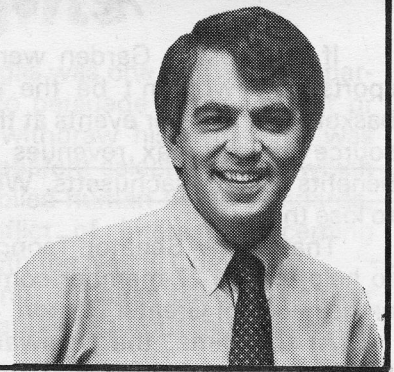


Senator

Paul Tsongas Reports

July 1981



Dear Friends:

We are feeling the impact of budget cutting throughout Massachusetts. I believe we should save federal dollars -- your dollars -- by looking for savings in all programs, and being hardest on programs that don't deliver our money's worth.

But many of the cuts approved by the Senate are unbalanced and unbusinesslike. Federal support for tobacco interests suffers token cuts, while programs to explain smoking's health risks to teenagers are gutted. Federal support for nuclear energy is increased, while programs to accelerate conservation and renewable resources are blitzed.

On April 2, Senate Republicans even voted *unanimously* to cut \$6 million for immunizing children against polio, measles, and other dangerous diseases. In their rush to cut domestic spending, the Republicans haven't taken care to distinguish between programs that deserve to be cut and those that fill a vital need. That imbalance is why I voted against the budget.

The most basic imbalance is in defense spending. The Administration and its supporters shy away from arms talks; they want a more dramatic arms buildup that might reclaim U.S. military superiority. They support a spending increase of 9-12% annually.

I support increasing the defense budget by approximately 3-5% a year in real dollars -- and insisting on greater military support from Western allies. This increase would guarantee "rough equivalence" while we seriously pursue an agreement to limit strategic weapons.

The cost difference between equivalence and superiority over the next decade is \$437 billion. That's

a *conservative* estimate, a 5% increase vs. a 9% boost. Faced with chronic deficits and economic weaknesses, we should try not to trigger an unwinnable arms race. We must recognize that *our economic strength is the foundation of our military strength*. A real increase in military spending of 3-5% -- combined with a renewed commitment to limit strategic arms -- is the realistic option.

I have described my budget-cutting priorities in recent appearances throughout Massachusetts. In particular, I have defended programs such as Urban Development Action Grants that are extremely cost effective. But the fact is that we face major reductions in domestic programs -- and communities and individuals must be ready for them.

In this time of fiscal restraint, it is vital to involve private enterprise in meeting public goals. My Economic Development staff and I work constantly to achieve this. In communities throughout the Commonwealth, I encourage *public/private partnerships* -- and offer to work with them.

Current projects include a committee to meet the arena and convention needs of Massachusetts, a downtown development corporation in Everett, and a coalition to protect Boston's garment industry.

This newsletter describes how we can protect our economic strength in the face of budget cutbacks. It reports my position on a number of current issues, as I discussed them throughout Massachusetts in April and May.

Meetings in Massachusetts

The Senate was not in session during April 13-20 and May 25-29. Senator Tsongas used these recess periods and weekends in Massachusetts to meet with constituents and discuss the economic uncertainties we face and a range of other real concerns.



Malden Business. In April, Senator Tsongas urged members of the Malden Chamber of Commerce to form a local development corporation to spur downtown revitalization.

(Photo by the Malden Evening News)

The gatherings he attended in April and May include:

Dorchester Board of Trade
March of Dimes Telethon (Fall River)
Everett Chamber of Commerce, Rotary, and Kiwanis Clubs
Association for Boston Community Development
Fall River Memorial Day Ceremonies
Springfield Chapter -- American Institute of Banking
National Wheelchair Marathon Awards Banquet (Boston)
Massachusetts Association of Plumbing-Heating-Cooling Contractors (Boxborough)
Westfield Town Meeting
Temples Isaiah and Emunah (Lexington)
GCA Corporation -- New Plant Dedication (Andover)
Massachusetts Common Cause (Boston)
Malden Chamber of Commerce
Massachusetts Dental Society (Mansfield)
Carlisle Photovoltaic House -- Dedication
Peace Corps 20th Anniversary (Columbia Point)
Wakefield Chamber of Commerce

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A New Arena: Jobs and Revenues

If the Boston Garden were to close suddenly, sports fans wouldn't be the only losers. Hockey, basketball and other events at the Garden are a major source of jobs, tax revenues and other economic benefits for Massachusetts. We literally can't afford to lose them.

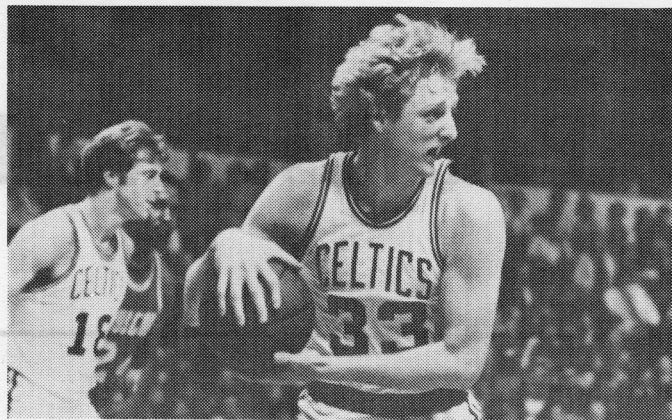
That's why Senator Tsongas acted in February to help form a 27-member committee to resolve the arena needs of Greater Boston.

At that time, the Delaware North Corporation (owner of the Garden and the Bruins) was negotiating for a tax break that would allow it to build a major sports complex at Rockingham Park in Salem, New Hampshire. If it succeeded, the Bruins would skate off to the Granite State and the Garden would shut down. The Celtics would bounce around looking for a home. Ice shows, rodeos, circuses and other family entertainment events would skip town.

These attractions are part of the quality of life here in Massachusetts. But the committee -- which included sports figures, business and government leaders, and media professionals -- was most concerned with the possible loss of thousands of jobs and millions of tax dollars.

The committee has developed comprehensive plans for a new 16,000-seat arena behind the Boston Garden with new parking space for 1500 vehicles. The group's recommendations include:

- Maximizing private investment through sale of seats, a small ticket surcharge, sale of concession rights and sale of the facility's name.
- Increasing the hotel tax moderately and pledging the Greater Boston share of the increase to back the financing of the arena.



Boston Garden Action. Larry Bird is a major reason why the Celtics are basketball's best. Sports and other events at the Garden are part of our quality of life -- and a vital source of jobs and tax revenues.

- Creating a new independent authority to construct, maintain and operate the new arena.

The committee also recommends modernization and moderate expansion of Hynes Auditorium so that Massachusetts will continue to attract major conventions.

These initiatives will ensure:

- about 2,600 permanent jobs
- an annual payroll of over \$30 million
- annual state tax revenues of about \$16 million
- more than 1,000 construction jobs.

Those who have served with Senator Tsongas as committee co-chairmen -- and all of the committee members -- deserve a lot of credit for the progress to date. The other co-chairmen are James Carlin (Massachusetts Secretary of Transportation), Thomas Hynes (Vice President of Meredith and Grew), and Robert Ryan (Boston Redevelopment Authority Director).

In late June, the Delaware North Corporation announced that there would be no New Hampshire deal because the state had failed to meet the terms proposed. This does not change the need for a modern arena, but it opens the possibility that the committee's proposal might involve the Bruins as it proceeds.

As this newsletter goes to press, enabling legislation to be considered by the Massachusetts Legislature is in nearly final form.

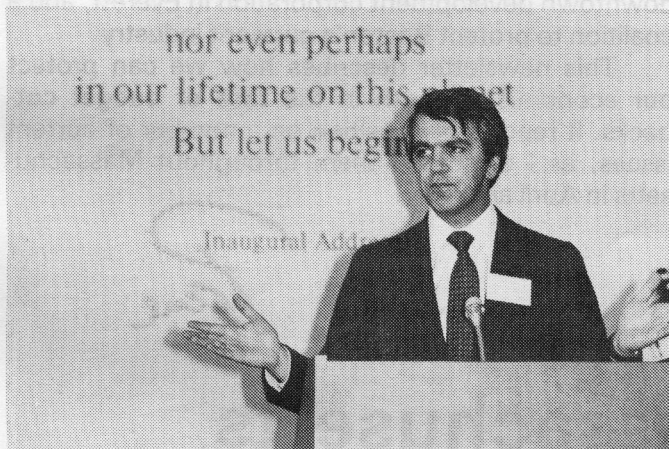
Urban Revival Underway

To revitalize a city requires a new spirit and a degree of community participation that government money alone can't buy. Business, community groups and individuals must **believe** that their city can succeed. When the positive human attitude is reborn, a city can revitalize itself without undue dependence on government funds.

More and more cities will confront that challenge in this time of fiscal restraint. They should consider using local development corporations (LDCs) to focus private dollars on downtown revitalization. Springfield, Lawrence and Lowell have proved that it works. In addition, the Northampton Development Corporation is considering its first loan right now.

Senator Tsongas helped the LDCs in Lowell, Lawrence and Northampton get started. In April and in May, he visited business leaders and local officials in Everett to help complete plans for the **Everett Local Development Corporation**.

Senator Tsongas and his Economic Development staff are also supporting LDC efforts in Malden, Cambridge and Woburn.



Celebrating the Peace Corps. Senator Paul Tsongas, a former Peace Corps Volunteer, helped the organization celebrate its 20th anniversary at the Kennedy Library in April.

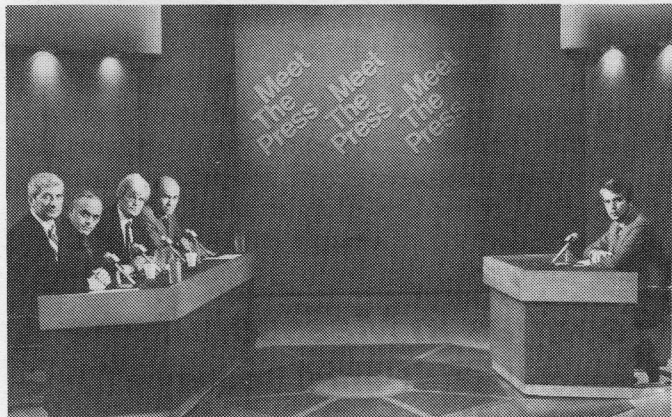
Massachusetts Meetings in April and May (cont'd)

- Curry College Commencement (Milton)
- Boston Society of Architects, Boston Society of Landscape Architects, American Planning Association
- Digital Equipment -- Public Affairs Seminar (Maynard)
- Saint Demetrios Greek Orthodox Church of Fall River
- Massachusetts Rivers Celebration events
- 9to5's Convention of Working Women (Boston)
- Mitre Corporation Executives (Bedford)
- Lasell Junior College Commencement (Newton)
- Tri-Community Chamber of Commerce (Sturbridge)
- New England Associated Press News Executives Association (Boxborough)
- Alumni Clubs of Trinity, Amherst, Williams, Skidmore and Smith Colleges (Boston)
- Brockton Centennial

Lefever: Wrong for Rights

Human rights proponents won a major victory when Ernest Lefever withdrew his nomination as Assistant Secretary of State for Human Rights and Humanitarian Affairs.

Lefever's withdrawal came on June 5 after the Senate Foreign Relations Committee voted 13 to 4 to send an unfavorable recommendation on the nomination to the full Senate. Even most of the Republicans on the committee voted against the Reagan nominee.



Meet the Press. The NBC program featured Paul Tsongas on June 7. He was quizzed on current issues -- primarily human rights and the Lefever nomination.

Taking Care of Business and the Economy

Even when business is booming, as it is for our high technology industries, we can't become complacent. The auto industry learned that lesson too late. Government and corporate leaders must constantly seek to maintain the competitive edge of American producers.

Paul Tsongas meets regularly with local business executives to share ideas on how they can stay ahead of the competition. Much of their discussion involves how federal policies must be changed to help U.S. business across the board -- from the ones that are prospering to those such as autos and steel that are on the ropes.

On April 14, he spoke to a senior management seminar at **Digital Equipment Corporation** in Maynard. He told the group that tax cuts must be devised that will encourage business leaders to **reinvest profits in plant and equipment**. Japan, West Germany and other overseas competitors have

Tax cuts must encourage business leaders to reinvest profits in plant and equipment.

much higher reinvestment rates than we do. Businesses must be able to deduct the cost of new plants and equipment from their taxes faster and more simply.

A business-oriented tax cut will add lasting strength to our economy, he told the Digital managers -- compared with the Kemp-Roth cut, which would increase consumption, feed inflation and favor the wealthy.

Another way to encourage business investment is to expand the pool of available capital through **increased savings**. The U.S. savings rate is just 5%, compared to 12% for West Germany and 20% for Japan. Senator Tsongas is a strong advocate of policies to encourage savings. In the last Congress, he supported successful legislation to increase

Senator Paul Tsongas was one of the active participants in the effort to persuade either Lefever or the Administration to withdraw his name. He was concerned about the apparent selectivity with which Lefever would have applied human rights standards, and the possible conflict of interest concerning Lefever's association with the Nestlé Company.

Based on his writing, Tsongas believes Lefever would have failed to apply vigorous human rights standards to all nations.

Tsongas believes that human rights standards should be applied consistently, that torture is torture, no matter where in the world it is committed.

He further believes that the United States has always stood for freedom from repression and help for the suffering people around the globe, a tradition worth preserving and one that distinguishes us from the Soviet Union.

"Official attention to human rights has worked," he said. "It has saved lives, reduced suffering and bolstered our credibility abroad.

"Now the administration is diluting the human rights issue by contorting it into a Cold War weapon. We are aiming it at our adversaries -- the nations that are least subject to American influence. If the principle of human rights is applied hypocritically its moral power is destroyed. It becomes a mere rhetorical device."

interest on savings and to reduce taxation of interest income. He is cosponsoring legislation to let more people save through tax-exempt individual retirement accounts.

Another cause of U.S. economic problems is too little spending on research and development (R&D). Senator Tsongas addressed this issue on April 24 at the dedication of the new **GCA Corporation plant** in Andover. In the 1970s, while Japan increased R&D spending, our investment in research and development fell from 3% of GNP to 2%. He called on other companies to follow the example of GCA, which in the past year had significantly increased its exports and doubled its R&D spending.

Senator Tsongas supports new federal policies to encourage innovation through more research and development. He is a prime sponsor of the **Research Revitalization Act** as a mechanism to increase cooperation between business and universities for research and innovation. He has cosponsored and testified in support of the **Small Business Innovation Research Act**, which directs 1% of federal R&D dollars from certain agencies to smaller companies -- America's primary source of innovation.

There are many other ways that Paul Tsongas is working to help Massachusetts business:

- * **Economic Development Specialists.** These staff members work with local officials and businesses for downtown revitalization, industrial growth, housing, mass transit, job training, etc.
- * **Membership on the Senate Committee on Small Business.** Senator Tsongas is working for policies that encourage the formation and fast growth of small business. He is advised on legislation by a 28-member **small business task force** in Massachusetts.
- * **The Massachusetts Plan.** This is an economic blueprint to protect our future economy and security. Copies have been available through the Massachusetts office (2003-F J.F.K. Building, Government Center, Boston, MA 02203) since Senator Tsongas released it last year.

Full Rights for Working Women

Job discrimination against women is not only illegal -- it is economically irrational.

That was the message Senator Paul Tsongas delivered to the **2nd Convention of Working Women**, sponsored by the Boston group **9to5**. He said that discrimination against women creates worker discontent that lowers productivity and weakens America economically.

Unfortunately, many of the Administration's policies will discourage equal opportunity for working women. These include reduced funding to enforce anti-discrimination laws, and the proposed elimination of the Legal Services Corporation. (Two-thirds of Legal Services clients are women.)

The Administration also has proposed cuts in **day care** -- which Senator Tsongas opposed. He called federal incentives for day care "cost effective because they increase employment and tax revenues." He is preparing legislation to raise day care tax

credits and increase incentives for companies to provide day care.

He also mentioned his co-sponsorship of the **Women's Economic Equity Act of 1981**, which would improve women's rights in pensions, insurance and inheritances.

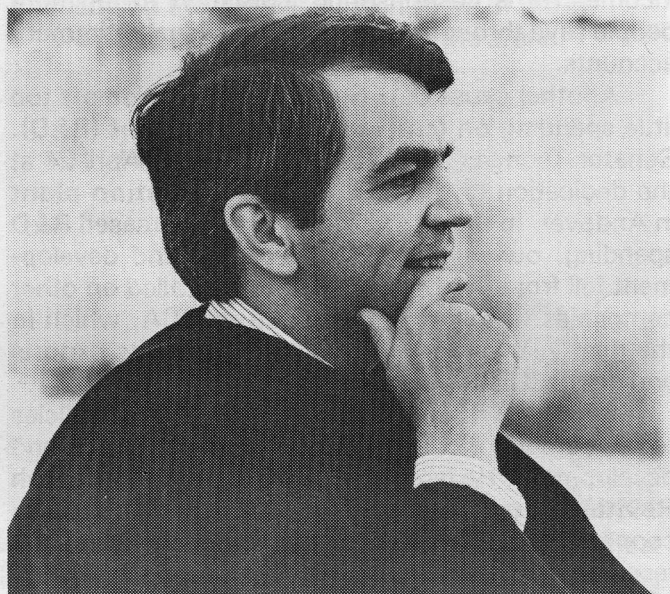
"Discrimination against a working woman," Senator Tsongas said, "is a tragic waste of a human resource." He encouraged women to continue to use "all the tools of politics, law and economics to win decent salaries and professional treatment."

He also encouraged the audience -- which numbered over 1,000 -- to work for national policies that will encourage economic strength and growth. "When the American economy isn't expanding, wage increases and promotions are harder to come by," he said. "When U.S. output is falling, different groups are at each other's throats trying to hold on at the other's expense."

Excerpts from Speeches by Senator Tsongas in Massachusetts

Association for Boston Community Development -- April 16, 1981

The need for fiscal restraint is now a national consensus. But the President's budget is filled with false economies. Many of the most severe cuts affect programs that help people get back into the system and contribute. To cut these people off means more citizens on the welfare rolls, on food stamps and on Medicaid. With the right incentives, they could be working and functioning without such assistance.



Commencements. In May, Senator Tsongas was the featured speaker during commencement ceremonies at Lasell Junior College and at Curry College.

(Photo by Xenophon A. Beake)

UNITED STATES SENATE

362 Russell Senate Office Bldg.
Washington, D.C. 20510

Massachusetts Dental Society -- May 2, 1981

The need to tighten our belts is widely understood and accepted by the public and by public officials. That fact is as simple and clear as the headlines. But the crucial details in budget cutting are in dispute. We must distinguish between wasteful frills and vital investments in the future. . . The fact is that health training and health services are investments.

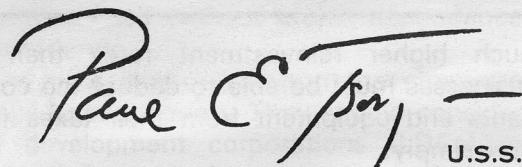
Boston Society of Architects -- May 3, 1981

About 20 percent of U.S. energy use takes place in our homes -- more than half of that for space heating. Home heating bills for existing homes can be **cut in half** with a \$2,000 investment. This would pay for insulation, double glazed windows, caulking, weather-stripping and other improvements. If you assume oil heat at \$1.30/gallon, the payback period is just over three years.

The most exciting news on the home front is that new houses can be built so that they may not even need a furnace. Through "**superinsulation**," a building can be constructed so that heat from people and appliances inside will keep the building warm from temperatures above about 20 degrees F.

Residences that don't require foreign oil can be built, strengthening our economy and our security.

If this newsletter didn't come to you personally through the mail, you should have your name added to the mailing list for future issues. Send your name and complete mailing address *including zip code* -- and the name and full address of relatives and friends who did not receive this issue -- to the Washington office.


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