to question them. Quickly and quietly they found their way to the vaults; opened them noiselessly with the special passkeys each had brought with him. Like clockwork, with split-second timing, each went to his appointed spot, picked up a bag and walked out as calmly as he had entered. At the exits the guards sat motionless. At precisely 12:04 it was all over. Each of the 'visitors' had vanished into thin air.

*So had forty billion dollars from the United States Treasury."*

—Philip Stern, *The Great Treasury Raid*.

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"In the halls of academe, erudite professors train their students in the intricacies of the tax code so that their students may succeed in the private practice of law by helping wealthy clients avoid taxes and thus beat the government of the people. . . . I once heard an eminent public figure declare that it was a man's duty to pay the federal government as little as possible in the way of taxes. Everywhere one finds powerful groups moving in to extract special privileges from our society, and they always seem able to attract to their cause skilled lawyers, technical experts, economists, publicity men and public relations practitioners, who then use their brains and wiles to promote the fortunes of their employers. Meanwhile the main mass of the general public and even of the academic profession stand by as mere spectators and allow without protest the power juggernauts to conquer."

—Paul H. Douglas, *The American Solar*, Winter, 1967-68

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"The scarcity of hard, piercing and continuing material on income and wealth in America represents an information gap for which the liberals are largely responsible. The rich cannot be expected to reveal their riches; the poor cannot be expected to unearth the facts. Liberal scholars should long ago have begun digging into the hidden truth about concentrated wealth and power in America, even if — as a result — some foundations might shut them out. Liberals in government should long ago have demanded a well-financed investigation into the same *terra incognita*, and should have insisted that appropriate government agencies report regularly on income and wealth." — Gus Tyler, *The New Leader*, March 17, 1969.

by the workers, even when the inflationary spiral alone devours most or all of that gain," said Nicholas Kisburg, research and legislative director of the 169,000-member Teamsters Joint Council 16 and author of the truck union's newest chapter in its continuing analysis of economic and social conditions in city and state.

"The free-loading tax collectors we have been saddled with," said Kisburg, "are bad enough in any instance, but when they snatch a larger share of that three-year gross gain than is ultimately retained by the worker, something is radically wrong."

The Teamster analysis contended that even in an industry in which inflation alone more than offset the entire gross weekly increase, the worker received no relief from the tax collector.

According to the Teamster summary, the average gross weekly increase in the stone, clay and glass products industry was \$7.99, rising from \$117.87 in 1965 to \$125.86 in 1968. The worker in this industry with three dependents had \$4.77 (59.7%) of the \$7.99 increase extracted from his pay envelope by the 4-way tax bite. An additional \$9.54 was used up by soaring prices, resulting in a net weekly loss of \$6.32.

"It would seem," said Mr. Kisburg, "that in those instances in which a union is compelled to minimize its wage advances to the extent that the inflationary spiral alone eats up most or all of the increase, the tax schedule would take that factor into consideration."

The Teamster aide said that there was no getting away from the impositions of the tax collector even when the worker's wage was at or lower than the welfare benefit level.

He cited the leather and leather products industry grouping in which the average weekly take-home pay in 1968 was \$78.57. According to the Teamster summary, the 4-way tax bite took 27.6 per cent (\$3.36) of the three-year increase of \$12.18. Increases in the cost of living accounted for an additional 63.1 per cent (\$7.68), leaving a net gain of \$1.14 (9.4%) to the worker and his three dependents.

"Not even the powerful, militant and effective construction unions were immune to the deprivations of the tax and inflation bites," Kisburg said.

"The gross average weekly wage in the contract construction industry rose from \$170.69 in 1965 to \$201.12 in 1968, an increase of \$30.43.

"Despite this apparently substantial increase, the construction workers' net gain was only \$1.36 per week, \$13.21 going to the 4-way tax bite and \$15.86 to the inflationary spiral.

"Expressed in percentages," Kisburg continued, "the worker was able to hold on to only 4.4 per cent of his gross gain, surrendering 43.4 and 52.1 per cents to the tax gouge and inflation."

Six of the twelve industries and industry groupings which registered a loss in real take-home pay had an increase in the weekly hours worked.

"Less purchasing power for more work hardly seems like a successful endeavor," Kisburg said.

"There is a reasonable presumption that nine of the twelve industries which showed a net gain ranging from twelve cents per week to \$4.93 did so only because of a longer work week."

According to the Teamsters, five industries showed net gains of less than \$1.00 per week over the three-year period, three industries ranged between \$1.00 and \$2.00, three between \$2.00 and \$3.00, and one reached \$4.93.

As defined in the Teamster commentary, take-home pay, technically referred to as spendable earnings, are those dollars remaining in the pay envelope after the visible four-part bite for federal, state and city income taxes and social security levies. Real take-home pay, technically designated real spendable earnings, represents the purchasing power of those remaining dollars, adjusted for the less visible but equally painful rise in prices for consumer goods and services.

Kisburg cautioned that real take-home pay is not always a precise measurement of the gains made by the worker or of his present well-being.

"Real take-home pay does not reflect possible improvements

in paid holiday and vacation schedules or increased employer contributions to health and welfare and pension programs.

"Furthermore, an analysis of a three-year period would not necessarily include improvements resulting from a collective bargaining agreement consummated in the latter part of 1968.

"Despite these limitations, take-home and real take-home pay do provide a measure of change in the money amounts available to workers from current wages for spending on goods and services and for personal savings. The data show the effects of revisions in tax and social security levies and, when related to changes in consumer prices, spell out the changes in the purchasing power of the workers' earnings."

Mr. Kisburg's complete statement follows:

"The huge inequity of the tax structure is made abundantly evident by an analysis of the plight of the 4-person family whose head earns the statutory minimum wage of \$1.60 an hour and grosses \$64 for a 40-hour week.

"This worker's take-home pay is \$59.88, the tax bite being \$3.07 for social security, \$1.00 for federal income tax and five cents for the New York City income tax. Obviously, this family is eligible for supplemental home relief from the Department of Social Services.

"Thus, three agencies -- two federal and one city -- take money from this pay envelope while other agencies -- one each from state and city -- replace the extracted monies plus some more.

"Plainly, collective bargaining by itself no longer enables the worker to even hold his own, let alone forge ahead and bring about a more equitable distribution of the national income and wealth.

"In addition to a grossly inequitable tax structure, the ease with which the conglomerates can establish and manipulate an administered price structure emphasizes the necessity of supplementing the collective bargaining process with energetic political action designed to reduce prices and allocate the tax burden more equitably.

"It is sheer fantasy to believe that the truly rich are being taxed to provide welfare state financing for the very poor. On the contrary, it is the employed poor, those workers just above the poverty level and the few who have reached a moderate level of living, who are footing the bills for the very poor, leaving the rich and the very rich relatively untouched.

"Gus Tyler, assistant president of the International Ladies' Garment Workers' Union, properly protests that although America has been deluged with poverty studies, no similar body of studies has dissected the truly affluent and precisely measured their failure to make an equitable contribution to the costs of government.

"Consequently,' Mr. Tyler continues, 'the vast majority of the truly affluent have not only been avoiding their share of the tax for the poor but have actually been increasing their share of both the income and wealth of America.'

"The tax cushions provided to commercial banks is a moral if not legal justification for embezzlement by any teller.

"Since time immemorial, commercial banks have been allowed an automatic deduction of 2.4 per cent of their outstanding debts on the theory that this equaled the "bad debts." In fact, the bad debt total is less than 1 per cent. Armed with the righteousness given only to legalized burglars, the banks have utilized this 2.4 per cent even on monies loaned to the U.S. government. Happily, Assistant Secretary of the Treasury Stanley Surrey recently issued an administrative ruling prohibiting the exploitation of the "bad debt" theory on loans to the federal government. There still remains the larger loophole.

"The oil depletion allowances and capital gains tax schedules, the swindles of hobby farmers and real-estate investors and the foundation racket are only that part of the iceberg which is visible.

"Paul H. Douglas, former United States Senator from Illinois, waged a valiant but largely unsuccessful campaign against the injustices of the existing tax structure and for a more just revenue system. Neither his defeat in this campaign, temporary at worst, nor the intricacies of the tax code and the formidable

horde of well-paid specialists at the beck and call of America's fat cats should discourage the American labor movement.

"The loopholes and, even more, the tractor-trailer breaches in the tax structure can be plugged up if only the labor movement will devote to this task the same energy and zeal it can muster when the challenge is bringing more dues payers into the fold."

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TABLE 69-2.1 DISTRIBUTION OF 1965 TO 1968 GROSS WEEKLY PAY INCREASES:  
TAX BITE, INFLATIONARY BITE AND WORKERS' NET GAIN OR LOSS, SELECTED  
MANUFACTURING AND NONMANUFACTURING INDUSTRIES, NEW YORK CITY

<u>INDUSTRY OR INDUSTRY GROUP</u>	<u>WORKERS' NET GAIN OR LOSS</u>	<u>TAX BITE</u>	<u>INFLATIONARY BITE</u>	<u>GROSS WEEKLY INCREASE</u>
Electric, gas & sanitary services	\$ (-) 6.54	\$ 8.15	\$ 12.39	\$ 14.00
Stone, clay & glass products	(-) 6.32	4.77	9.54	7.99
Transportation equipment	(-) 3.31	5.71	9.98	12.38
Paper & allied products	(-) 3.02	4.21	9.00	10.19
Wholesale trade	(-) 2.91	7.51	11.19	15.79
Electrical machinery, equipment & supplies	(-) 2.80	3.18	8.33	8.71
Fabricated metal products	(-) 2.57	4.94	9.47	11.84
Furniture & fixtures	(-) 2.41	3.88	8.76	10.23
Food & kindred products	(-) 2.26	6.79	10.68	15.21
Chemicals & allied products	(-) 1.89	6.70	10.60	15.41
Retail trade	(-) 1.38	2.92	7.89	9.43
Telephone & telegraph	(-) .75	7.29	10.94	17.48
Instruments; photographic & optical goods	.12	5.87	9.95	15.94
Lumber & wood products, except furniture	.20	6.15	10.14	16.49
Year-round hotels	.40	3.20	7.59	11.19
ALL MANUFACTURING	.48	5.13	9.45	15.06
Machinery, except electrical	.55	8.22	11.48	20.25
Misc. manufacturing industries	.90	3.68	8.29	12.87
Leather & leather products	1.14	3.36	7.68	12.18
Contract construction	1.36	13.21	15.86	30.43
Rubber & misc. plastics products	1.79	3.91	8.29	13.99
Textile mill products	2.27	5.14	9.31	16.72
Banking	2.57	6.43	10.38	19.38
Apparel & other finished textile products	2.87	4.53	8.75	16.15
Printing, publishing & allied industries	4.93	11.63	13.94	30.50

TABLE 69-2.2 PER CENT DISTRIBUTION OF 1965 TO 1968 GROSS WEEKLY PAY INCREASES: TAX BITE, INFLATIONARY BITE AND WORKERS' NET GAIN OR LOSS, SELECTED MANUFACTURING AND NONMANUFACTURING INDUSTRIES, NEW YORK CITY

<u>INDUSTRY OR INDUSTRY GROUP</u>	<u>WORKERS' NET GAIN OR LOSS</u>	<u>TAX BITE</u>	<u>INFLATIONARY BITE</u>	<u>GROSS WEEKLY INCREASE</u>
Stone, clay & glass products	(-) 79.1%	59.7%	119.4%	100.0%
Electric, gas & sanitary services	(-) 46.7%	58.2%	88.5%	100.0%
Wholesale trade	(-) 18.4%	47.6%	70.9%	100.0%
Transportation equipment	(-) 26.7%	46.1%	80.6%	100.0%
Food & kindred products	(-) 14.9%	44.6%	70.2%	100.0%
Chemicals & allied products	(-) 12.3%	43.5%	68.8%	100.0%
Contract construction	4.4%	43.4%	52.1%	100.0%
Fabricated metal products	(-) 21.7%	41.7%	80.0%	100.0%
Telephone & telegraph	(-) 4.3%	41.7%	62.6%	100.0%
Paper & allied products	(-) 29.6%	41.3%	88.3%	100.0%
Machinery, except electrical	2.7%	40.6%	56.7%	100.0%
Printing, publishing & allied industries	16.2%	38.1%	45.7%	100.0%
Furniture & fixtures	(-) 23.6%	37.9%	85.6%	100.0%
Lumber & wood products, except furniture	1.2%	37.3%	61.5%	100.0%
Instruments; photographic & optical goods	.8%	36.8%	62.4%	100.0%
Electrical machinery, equipment & supplies	(-) 32.1%	36.5%	95.6%	100.0%
ALL MANUFACTURING	3.2%	34.1%	62.7%	100.0%
Banking	13.3%	33.2%	53.6%	100.0%
Retail trade	(-) 14.6%	31.0%	83.7%	100.0%
Textile mill products	13.6%	30.7%	55.7%	100.0%
Year-round hotels	3.6%	28.6%	67.8%	100.0%
Misc. manufacturing industries	7.0%	28.6%	64.4%	100.0%
Apparel & other finished textile products	17.8%	28.0%	54.2%	100.0%
Rubber & misc. plastics products	12.8%	27.9%	59.3%	100.0%
Leather & leather products	9.4%	27.6%	63.1%	100.0%

TABLE 69-2.3 CHANGES BETWEEN 1965 AND 1968 IN REAL TAKE-HOME PAY AND IN AVERAGE HOURS PER WEEK, PRODUCTION OR NONSUPERVISORY WORKERS, SELECTED MANUFACTURING AND NONMANUFACTURING INDUSTRIES, NEW YORK CITY

<u>INDUSTRY OR INDUSTRY GROUP</u>	<u>1965-1968 CHANGE IN REAL TAKE-HOME PAY</u>	<u>1965-1968 CHANGE IN HOURS PER WEEK</u>
Electric, gas & sanitary services	\$ (-) 6.54	(-) .3
Stone, clay & glass products	(-) 6.32	(-) 1.0
Transportation equipment	(-) 3.31	1.3
Paper & allied products	(-) 3.02	(-) .5
Wholesale trade	(-) 2.91	(-) .7
Electrical machinery, equipment & supplies	(-) 2.80	.5
Fabricated metal products	(-) 2.57	.2
Furniture & fixtures	(-) 2.41	(-) .9
Food & kindred products	(-) 2.26	.5
Chemicals & allied products	(-) 1.89	1.9
Retail trade	(-) 1.38	(-) .2
Telephone & telegraph	(-) .75	.9
Instruments; photographic & optical goods	.12	.1
Lumber & wood products, except furniture	.20	(-) .3
Year-round hotels	.40	1.5
ALL MANUFACTURING	.48	.4
Machinery, except electrical	.55	1.1
Misc. manufacturing industries	.90	(-) .3
Leather & leather products	1.14	.5
Contract construction	1.36	1.5
Rubber & misc. plastics products	1.79	.2
Textile mill products	2.27	(-) .5
Banking	2.57	.2
Apparel & other finished textile products	2.87	.5
Printing, publishing & allied industries	4.93	.9

TABLE 69-2.4 GROSS AVERAGE WEEKLY EARNINGS AND TAKE-HOME PAY  
(IN CURRENT AND 1957-1959 DOLLARS) OF PRODUCTION OR NONSUPERVISORY  
WORKERS, SELECTED MANUFACTURING AND NONMANUFACTURING INDUSTRIES,  
NEW YORK CITY, 1968

INDUSTRY OR INDUSTRY GROUP	GROSS WEEKLY EARNINGS	CURRENT TAKE-HOME PAY	REAL TAKE-HOME PAY
	(CURRENT \$\$)	(CURRENT \$\$)	(1957-59 \$\$)
Contract construction	\$ 201.12	\$ 163.67	\$ 131.89
Printing, publishing & allied industries	168.06	139.16	112.14
Electric, gas & sanitary services	165.92	137.53	110.82
Wholesale trade	143.26	120.40	97.02
Machinery, except electrical	141.43	119.05	95.93
Telephone & telegraph	135.96	115.02	92.68
Food & kindred products	135.01	114.32	92.12
Chemicals & allied products	133.29	113.05	91.10
Transportation equipment	127.00	108.36	87.32
Stone, clay & glass products	125.86	107.56	86.67
Lumber & wood products, except furniture	123.01	105.45	84.97
Banking	122.51	105.06	84.66
Instruments; photographic & optical goods	120.60	103.66	83.53
Fabricated metal products	118.37	102.02	82.21
ALL MANUFACTURING	112.94	98.01	78.98
Paper & allied products	112.61	97.75	78.77
Furniture & fixtures	108.14	94.45	76.11
Textile mill products	107.82	94.16	75.87
Electrical machinery, equipment & supplies	102.70	90.44	72.88
Apparel & other finished textile products	98.84	87.59	70.58
Misc. manufacturing industries	95.73	85.29	68.73
Rubber & misc. plastics products	94.35	84.21	67.86
Retail trade	94.04	83.98	67.67
Year-round hotels	87.11	78.61	63.34
Leather & leather products	87.05	78.57	63.31

TABLE 69-2.5 GROSS AVERAGE WEEKLY EARNINGS AND TAKE-HOME PAY  
(IN CURRENT AND 1957-1959 DOLLARS) OF PRODUCTION OR NONSUPERVISORY  
WORKERS, SELECTED MANUFACTURING AND NONMANUFACTURING INDUSTRIES,  
NEW YORK CITY, 1965

INDUSTRY OR INDUSTRY GROUP	GROSS WEEKLY EARNINGS	CURRENT TAKE-HOME PAY	REAL TAKE-HOME PAY
	(CURRENT \$\$)	(CURRENT \$\$)	(1957-59 \$\$)
Contract construction	\$ 170.69	\$ 146.45	\$ 130.53
Electric, gas & sanitary services	151.92	131.68	117.36
Printing, publishing & allied industries	137.56	120.29	107.21
Wholesale trade	127.47	112.12	99.93
Machinery, except electrical	121.18	107.02	95.38
Food & kindred products	119.80	105.90	94.38
Telephone & telegraph	118.48	104.83	93.43
Chemicals & allied products	117.88	104.34	92.99
Stone, clay & glass products	117.87	104.34	92.99
Transportation equipment	114.62	101.69	90.63
Fabricated metal products	106.53	95.12	84.78
Lumber & wood products, except furniture	106.52	95.11	84.77
Instruments; photographic & optical goods	104.66	93.59	83.41
Banking	103.13	92.11	82.09
Paper & allied products	102.42	91.77	81.79
Furniture & fixtures	97.91	88.10	78.52
ALL MANUFACTURING	97.88	88.08	78.50
Electrical machinery, equipment & supplies	93.99	84.91	75.68
Textile mill products	91.10	82.58	73.60
Retail trade	84.61	77.47	69.05
Misc. manufacturing industries	82.86	76.10	67.83
Apparel & other finished textile products	82.69	75.97	67.71
Rubber & misc. plastics products	80.36	74.13	66.07
Year-round hotels	75.92	70.62	62.94
Leather & leather products	74.87	69.75	62.17

TABLE 69-2.6 AVERAGE EMPLOYMENT IN SELECTED MANUFACTURING AND  
NONMANUFACTURING INDUSTRIES, NEW YORK CITY, 1965 AND 1968

<u>INDUSTRY OR INDUSTRY GROUP</u>	<u>AVERAGE EMPLOYMENT</u> (00 OMITTED)	
	<u>1968</u>	<u>1965</u>
ALL MANUFACTURING	345.4	865.1
Lumber & wood products, exc. furniture	5.4	5.7
Furniture & fixtures	17.4	17.9
Stone, clay & glass products	8.6	9.8
Fabricated metal products	36.9	39.4
Machinery, except electrical	27.6	30.5
Electrical machinery, equipment & supplies	50.9	49.4
Transportation equipment	8.9	10.3
Instruments; photographic & optical goods	22.2	22.6
Food & kindred products	61.9	67.2
Textile mill products	38.2	36.2
Apparel & other finished textile products	232.4	241.3
Paper & allied products	25.6	27.6
Printing, publishing & allied industries	126.2	126.0
Chemicals & allied products	41.9	43.1
Rubber & misc. plastics products	12.2	11.5
Leather & leather products	32.6	29.4
Misc. manufacturing industries	70.1	71.2
NONMANUFACTURING INDUSTRIES		
Contract construction	103.7	109.2
Telephone & telegraph	62.5	61.3
Electric, gas & sanitary services	24.9	26.6
Wholesale trade	308.5	311.4
Retail trade	440.0	437.6
Banking	112.0	94.7
Year-round hotels	31.3	35.7

TABLE 69-2.7 AVERAGE WEEKLY HOURS OF PRODUCTION OR NONSUPERVISORY WORKERS, SELECTED MANUFACTURING AND NONMANUFACTURING INDUSTRIES, NEW YORK CITY, 1965 AND 1968

<u>INDUSTRY OR INDUSTRY GROUP</u>	<u>AVERAGE WEEKLY HOURS</u>	
	<u>1968</u>	<u>1965</u>
ALL MANUFACTURING	37.9	37.5
Lumber & wood products, exc. furniture	40.2	40.5
Furniture & fixtures	38.9	39.8
Stone, clay & glass products	41.4	42.4
Fabricated metal products	40.4	40.2
Machinery, except electrical	42.6	41.5
Electrical machinery, equipment & supplies	39.5	39.0
Transportation equipment	41.1	39.8
Instruments; photographic & optical goods	40.2	40.1
Food & kindred products	40.3	39.8
Textile mill products	38.1	38.6
Apparel & other finished textile products	35.1	34.6
Paper & allied products	40.8	41.3
Printing, publishing & allied industries	37.1	36.2
Chemicals & allied products	43.7	41.8
Rubber & misc. plastics products	41.2	41.0
Leather & leather products	37.2	36.7
Misc. manufacturing industries	38.6	38.9
NONMANUFACTURING INDUSTRIES		
Contract construction	35.1	33.6
Telephone & telegraph	41.2	40.3
Electric, gas & sanitary services	41.9	42.2
Wholesale trade	37.9	38.6
Retail trade	34.5	34.7
Banking	36.9	36.7
Year-round hotels	35.7	34.2

SOURCES: U.S. Dept. of Labor, Bureau of Labor Statistics  
 N.Y.S. Dept. of Labor, Division of Employment  
 N.Y.S. Income Tax Bureau  
 N.Y.C. Income Tax Bureau  
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