

NEWS

from
**Paul
Tsongas**

U.S. SENATOR FROM MASSACHUSETTS

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TSONGAS SAYS NO TO ADMINISTRATION'S CHRYSLER PLAN: WILL OFFER SUBSTITUTE

Senator Paul Tsongas announced today that he would not support the Administration's proposal to bailout the Chrysler Corporation without major alterations. Tsongas, a member of the Senate Banking Committee reviewing the Chrysler crisis, and said that "the flagrant lack of serious sacrifice at Chrysler and by private enterprises involved with the company make the Administration bill unacceptable to me in its present form."

Tsongas offered his own proposal which calls for a wage freeze for at least one year for both management and labor as part of a total private sector commitment of \$2.5 to \$3 billion. Additionally, Tsongas said that he could not justify a \$1.5 billion federal expenditure unless the banks and other financial institutions show greater commitment. "Before committing the money of the American Taxpayer we must have hard sacrifice by all Chrysler corporation workers from the assembly line to the executive suite" Tsongas said.

Some specific components of the Tsongas proposal require:

- *Up to \$400 million in new debt financing as well as maintenance and extension of maturities on existing commitments from the Banking community.
- *The purchase of stocks and warrants to purchase stocks by labor, management, dealers and suppliers. Tsongas feels that \$400 million in equity can be raised through such sales.
- *The 6 major states with Chrysler facilities (also cities) can provide a package of loans and loan guarantees and tax incentives that could total \$500 million with approximately 60% coming from Michigan.
- *Creation of a Chrysler Assistance Board to review the company's operation plans by individuals primarily concerned with the future of the Corporation. The Board consists of four secretaries (Labor, Commerce, Treasury, Transportation) and representatives from the Federal Reserve Board, Security Exchange Commission and three outsiders.

Tsongas said that "hard sacrifice is essential for Chrysler's survival. Greater sacrifice is also needed to protect the Federal Treasury from a dangerous precedent of easy money for bad management. We must substantially reduce the risk of government involvement and we must insure that the government profits equally in any potential upswing in company operations."

He continued "Ultimately, Washington cannot guarantee Chrysler's survival. But the government can improve the company's prospects for the future with a much more equitable distribution of commitment than is found in the Administration bill. The Administration's assumptions are overly optimistic. They are blind to the new reality of Iran and its impact on our energy situation and ultimately our automobile makers."

Tsongas will offer his substitute legislation at the Banking Committee mark-up session on the Chrysler situation this Thursday.