

Summer, 1983

SENATOR

Paul Tsongas Reports

Tsongas Pushes Pension Fund Investment



At recent meeting in Ludlow, Senator Tsongas consults with Barney Walsh (left), president of the Boston Building Trades Union and MCIDFF head, and with Arthur Osborn, president of the Massachusetts AFL-CIO.

Dear Friends,

The third and final year of the Reagan Administration's tax cut went into effect on July 1. If you are like most working Americans, you saw little or no benefit in your paycheck.

Though the tax cut has been ballyhooed as a break for all Americans, it is really a break for the wealthy. For taxpayers earning below \$30,000 a year, the savings so far have been outweighed by inflation and higher Social Security payments.

Yet those in higher income brackets have enjoyed a big windfall. As a result of the tax reductions over the past three years, a family of four with income of \$100,000 is paying \$5,822 a year less in taxes. In contrast a family of four with income of \$20,000 saves only \$464.

This lopsided effect is inequitable. In an effort to redress the imbalance, I joined with a number of my colleagues in sponsoring the Tax Rate Equity Act of 1983. It would have capped the maximum tax cut this year at \$637 for individuals, and at \$720 for a married couple. Anyone earning less than \$50,000 would have been unaffected.

If the proposal had passed, it would have had the added benefit of diminishing the Federal deficit by \$39 billion over the next five years. The nation's economic recovery stands in jeopardy because of our staggering budget deficit, which is greatly aggravated by the Administration's tax cuts.

White House opposition to the Tax Rate Equity Act doomed the measure in the Senate this year. But there will be more rounds in the battle to restore equity to our tax system. I will do everything possible to improve that system so it is fair to the working men and women of this country.

Sincerely,

In a novel, far-reaching effort to create jobs and spur economic growth, Senator Tsongas is joining with the Massachusetts building trades unions to help them use their pension funds to stimulate construction in the state.

Senator Tsongas is actively supporting the unions in their initiative to invest part of their pension funds in projects that will mean jobs for their members. Unions in Massachusetts and California have been pioneers in using pension funds in this way.

Senator Tsongas first backed the concept in a speech last March to the Worcester convention of the Massachusetts State Council of Carpenters.

Since then he has been working closely with the Massachusetts Construction Industry Development Finance Foundation (MCIDFF), a loose-knit federation of union pension trusts seeking joint investment.

So far, MCIDFF loans have financed two office buildings: a \$2.1 million structure in East Cambridge and a \$4.3 million facility in Braintree.

A third project under way is a \$43 million downtown complex in Lowell, which will include a 250-room Hilton hotel and a 100,000-square-foot training center for Wang Laboratories.

MCIDFF has put together a large consortium, including 14 banks, to provide a \$13 million first mortgage for the hotel. Other funds would come from the developer, Arthur Robbins of Providence, and a Federal Urban Development Action Grant.

The MCIDFF loans thus can be key to leveraging a union's investment by attracting other dollars for a Massachusetts construction project while still yielding a high rate of return to the union pension fund.

"MCIDFF is an exemplary model in economic development," says Senator Tsongas.

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Panel Approves Veterans' Loans

At Senator Tsongas' urging, a Senate committee has endorsed a \$25 million loan program for small businessmen who are Vietnam veterans or disabled veterans.

The Small Business Committee adopted Senator Tsongas' amendment to the Small Business Administration (SBA) authorization bill for next year. The original version of the bill contained no money for the SBA veterans loan program.

Senator Tsongas, who is a member of the Small Business Committee, argued that earmarking funds for the program would give Vietnam veterans and disabled veterans the access to SBA loans that a law enacted by Congress in 1982 intended. Final approval of the \$25 million budget awaits further action in the House and Senate.

Under the SBA program, low-interest loans would be available to Vietnam veterans and disabled veterans for investment in small business where there are no alternative means of financing.

The program has the strong support of the American Legion and the Veterans of Foreign Wars of the United States. The American Legion backs the program "in the strongest possible terms," according to the organization's legislative director, E. Philip Riffin.

Senator Tsongas has worked for a wide variety of veterans legislation, including measures to revive the GI Bill, to expand health services for veterans exposed to Agent Orange and to build a Washington memorial to Vietnam veterans.



Senator Tsongas pays his respects during Massachusetts week at the Vietnam Veterans Memorial in Washington last May. Vietnam veterans from the state maintained a round-the-clock vigil at the site for the week.

Nationwide Event Salutes Rivers

Massachusetts and 42 other states celebrated American Rivers Month this June to dramatize the public interest in restoring and preserving the nation's rivers.

This year's observance marked the second time that the event has been held nationally. Massachusetts has had its own annual salute to rivers since 1979, when Senator Tsongas founded the event.

For the past five years, he has worked to expand citizen participation in the festival each June -- and to heighten awareness about the environmental and economic value of rivers.

"We must have help from a public willing to make sure that rivers stay clean, that more of them become swimmable and fishable and that scenic land along the rivers is accessible to everyone," he said this year in hailing American Rivers Month.

Senator Tsongas attended the Merrimack Riverfest on June 18 in Andover, which drew 1000 persons for boat and canoe races, a fishing derby and other activities.

Also in Massachusetts this June, in conjunction with American Rivers Month, there was a marathon canoe race on the Connecticut River and a swim-in on the Charles River.

Related events across the nation included: the Yampa River

'We must have help from a public willing to make sure that rivers stay clean...'

Solar Bank Benefits Bay State

Massachusetts has been awarded \$1.8 million from the Solar and Conservation Bank, the third highest sum received by any state.

The Bank is a Federal program authored by Senator Tsongas and enacted into law by Congress in 1980. It provides subsidized financing to low and moderate income families who install energy conservation and solar energy devices.

Besides creating jobs in the construction industry, the program provides financial relief to Massachusetts consumers, who pay some of the highest prices for energy in the nation.

The Reagan Administration had blocked expenditure of funds voted by Congress for the Bank until last summer, when a Fed-

eral judge ordered that the money be dispensed and the program implemented.

Massachusetts is now ironing out the final details of its grant so that it can begin implementing the program.

The legislation creating the Bank has the support of the AFL-CIO and a host of individual labor unions, and it has been endorsed by the National Committee for Full Employment.

Senator Tsongas has introduced legislation to extend the Bank's authorization until 1990 and to permit loans for a wider variety of solar energy technology for multifamily, as well as single family, houses. The bill, the Renewable Energy Consumer Incentives Act, is pending in the Senate.

Festival in Steamboat Springs, Colo; Kentucky Rivers Coalition Annual Picnic; Hudson River Revival in New York; Corney Creek Festival in Louisiana; Smoky Hill River Canoe Trip in Kansas; and Grand River Romp in Ohio.

The 1983 activities were coordinated by the American Rivers Conservation Council, headquartered in Washington. It is dedicated to the preservation of free-flowing rivers in their natural state.

Senator Tsongas decided in 1982 to seek participation in Rivers Month nationally, rather than merely in Massachusetts, to counter the Reagan Administration's retreat -- led by Interior Secretary James Watt -- from many of the gains achieved by the environmental movement in the past 20 years.

Massachusetts is blessed with many beautiful rivers -- 360, to be precise. They are important for water supply, generation of hydroelectric power, aesthetic value and recreation, including boating, fishing and swimming.

Tsongas Reaffirms His Commitment to Bridge Repair

In early July a portion of a Connecticut bridge collapsed, killing three persons, injuring others and inconveniencing hundreds of thousands.

Unfortunately, this event is far from unique. In an average year there are 150 bridge collapses in the United States -- and a dozen deaths as a result.

The Connecticut tragedy underscores the critical need for greater repair of our nation's bridge and highway system. The incident has deepened Senator Tsongas' commitment to legislation focusing Federal spending on the most urgent bridge repairs.

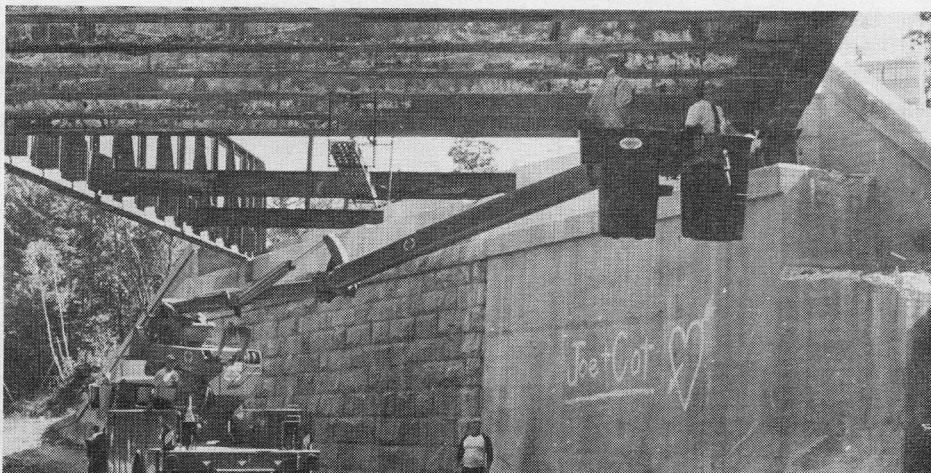
Specifically, he has joined in sponsoring the National Bridge Improvement Act of 1983. It would tighten standards for bridge inspection and channel funds to those bridges in most need of repair. This could mean an additional \$10 million for Massachusetts bridge reconstruction.

He has been pressing as well for adoption of a Federal capital budget, which would rationalize expenditures on long-term assets, including bridges and highways.

Many years of deferred maintenance have left 45 percent of the nation's bridges in substandard condition. Repairs will cost an estimated \$50 billion, though current spending is less than \$2.5 billion a year.

In Massachusetts 84 bridges are closed because of disrepair. More than 500 others are listed as structurally deficient.

The Massachusetts Department of Public Works puts the cost of repairing 20 major bridges in poor condition at \$180 million. But the state budget for bridge improvements is expected to be only \$30 million next year.



Officials of the Massachusetts Department of Public Works inspect disabled bridge in Auburn. Repair of state's bridges would cost an estimated \$50 billion.

Cap Urged on Wealthy's Tax Cut

In an attempt to counteract the growing imbalance in the American tax system in favor of the wealthy, Senate Democrats sought to alter the third installment of the Reagan Administration's tax cuts before it took effect on July 1.

Democrats proposed the Tax Rate Equity Act, which would have restricted the third-year tax cut to a maximum of \$637 for individuals, and \$720 for married couples. Tax cuts for those earning less than \$50,000 a year would have been unaffected.

The tax reductions over the past three years have benefitted high-income Americans markedly, but they have been of little value to the vast majority of Americans.

For example, those earning \$20,000 are actually paying 2 percent more in taxes than they were paying three years ago, taking into account inflation and higher Social Security. By the same measure, however, someone making \$200,000 is enjoying a 15 percent tax decrease.

The Tax Rate Equity Act lost on a 55-to-45 vote. Senator Tsongas backed the legislation as the best means to restore a measure of equity to the tax system and to raise more revenues needed to lower the Federal deficit. Passage of the bill would have cut the deficit by \$39 billion over five years.

Deficits are projected at \$200 billion next year and even higher in 1985 and 1986.

These record-high deficits have a dampening effect on the economy.

U.S. Allots Funds For Job Training

A \$50 million job training program for Massachusetts is to begin operations in October.

Job training will be available across the state under the supervision of the Massachusetts Office of Manpower Affairs. Training is to be geared to the employment needs of each area, as determined by local private industry councils.

The Federally funded program, created last year by the Job Training Partnership Act, will provide a range of services, including on-the-job training, remedial education, job search assistance and relocation.

There are special provisions for training economically disadvantaged and dislocated workers -- those who have lost their jobs because of a plant closing or been laid off in an industry where there is little prospect of employment in their occupation.

Senator Tsongas supported the Job Training Partnership Act in the Senate. He believes it is only a first step toward the kind of comprehensive job training program that Massachusetts and the rest of the nation require.

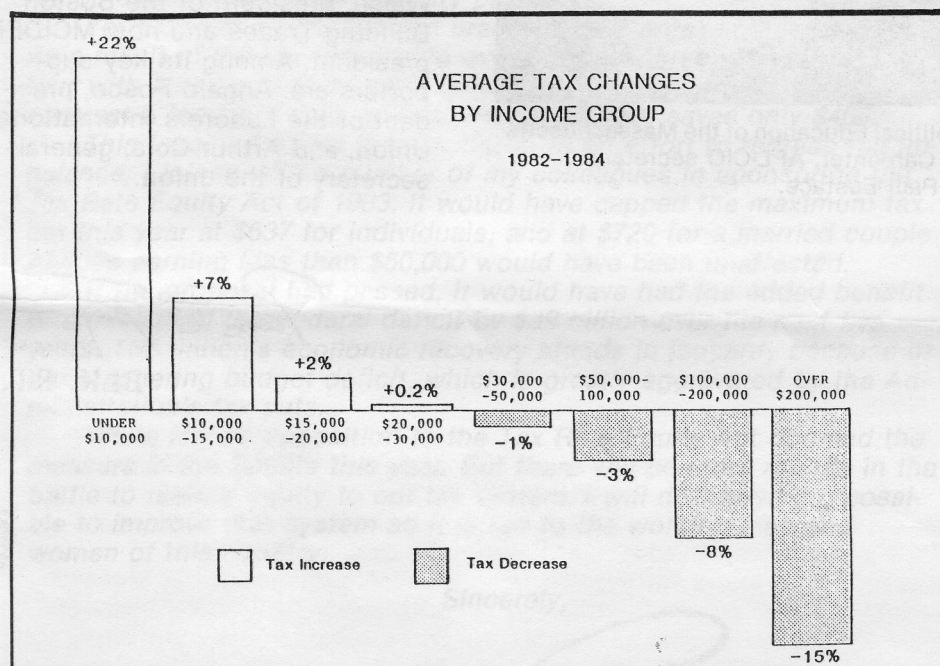


Chart shows effect of Reagan tax cuts, offset by inflation and higher Social Security payments. Persons earning less than \$30,000 have received no net advantage, while the wealthy have benefitted.

Contract Award Means Work for Plant in Pittsfield

Senator Tsongas has hailed the selection of the General Electric Co. to build transformers for the New England Power Pool as a boost for employment in western Massachusetts.

General Electric obtained the \$13 million contract with the help of Senator Tsongas, Congressman Conte of Pittsfield and other members of the Massachusetts congressional delegation. They wrote NEPool early this year endorsing the General Electric bid.

The contract awarded to General Electric calls for construction of seven transformers and related equipment, all to be manufactured at the company's plant in Pittsfield. The contract will provide work for more than 150 General Electric employees.

NEPool chose General Electric over a number of European firms seeking the contract.

In the letter to NEPool, which is a consortium of New England utilities, Senator Tsongas had urged keeping the business in Massachusetts.

In a similar effort Senator Tsongas has pressed for an expedited Federal appropriation for



View from balcony shows floor of building where the General Electric Co. assembles and tests large transformers in Pittsfield.

a Western Area Power Administration (WAPA) project that could directly benefit Massachusetts.

His involvement helped to obtain inclusion of funds for WAPA in a supplemental appropriations bill passed by Congress in July and signed into law by the President.

These funds will enable WAPA to award an \$8 million contract for purchase of three

transformers and other equipment. General Electric is a leading candidate for the contract.

If it wins the contract, General Electric will build transformers for WAPA at its Pittsfield plant beginning in late 1984.

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"By controlling their own funds, labor unions can work to rebuild the state, leverage other investments and create jobs.

"These efforts help all of us by revitalizing communities. And there is another benefit: pride. Labor can look at a project and say, 'We not only built it, but we also financed it' and be rightfully proud of having assumed a leadership role in the rebirth of Massachusetts cities and towns.

"I am happy to have worked with the group in putting together their first major development in the state, and will continue working with them on other projects."

MCIDFF was founded in September 1981 by a number of union leaders, including Barney Walsh, president of the Boston Building Trades and now MCIDFF president. Among its key supporters are: Angelo Fosco, president of the Laborers International Union, and Arthur Coia, general secretary of the union.



At August gathering of the Committee on Political Education of the Massachusetts AFL-CIO, Senator Tsongas greets George Carpenter, AFL-CIO secretary-treasurer (left), and state Labor Secretary Paul Eustace.

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