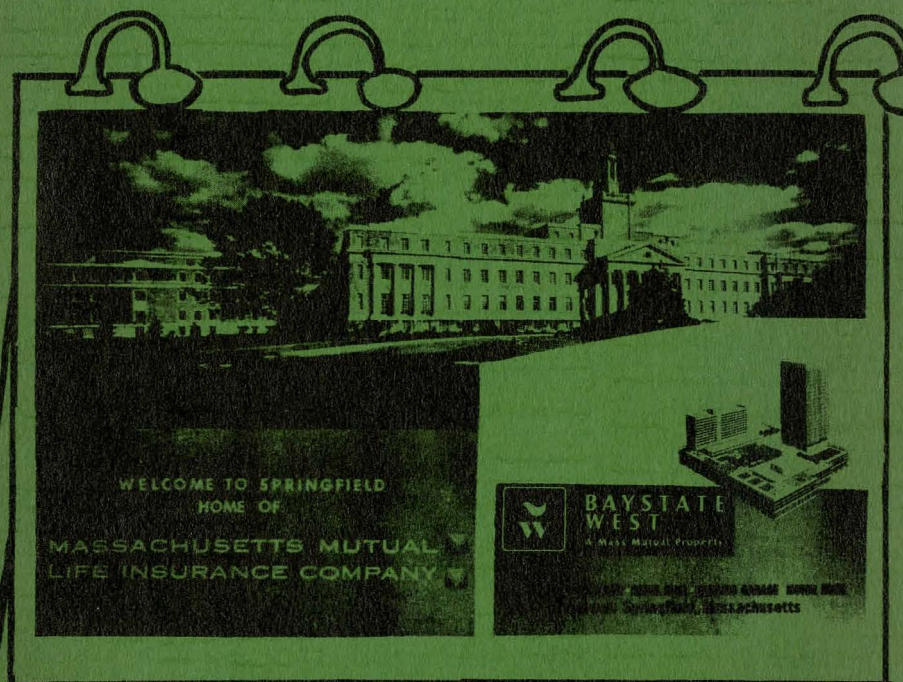


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# WELCOME TO SPRINGFIELD...



... a Mass. Mutual Property

by

Springfield Area Movement

for a Democratic Society

This pamphlet was researched and written by eight working people from Springfield, members of Springfield Area Movement for a Democratic Society. The information in this pamphlet is taken from public records which are available to everyone.

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**"You can't wear  
the Social Register for waterwings."**

**--Margaret (The Unsinkable  
Molly) Brown, 1912, after  
the sinking of the Titanic**

## WELCOME TO SPRINGFIELD:

### A MASS. MUTUAL PROPERTY

The owners of the Baystate West project are openly planning to rob the people of Springfield of an average of \$2,390,000 per year from now until the year 2008. For 40 years they will pay no real estate or personal property taxes on a prime piece of land and one of the most valuable buildings in the city. This "legal" theft will cost the taxpayers of Springfield at least \$96,000,000. Who are these thieves? How much power do they have? What did they have to do to get this robbery legalized? Why are they apparently able to get away with it? These are the questions which we will consider in this pamphlet.

### WHO ARE THEY?

Baystate West, Inc. is wholly owned by the Massachusetts Mutual Life Insurance Company. Those responsible for this robbery then are the people who control Mass. Mutual. It is easy to see who currently runs the company and who has ultimate power in it. Mass. Mutual is controlled by a self-perpetuating Board of Directors — presently 21 men.<sup>1</sup> These men run the company in order to make high profits and to gain increased amounts of power in Springfield and in other parts of the country and the world. These men and their company have long ago amassed such wealth and power that they have been able to run Springfield the way they want to, while always maintaining one of the lowest pay scales in the city for their own employees.

Many people in Springfield understand that Mass. Mutual runs the city. The tax deal they got on Baystate West is only one of many examples of the way they use their power in this city for their own profit. But the real eye opener is to take a look at just who these men are. Of the 21 directors only two live in the city of Springfield. Eight of them do not even live in Massachusetts. Yet these men have a great amount of power to control everything that goes on in the economy of the city. Besides con-

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1. "Each director— four of whom are company officers—is elected by the board for a term of four years and is eligible for reelection." (emphasis added) *The Radiator* (a Mass. Mutual magazine). Vol. 56, No. 8 (September, 1968), p. 4.

trolling Mass. Mutual, they sit on the Board of Directors of The Valley Bank and Trust, The Third National Bank of Hampden County, the Springfield Institution for Savings, The National Shawmut Bank of Boston (which recently purchased the First Bank and Trust of Hampden County), The First National City Bank of New York, the Irving Trust Co. of New York and the Wachovia National Bank of Winston-Salem, N.C. They are trustees exerting direct control of the policies of Springfield College, Western New England College, American International College, Northeastern University, Tufts University School of Medicine, the University of Rochester (N.Y.), Bennington College (Vt.), and the University of Maryland. They are directors of Forbes and Wallace, Moore Drop Forge, Buxton Industries, New England Telephone, International Telephone and Telegraph, Xerox International, Monsanto Chemical, American Motors, American Can Co., Coca Cola and many other huge corporations. And they sit on the ruling bodies of such agencies as Wesson Memorial Hospital, Springfield Hospital, The United Fund, The Taxpayers Association, etc.<sup>2</sup>

## HOW DO THEY USE THEIR POWER?

The power to control the Springfield economy is greater than it first appears on the surface. These "interlocking directorships" make a lie of the appearance that a fairly large number of different corporations are competing in Springfield. In fact, it is the same small group of men who control virtually all of these corporations and thereby have a free hand to plan the direction of Springfield in such a way as to assure their own continuing power and profit. It has come to be accepted that they will make improvements in the city only if they and their fellow corporate leaders can get a profit out of it.

Springfield, like other American cities, has many critical problems — lack of satisfactory public transportation, insufficient

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2. For further discussion of the powerful individuals controlling Springfield, especially the connection between Springfield Central Business District and Mass. Mutual, see the forthcoming Springfield Area Movement for a Democratic Society pamphlet, "Springfield's Ruling Class."

housing,<sup>3</sup> eroding tax base, failure to create enough new jobs, rising taxes and prices, and corruption in government. It adds up to the fact that working people are getting less for their paychecks. Increasing numbers of people are being forced onto welfare. Many families are forced to work two jobs just to make ends meet; often people seek overtime work and work during vacation periods.<sup>4</sup> Yet the interlocking directors of this town are willing to get money only for programs which miss the mark and even end up costing the taxpayer more. Money comes for expensive highways which level housing areas of the city and take large portions of land out of taxation — for new luxury hotels, for shopping centers, for a convention hall (called the Civic Center), and for a \$49,000,000 skyscraper/fortress called Baystate West — but no money for real needs. They even expect us to be grateful, to point with pride at the Valley Bank Tower and say “Mass. Mutual built that for us.”

But who is it really for? Mass. Mutual tells us that they are building Baystate West to help improve Springfield — so the question becomes, whose Springfield? Are they making Springfield a better place for the working people of the city to live, or are they making Springfield a better place for the small elite to get richer? Let's look at the project.

### Baystate West: Who Is It Really For?

The first stage of construction is a 29-story office building. This tower will house the main offices of The Valley Bank and Trust Co. (two of those directors are also directors of Mass.

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3. “Springfield, Mass. Public Housing Needs, 1960-1970,” *A Report by the Planning Department, Springfield, Mass.*, March 31, 1966, states: “There are 23,000 substandard housing units in Springfield,” (p. 3) and “The situation has gotten worse because between 1960-65 only 300 housing units have been added.” (p. 5).
  4. “The Labor Force,” *A Report by the Planning Department, Springfield, Mass.*, May, 1965, states: “The Springfield region has had substantial, persistent unemployment significantly above the national average since 1958,” (p. 5) and “Many women work as secondary workers to compliment income and satisfy higher levels of household consumer demand.” (p. 17).

Mutual). The Valley Bank plans to move from its three separate locations in the downtown area to this one location. The rest of the tower will be filled with law and business offices, most of which will be relocating from other places in the city. Very few new jobs will be created for Springfield people, and it is highly likely that certain buildings which are now in use will be abandoned (this may happen to the Valley Bank buildings for example), causing loss of city tax revenue and perhaps a decline in the number of jobs available in certain categories — for example, maintenance work. It is true that a few Springfield people will have more work as a result of the construction and moving operations, but this is only a short-term increase in employment.<sup>5</sup>

The second stage of construction is a 10-story 300-room luxury hotel. The hotel is likely to be one of the Sheraton chain since Leland Kalmbach, Honorary Chairman of the Board of Mass. Mutual, is also a director of Sheraton Hotels, Inc. The hotel will be of little use to anyone living in the city, except that it may provide a few maid and bell-hop jobs for the people who lost work when other hotels were torn down to make way for urban renewal in other sections of town. The use of the hotel is to help attract convention business and businessmen travelling on expense accounts. These people paying fat room rents will be great for the owners of the hotel and for Mass. Mutual which will be collecting the rents. It will also help “stimulate the downtown economy” as city officials say, meaning that downtown businessmen (especially owners of fancy restaurants and bars) will make a killing.<sup>6</sup> The taxpayers are being forced to help support a project to give increased business to the rich. To make matters worse from the point of view of the working man, the penthouse of the roof-top plaza at Baystate West is planned as the new headquarters of the

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5. Baystate West is being built by construction firms located in Boston and Holyoke, cutting down even on this short-term local employment.
  6. Some extra work went into seeing that Baystate West would get more than its share of this restaurant and bar business. The State Department of Commerce and development granted permission to consider the project as *eight separate buildings* for the purposes of licensing based on the fact that the land was formerly occupied by eight buildings. This decision allowed Baystate West to be granted two liquor licenses. See the *Contract between the Massachusetts Mutual Life Insurance Company and the City of Springfield*, Exhibit 3 section 3.

Colony Club (whose old clubhouse on Maple Street burned down). The Colony Club is the place to socialize for the interlocking directors who run Springfield. The Club is highly exclusive — you not only have to be rich to be a member, but you have to be white, male, Christian and your ancestors better have come over on one of the earlier boats. The Colony Club, whose members include those directors of Mass. Mutual who live in the Springfield area, must feel that it is a nice gesture on the part of the taxpayers of the city to provide them with a luxurious penthouse *tax-free* for their clubhouse.

The third stage of construction is the shopping mall and air walkways to Forbes and Wallace, and Steigers. This part of the project will be a consumer outlet rivalling the Eastfield Mall. Here it would seem there must finally be some advantage to working people in Springfield — the average person will at least get to see the inside of this part of Baystate West. We will each have to judge for ourselves whether we think we need a new shopping center. But one thing is clear beyond dispute, Forbes and Wallace and Steigers and the other stores which locate in the mall will get a big boost in business and profits. It is not clear, however, that this shopping complex will be offering needed items for sale at a low price. It is much more likely that the shopper will be paying a premium price — a little extra to shop in “atmosphere.” Of course, people do not have to pay these higher prices, they can shop elsewhere, but then what is the good of the new shopping mall? The mall, of course, will be tax-free as part of Baystate West, and the major tax collected there will be the sales tax which, once again, must be paid by working people.

The so-called airwalks present additional problems. The term “airwalks” is a misnomer for, as Building Commissioner Liberatori points out, “actually these things will be retail stores.”<sup>7</sup> They will be stores 14½ feet above the street making two tunnels in the downtown area. Commissioner Liberatori, commenting on these proposed stores in the sky, said, “They [Mass. Mutual] are asking to use about 25,000 square feet of city-owned property without paying for it.”<sup>8</sup> But the suggestion that Mass. Mutual pay

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7. *Springfield Union*, February 13, 1968.

8. *Springfield Union*, February 18, 1968.

"The country is governed for the richest, for the corporations, the bankers, the land speculators, and for the exploiters of labor."

--Helen Keller, 1911



## **Lawrence Wallace**

- \*Forbes & Wallace, Inc.,  
Executive Vice-President and Secretary,  
Board of Directors
- \*Mass. Mutual Life Insurance Company,  
Board of Directors
- \*Springfield Central Business District,  
Vice-President, Executive Committee
- \*Western New England College,  
Trustee
- \*Springfield Merchants, Inc.,  
Board of Directors
- \*Springfield Institution for Savings,  
Trustee
- \*Colony Club,  
Member (see pg. 5)
- \*Pioneer Valley Council,  
Finance Chairman
- \*Springfield Expressway Manufacturing  
Center, Inc., President
- \*Eastern States Exposition,  
Treasurer

for air rights was soon silenced and the corporate giant got exactly what it was asking for — one example of the tremendous power of Mass. Mutual in Springfield. At a meeting of the City Council, intended as a public hearing on the matter of air rights, only one opponent was allowed to speak. The meeting was poorly publicized, and most taxpayers who knew about it did not even waste the time to go, realizing that the decision had already been made. Those speaking in favor of this handout to Mass. Mutual included so-called “leading citizens” such as Laurence Wallace, Ralph Steiger, and Graham King (of the Valley Bank) — all men who stand to make big money off of Baystate West.<sup>9</sup> An additional feature of the plan is that city has made an outright gift to Baystate West of a seven-foot wide strip of public land the full length of Vernon Street.<sup>10</sup>

The rest of the project is mostly parking lot. No one can deny that at present Springfield needs parking facilities, but we need free parking, not parking that we pay for when we park and pay for again when the tax bill comes due. A more sensible approach to the whole problem of traffic congestion and parking would be the development of a good public transportation system, but such a public convenience does not seem to interest the people who are planning Springfield's future.

In short, Baystate West is not being built with the best interests of the people of Springfield in mind. It is being built to service the needs of the elite for profits, modern space for their offices and businesses, increased sales of consumer commodities, and a new clubhouse. Worst of all, it is being built at the expense of the Springfield taxpayer.

### The Civic Center, Who Needs It?

The expense to the taxpayers is actually greater than the loss of tax revenue plus the gift of air rights over Main and Vernon

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9. *Springfield Union*, February 15, 1968.

10. *Contract between the Massachusetts Mutual Life Insurance Company and the City of Springfield* (available at the City Clerk's office), section 6.

Streets and the gift of land along Vernon Street. The directors of Mass. Mutual would not go ahead with Baystate West until it was clear that the city would build a new Civic Center at a Main Street location near their property. And the Civic Center will cost the taxpayers plenty.

Charles Schaff, then President and now Chairman of the Board of Mass. Mutual, said in 1967 "the Civic Center is not something that would be nice to have if we could afford it: it is something we absolutely must have if we are to move forward with the rebuilding program that has begun."<sup>11</sup> Anthony Romano, general manager of the Baystate West project, spells it out further. "The Civic Center is necessary for the livelihood of the proposed hotel in the Baystate West project. The plans for the hotel complement the center and are *based* on it."<sup>12</sup> Mayor Freedman takes his cue as faithful servant of big business and actually argues in favor of the Civic Center by saying that "Baystate West will not build its planned 300 room hotel if the center does not go through."<sup>13</sup>

If Mass. Mutual needs the Civic Center so much for the success of its hotel and liquor licenses at Baystate West, then MASS. MUTUAL SHOULD PAY FOR IT. Springfield taxpayers don't need a new luxury hotel in the first place. And we don't need a new convention hall and sports arena which duplicate existing facilities in West Springfield. Bad enough that these projects are being built at all, but to make us pay for them out of the tax bill is too much. Why don't the owners of Baystate West pay for the Civic Center — after all, they and their rich friends will get the benefit out of it. The answer is all too simple. In the first place, the city government does what Mass Mutual tells it to do, so Charlie Schaff and the others don't have to bother their heads about paying for what they want. In the second place, the Civic Center is not going to make a profit — in fact it is going to lose money. Mass. Mutual doesn't do anything that won't make a profit; the men who run Mass. Mutual are quite happy to let the rest of us pay for the things they need to make their profit.

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11. *Springfield Union*, Aug. 3, 1967.

12. *Daily News*, (Springfield), April 4, 1967 (emphasis added).

13. *Daily News* (Springfield), May 9, 1968.

"These capitalists generally  
act harmoniously, and in  
concert, to fleece the people."

--Abraham Lincoln, 1837



**Charles Schaaff**

- \*Mass. Mutual Life Insurance Company,  
Chairman of the Board
- \*Springfield Institution for Savings,  
Trustee
- \*American International College,  
Corporation Member
- \*Wesson Memorial Hospital,  
Trustee
- \*Springfield College,  
Vice-President of the Corporation,  
Vice-Chairman of the board of Trustees
- \*United Fund,  
Trustee
- \*Memorial Industrial Park,  
Trustee
- \*Colony Club,  
Member (see pg. 5)
- \*Chamber of Commerce,  
Director
- \*Eastern States Exposition,  
Trustee
- \*Episcopal Diocese,  
Trustee
- \*Springfield Hospital,  
Corporation Member
- \*Massachusetts Taxpayers Foundation

Most of the planning for the Civic Center has been quiet and behind the scenes, especially since the fall of 1964. Then, the planning was taken over by the Springfield Central Business District, Inc. (SCBD), a real estate holding company whose directors include only prominent big businessmen such as Edward Breck, who was then chairman of the Springfield Redevelopment Authority and President of Breck, Inc. among other things. SCBD was also at that time doing the initial planning for the Baystate West project. They even hired the same architect to design both projects, Edward F. Catalano of Cambridge.

Before SCBD took over planning no one on the Civic Center Commission had even seriously considered a downtown Main Street location, because it would be too expensive, take highly valuable land out of taxation, and cause a traffic and parking problem.

In January 1964, A. Corydon White, a director of the First Springfield Corporation and a member of the original Civic Center Commission, gave a very discouraging report on the Civic Center, after careful calculations.<sup>14</sup> White estimated that with a \$5.7 million cost of the Civic Center (as it was then projected) the annual interest and maintenance cost of the center would be \$265,000. He expressed doubt that the center could make that much money and hoped that the deficit could be kept to \$100,000 per year. That is \$100,000 per year out of the taxpayer's pocket. Since SCBD took over and moved the Center to the location near Baystate West, the projected cost has skyrocketed.

In September 1966, the backers of the project talked about \$6 million; by February 1967 they were saying between \$7 and \$8 million. In December 1967, the estimate had risen to \$8.3 million, by February 1968 to \$9.3 million. And today we even hear rumblings of \$11 million or more. This can only mean that the deficit will also go up.

Civic Center Commission chairman, Charles S. Cohen, explains that the Civic Center is "not supposed to" pay for itself.<sup>15</sup> He says, however, that "it is expected to show a surplus of oper-

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14. *Springfield Union*, Jan. 4, 1964.

15. *Springfield Union*, Aug. 27, 1969.

ating revenues over expenses." If the Civic Center does manage to make its operating expenses then the city taxpayers will "only" have to pay the annual interest on the municipal bonds out of the city budget.

Already the city has borrowed \$9.3 million for the project by selling municipal bonds; and it is likely to borrow more. Municipal bonds are sold only in large chunks, meaning that only the rich are able to buy them.<sup>16</sup> The income to the rich from these bonds is 100% tax deductible for both federal and state income taxes. The interest on the Civic Center bond to be paid out of the city budget for the next thirty years will be about \$700,000 per year.<sup>17</sup> That \$700,000 goes right from the working people who pay the taxes to the rich who buy the municipal bonds. And on top of it all, land which is currently valued by the city at \$1,680,000 will cease to be taxed, lowering the city revenue by \$97,100 at the current tax rate of \$57.80 per thousand.

Apologists for Baystate West and the Civic Center mouth what Mass. Mutual likes to hear. They say that if the working people pay now, the increased business created will benefit them in the future. The basic argument is, "What's good for business is good for Springfield." But the argument is wrong. The projects undertaken with that philosophy in mind just mean that big businessmen get more and more power to control every aspect of life in Springfield, while working people pick up the tab. *If people have to pay to stimulate new business they are only losing money. Businessmen and corporations do not give profits back to the working people but use them to make more profits.*

## WHAT DID THEY DO TO MAKE

### THIS ROBBERY "LEGAL"?

Mass. Mutual is building with the powers of a public redevelopment authority. They are not paying real estate or personal

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16. Domhoff, G. William, *Who Rules America?* (Englewood Cliffs, N.J.: Prentiss-Hall, a Spectrum Paperback No. s-167, 1967), p. 45.

17. City Auditor Mazzaferro, a supporter of the Civic Center, says that the cost of the authorized thirty-year bond will be between \$699,000 and \$747,000 per year. *Daily News* (Springfield), Feb. 28, 1968.

property taxes on Baystate West for 40 years, and they are getting a publicly funded Civic Center put up to give them business. Yet many lawyers will tell you that it is all legal. How did Mass. Mutual do it?

In brief, they used the Golden Rule: He who has the gold makes the rules. Mass. Mutual, of course, cannot be given full credit in this case for making the rules. Legislators and other government officials have learned a practical lesson over the years about how to get into office and how to stay there. They are, for the most part, very anxious to please the powerful men in business. They know that support from companies such as Mass. Mutual can mean the difference between winning and losing, and they know that opposition from a company such as Mass. Mutual probably means that they will be unable to get the nomination from *either* of the major political parties.

It is not surprising, therefore, to find Springfield's state representatives pushing to have the Baystate West project come under state laws providing for "private redevelopment authorities," and even pushing for new legislation (Massachusetts General Law, Chapter 257), which gives Mass. Mutual the right to violate 22 building codes along with other special privileges. Nor is it really surprising to find both mayors Ryan and Freedman pleasantly negotiating contracts between Mass. Mutual and the city which waive the right of the city to collect taxes and which provide a formula by which the city will receive only one-fifth the revenue it should get from the project. They are negotiating away taxes, that is, and at the same time they are screaming about the financial crisis in the city supposedly caused by the loss of local aid funds because of Medicaid expenses in the State.

Credit for making the rules must also be given to the Prudential Life Insurance Company for doing ground-breaking work in Massachusetts. Prudential pushed through amendments to General Law, Chapter 121 A, which made it possible for them to be set up as a private redevelopment authority to build the Prudential Center in Boston. This authority gave them the power of eminent domain needed to clear people's homes away from the site they had chosen for their building, and granted them the right to pay no real estate or personal property taxes. It is no wonder that the Prudential Center is known as the "Tower of Power."

Mass. Mutual applied, under the provisions of Chapter 121 A, to build a similar project in Springfield. They were granted all of the "powers, rights, privileges, benefits, and exemption" given under Chapter 121 A.<sup>18</sup> They also applied for and were given special legislation (Chapter 257 – An Act Relative to Urban Re-development Project in the City of Springfield) granting certain privileges beyond those given to Prudential.

Most important of these additional privileges was the means to negotiate the violation of established building codes. The 22 code violations negotiated under this legislation include provisions for the airwalks, the cantilever design which extends the walls out over the sidewalks, and certain fire safety regulations. The building code, for example, provides that there must be two exits on every floor of such buildings as the Valley Bank Tower, and one of them must lead directly to the outside. Mass. Mutual will construct only one exit, that being to the inside. City Building Commissioner, Francis Liberatori, observes that "what they [Mass. Mutual] are saying is that they can build the way they want and everyone else must build according to the law."<sup>19</sup>

After having no trouble at the state level, Mass. Mutual only had to work out the details with their friendly servants in the city. They first negotiated a contract with Mayor Ryan which was so unfavorable to the city as to cause a stir even within the city government. When Mayor Freedman came into office he renegotiated the contract, getting slightly better terms for the city. It is this "better" contract that we will discuss in this pamphlet. The contract is a public document and may be read by anyone at the City Clerk's office.

The contract between Mass. Mutual (the Owner) and Springfield (the City) was signed April 22, 1968, by Mayor Freedman for the city and by representatives of the Massachusetts Mutual Life Insurance Company. Section 7 of the contract states clearly "the Owner shall be exempt from all real estate and personal property taxes for the period of forty years from the commencement of construc-

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18. *Massachusetts General Law*, Chapter 121A. Reference to "powers, rights, privileges, benefits, and exemptions" is made throughout the law. See for example, section 16A.

19. *Springfield Union* Jan. 20, 1967.

BAYSTATE WEST

Amount Mass. Mutual should pay in  
property taxes yearly (at 1969  
tax-rate and a pegged assessment: \$2,890,000

Average amount Mass. Mutual will pay: 500,000

Yearly loss to taxpayers: \$2,390,000

Loss of tax revenues  
from land occupied by Civic Center: \$ 97,000 per year

Projected yearly cost of Civic Center  
(what the city will owe its creditors  
on money borrowed to build the Center): 700,000 per year (for 30 yrs.)

Uncollected taxes on Baystate West: 2,390,000 per year (for 40 yrs.)

TOTAL YEARLY COST TO SPRINGFIELD TAXPAYERS: \$3,187,000

That's over three million dollars per  
year that will have to be made up by  
taxpayers in Springfield to support  
the Civic Center and Baystate West

tion.” The Owner then agrees to pay the City a varying amount in lieu of taxes according to a complicated formula spelled out in the “Statement of Amounts.”<sup>20</sup> After the completion of construction this amount is either \$10 per thousand on assessed valuation or a percentage of the income of the project, whichever is greater.

The contract provides for a maximum assessed valuation of \$50 million.<sup>21</sup> That is, for forty years — until the year 2008 — the assessment on Baystate West cannot exceed \$50,000,000. The assessment on a person’s home is likely to double in that much time, but the assessment on Baystate West can never go above a pegged maximum (in the first contract under Mayor Ryan the maximum assessment was set at \$35 million, which is ridiculous since it will cost \$49 millions at the latest public estimate just to build the project). Even ignoring the fact that \$50 million is a low assessment on Baystate West, the \$10 per thousand rate of payment is less than one-fifth the rate that the regular property owner has to pay to the city. In 1968 the homeowner in Springfield had to pay \$54.50 per thousand. The rate is already up to \$57.80 in 1969 and sure to go higher, while the tax rate for Baystate West will stay the same for forty years.

If Mass. Mutual paid the same rate as everybody else they should pay \$2,890,000 per year at the present tax rate (1969) and with their pegged assessment. They will pay only \$500,000 under the contract assessment formula and they do not get up to that amount until four years after the completion of the building — 1975 at the earliest. The minimum loss to the city (not figuring inflation or other factors) if they pay according to the \$10 per thousand formula will be \$2,390,000 per year. This loss is equivalent to about one dollar lost for every eleven dollars collected in real and personal property taxes by Springfield in 1968.<sup>22</sup>

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20. *The Contract*, Exhibit 4, “Statement of Amounts Payable to City of Springfield under contract.”

21. *The Contract*, Section 3, clause c.

22. *Annual Financial Report for the Year Ended December 31, 1968, City of Springfield, Massachusetts*, reports actual real and personal property taxes collected for 1968 to be \$28,855,628. The average amount of loss in taxes from Baystate West will be \$2,390,000 per year, about 8.3% of the total collected last year.

If this tax were collected, it would more than make up for the legitimate pay-raise demands made by the teachers, firemen and police. Such an amount of money would make it possible to reduce the tax rate for the city by \$4 per thousand such that a person with a \$10,000 home, for example, would pay \$40 less per year in taxes. Or, the city government could quit squawking about the loss of local aid funds from the state, because this loss would be made up by collecting the rightful taxes on this one building complex.

The \$2,390,000 per year tax break for Mass. Mutual is an average figure for the forty-year life of the contract. We have arrived at this figure after careful study of the contract between Mass. Mutual and the City, and of Massachusetts General Law, Chapter 121 A. One thing to be said for Mass. Mutual and their lawyers is that they have been very clever in their use of these documents. They have made it difficult for Springfield taxpayers to find out exactly how much we are going to lose in the deal.

Several definite benchmarks have been established, however, by provisions of the law and the contract and by public statements of city officials. The first benchmark is the minimum Mass. Mutual has contracted to pay during construction years — \$192,000. This minimum, known as the Prior Tax Minimum, is based on the average of tax collected on the land for the three years prior to demolition.<sup>23</sup>

Second, the maximum payable during construction years is \$355,020 no matter what the true value of improvements on the land during this construction period.<sup>24</sup> Third, the payment under the rate of \$10 per thousand has a maximum of \$500,000 and does not reach that maximum until four years after the completion of construction (in the first three years after completion the loss to the city will be even greater than the average).<sup>25</sup>

Fourth, the highest benchmark is established by City Auditor, Salvatore Mazzaferro, in an interview reported in the *Springfield*

23. The *Contract*, Exhibit 4, section 2, clause b, and *Massachusetts General Law*, Chapter 121A, Section 10, paragraph 3, clause b.

24. The *Contract*, Section 3, clause c.

25. The *Contract*, Exhibit 4, Section 10.

*Union*, April 23, 1968. The *Union* article says "on an overall basis, it is estimated that the city may receive up to \$940,000 a year in lieu of taxes from Baystate West." Mazzaferro, a supporter of Baystate West, is giving us his most optimistic report on possible revenue from the income formula of the contract — an amount only slightly higher than the yearly cost of the deficit for 30 years on the Civic Center (see page 11).

But there are a few things that Mazzaferro fails to mention. Does he think we should be pleased at getting \$940,000 (if we get it), when we should be getting almost \$2 million more under the 1969 tax rate and a pegged assessment? Shouldn't he also mention that this estimated maximum if it is ever paid will not be paid until the ninth year after the completion of construction of Baystate West — 1980 at the earliest?<sup>26</sup> By 1980 the Springfield tax rate and the true value of Baystate West will be considerably higher than today, and the amount which must be made up by the Springfield taxpayer will be considerably more than \$2 million.

The final benchmark establishes that any future taxes levied by the State during the life of the contract which would come to the city will be deducted from the amount paid under the contract.<sup>27</sup>

Checking our calculations against these five benchmarks, we feel confident that the average loss to working people of the city will be at least \$2,390,000 per year for forty years or a total of \$96,000,000 for the life of the contract. Three of the benchmarks are maximum amounts, less may well be paid; one shows that no future state legislation can increase these maximums, and one is the supposed minimum to be paid in 1968 — \$192,000.

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26. The *Contract*, Exhibit 4, Section 12. In the ninth year after completion of construction, Baystate West must pay 20% of "OTHER INCOME" for the first time. The percentage is only 15% in the first post-construction year. "OTHER INCOME" does not include income from the hotel (the percentage paid on hotel room rentals is always less than 10%), income from rental of the air walkways over Main and Vernon Streets (these will pay only a small base rate), income used for maintenance of common facilities such as heating, electrical, etc., or expenses of collecting defaulted rents.

27. The *Contract*, Exhibit 4, Section 1, clause d.

Americans have plenty of experience with the rich avoiding taxes.<sup>28</sup> It is more than possible that, hidden behind the provisions of the contract, there are ways that Mass. Mutual plans to duck out of even greater amounts of taxes.

So far we have given Mass. Mutual the benefit of the doubt on how much they will be costing the city in lost revenue from Bay-state West. Now let's look at the other side. Forty years before the signing of the contract, in 1928, Springfield's tax rate was \$27.50 per thousand on a total assessed valuation of \$315,663,180. In 1968 both the tax rate and the total assessment had doubled to \$54.50 per thousand on \$600 million assessed property value. City revenue from real and personal property taxes had thus increased four times over.<sup>29</sup>

Is there any reason to expect the increased need for city revenue to be less in the next forty years? Not with the present economic system! The demands of corporations for publicly funded services are increasing, witness the Civic Center and Interstate 291 to service the Memorial Industrial Park. Also, inflation may be even greater in the next forty years. Remember that 1928 was a boom year just before the Great Depression of the 30s. Springfield's assessed valuation dropped sharply during the depression and by 1944 the total value was only \$251,820,280 with a population roughly equal to the city's population today.

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28. "In 1966, the 22 largest oil companies paid only 8.5% on their \$6.8 billion dollar profits, despite the 52% corporate tax rate. In March (1969) Representative John D. Dingell, Mich. reported that despite the theoretical rate of up to nearly 70% for extremely high incomes, the effective rate for persons with incomes over \$1 million a year was 28.4%; 30.7% for those with incomes ranging from \$500,000 to \$1 million; and 32% for those in the \$200,000 to \$500,000 bracket. Whereas, according to Senator Young, Ohio, those with smaller incomes tend to pay higher taxes:

"Income level	Effective tax rate
\$10 - 15,000	31%
7 - 10,000	32%
5 - 7,000	33%"

quoted from the Friends Committee on Nat'l Legislation, "FCNL Washington Newsletter," June 1969.

29. Historical figures for tax rate and assessed valuation are taken from the *Municipal Register of the City of Springfield*, available at the city library.

Tax rates had increased slowly to \$34.50 per thousand, but the income to the city from real and personal property taxes in 1944 was approximately the same as in 1928 — meaning that the 400% increase in city spending needs has actually occurred in the last 24 years, with a relatively stable population. If there is no large depression in the next forty years the city may have to extract even more than a 400% increase in real and personal property taxes. This possibility makes our estimate of a \$96 million loss to the taxpayers seem conservative. But whatever the case, the main facts are clear — Mass. Mutual should have to pay the same rate on a 100% assessment as everybody else.

## WHY CAN THEY GET AWAY WITH IT?

The American economy is dominated by giant corporations like Mass. Mutual.<sup>30</sup> They amass huge amounts of capital, including virtually all of the surplus capital available for major investments.<sup>31</sup> Because they control the wealth of the country they also come to control the politics of the country.

The need of these corporations for ever greater profits leads them to look towards other areas of the world to supply them with more raw materials, cheaper labor sources, and new consumer markets. As it does in the U.S., so the economic power of the corporations gives them political power in the foreign countries in which they invest. When the people of these countries want to gain control of their own governments, and economies, the large corporations demand that the U.S. Government protect their overseas financial investments, even if it means that young American workingmen must die in far-off jungles, fighting against people who simply want to control their own homelands.

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30. For a comparison of Mass. Mutual's standing among America's largest corporations, see *Fortune Magazine*, May 15, 1969. This report lists Mass. Mutual as the tenth largest life insurance company in the country. In addition, a comparison of profits made by the 810 largest corporations, as listed in the *Fortune* report, shows that Mass. Mutual ranks fifteenth in the nation in the size of its profits.

31. For a complete discussion of the control of the American economy by a small number of large corporations, see Baran and Sweezy, *Monopoly Capital* (New York: Monthly Review Press, 1969).

Anything else  
I can get for  
you, sir?



At home, these corporations have such economic power that they are the only avenue to local communities for investment funds. Thus our cities and towns compete with each other over which of them will give the best deal to a corporation to do something in their locality. The politicians beg these giants and give them our hard-earned money — they ask, “Please build a factory or a hotel or an office building or whatever you want, we will give you a nice big tax break, please.”

The politicians don’t even dare ask for the things that are really needed — housing, public transportation, good day care facilities, clean air and water, shorter work weeks — because the giants might take their money elsewhere. Mass. Mutual is one of these giant corporations, and Springfield politicians have begged for its favors. Their reward is a building complex which working people can pay for and look at, and which the elite can use to make more money. As a bonus we have been given the chance to pay for a new convention hall to give added business to the tax-free building complex.

The main reason that they can get away with it is not their great power in itself, but rather the way they have used their power to divide the American working people. It is the age-old game, “divide and rule.” The giant corporations control the newspapers and the TV; they control the styles of dress, the gimmicks and gadgetry which supposedly give people “success” and “prestige”; they control the schools and the colleges, and people they approve of write the textbooks.

The corporations use this kind of control to create and maintain the myths which divide American working people. They say that some workers are “middle class” and some are “lower class,” even though all of them sell their labor to an employer who gets the real benefit of it and who has complete control over the job. They tell us that whites are better than Blacks because they are afraid of what would happen to their wealth if whites and Blacks quit fighting each other and started together after the power of the corporations. They use their power to teach that women are second-class citizens fitted only to serve their men — it helps to keep the men feeling happily superior and to keep the women from thinking about their low-paying jobs as workers, and their unpaid drudgery as housewives.

In the case of Baystate West, Mass. Mutual has used its power to try to blame welfare recipients rather than the Board of Directors of Mass. Mutual for the unbearable tax burden. The Springfield Taxpayers Association (seven of whose members are directors of Mass. Mutual) and the mouthpieces for the elite (the mayor, state representatives, etc.) have thrown up a smoke-screen to cover their own acts.<sup>32</sup> They have tried to get working people incensed over the loss of local aid funds from the State. They are trying to turn working people against each other by saying that the loss is because of the cost of Medicaid and by ignoring the fact that this loss would be covered if Mass. Mutual paid the full taxes on Baystate West.<sup>33</sup>

These mouthpieces in city government have also focused attention on the wrong place when they have criticized the legitimate demands of teachers, firemen and police for wage increases. The total of these pay raise demands is only \$2,143,324 (teachers \$1,300,000; firemen \$475,000; and policemen \$368,324).<sup>34</sup> This total is less than the average amount of tax break given to Mass. Mutual on Baystate West alone.

To fight the power of the huge corporations and the use of their power to "divide and rule" we must pull together. We must reject the penny-ante prestige, the racism, and the second-class position of women, and build a strong voice for a united working population. We can begin to pull together by forcing Mass. Mutual to pay the regular rate in taxes on Baystate West, and by stopping construction of the Civic Center. By doing this we can make a lot of other people aware of just what is going on in Springfield, and we can set the record straight at least on this one example of the rich ruling group using the rest of us for their own profit.

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32. See the forthcoming Springfield Area Movement for a Democratic Society pamphlet on the so-called "Taxpayer's Revolt."

33. *Springfield Union*, June 20, 1969, reports the loss of local aid funds to be \$2,600,000. This amount would be made up several times over if Mass. Mutual were to pay taxes on a true valuation of its home office building at 1295 State St., now assessed for only \$12,131,360.

34. *Springfield Union*, Feb. 16, 1969; March 19, 1969; and June 20, 1969.

## notes for the second printing

On page 11 we say the city has already sold municipal bonds totalling \$9.3 million to pay for the "Civic Center". In fact, the bonds have not yet been sold. If the city is unable, finally, to sell these bonds they will be forced to finance the Civic Center through short - term borrowing or to abandon the plan of building such a costly convention center. Short-term financing is risky because of high interest and the need to continuously refinance (extend loans or get new short-term loans). Our calculation of \$800,000 per year minimum loss to the taxpayers is based on successful sale of the bonds. Short-term borrowing would greatly increase this cost.

On pages 4-5 we say that the penthouse of Baystate West's rooftop plaza is planned as the new headquarters for the Colony Club. On May 3, 1968, the Club voted to establish permanent quarters in Baystate West. But on July 10, 1969, the club voted to stop negotiation for a lease at Baystate West, claiming a lack of funds. Then in early October the Club signed a five yr. lease at their present location at 110 Maple St.

Atty. James S. Bulkley, president of the Club at the time of the July 10 vote, said that the funds needed to move into Baystate West were tied up in the Club's property at 50 Maple St. The Springfield Redevelopment Authority has now decided to buy the land owned by the Club for a new road connecting Dwight St. and Maple St. It is still possible that the Club will move into Baystate West when the SRA buys their land. As Atty. Bulkley has said, the Colony Club is a place where "many great political decisions were made." (Spfld. Union 5/16/66). Baystate West is a "great political decision" in itself and it seems only natural for the Club to try and cash in.

The Club may miss out on this particular tax break because the City is slow in buying their land. In any case, Thomas Lapwing, President of Baystate West Inc. and real estate vice president of Mass. Mutual, assures us that the rooftop plaza will still be built. The Pavilion Building, as it is now called, "would be a good location," he says, "for a small outfit that was looking for a prestige location like Baystate West." (Spfld. Union 10/6/19). So, if the Colony Club doesn't get this particular "prestige location", some similar group will. In any case the taxes on the Pavilion Building will be paid by the taxpayers as a whole, not by the people who should pay them -- Mass. Mutual and the "small outfit" which rents the space.



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Springfield Area Movement for a Democratic Society (SAMDS) is a local organization of working people and students in Springfield, Massachusetts. We have found that in Springfield the important economic and political decisions are controlled by a small, powerful elite of top corporation executives and directors. Some of these men have powers which extend far beyond the Springfield area--they are part of a ruling class in the country which makes decisions for working people all over the world. Their power and interests lead them to make decisions which are of direct benefit to the elite and detrimental to the vast majority of people.

SAMDS believes that, for democracy to be real, the people must have the power to control all the decisions which affect their lives. We are building a strong democratic voice of the working people in this area. We must have this voice to take over the planning of our own social and economic future. We seek working ties with similar organizations in the Springfield area and in other cities.

For more information write to:  
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