

Poor pay more, he says

Brodhead blasts tax proposal

By STEVE BARNABY
Farmington editor

U.S. Rep. William Brodhead, D-Detroit, has lashed out at two of Congress' most powerful members for their support of a tax proposal which, he says, "illustrates the total bankruptcy of our tax policy."

Brodhead's target is U.S. Rep. Al Ullman, an Oregon Democrat, and U.S. Senator Russell Long, a Louisiana Democrat. The veteran congressional leaders have teamed up to propose a Value Added Tax (VAT) which Brodhead says translates into a regressive sales tax.

Ullman is chairman of the House Ways and Means Committee; Long chairs the Senate Finance Committee. Both committees are responsible for writing tax legislation.

VAT, says Brodhead, is a national sales tax on everything "from bread to housing construction and from clothing to entertainment."

Persons hardest hit by VAT, he says, are those already having difficulty paying steadily increasing prices for food, clothing, housing and medical care. Each income tax bracket would be taxed equally under VAT, meaning a higher percentage of taxes would be paid by persons with lower incomes, according to Brodhead.

"The rationale for VAT is to encourage people to spend less and save more," he says.

"The proposition is not without logic. If every purchase is hit by a 10 percent sales tax, some people may just decide to kick the buying habit, unless their habit happens to be the family dinner."

Brodhead's 17th Congressional district includes Farmington, Farmington Hills, Redford Township and Southfield.

Although a new concept in this country, VAT is a popular taxation tool in other parts of the world. It is used in many of the European Common Market countries.

Under VAT, the manufacturer at each stage of production of a commodity would pay a tax which is based on the value he adds. Each producer is reimbursed by the government for the tax built into the price of what he pays his suppliers.

"In the end, of course, the consumer pays the entire accumulated VAT when he purchases the final product," says Brodhead.

"It doesn't look to him like a sales tax, but it is a sales tax just the same and he must pay it."

VAT supporters believe the tax would relieve pressure on the Social Security payroll tax and give business corporate tax relief.

They laud VAT, saying it is neutral, because its impact is felt equally by all types of businesses whether labor or capital intensive.

But Brodhead believes supporters' arguments to be fallacious.

"The effect and the intent of VAT is to tax consumers in order to provide a substantial tax break to profitable corporations and to individuals in high tax brackets who typically spend a smaller

portion of their income on consumable items," says Brodhead.

He labeled VAT as inflationary, saying it would automatically increase prices 10 percent and lead workers to demand substantial wage increases to meet the higher prices.

"At a time when we are struggling to hold down inflation, it would be foolish to implement a new tax, the inflationary impact of which would be virtually impossible to contain," he says.

Instead of imposing the new tax, Brodhead says Congress should eliminate most special deductions, exemptions, credits and exclusions and "practically" lower the tax rates. Such action, he says, would be fairer to both corporations and individual taxpayers.

"It would also allow individuals and corporations to decide for themselves how to spend their money instead of being coerced by tax incentives to spend their income or profits in certain government approved ways."

By eliminating most of the tax breaks for business, he says, the 46 percent corporate tax rate could be reduced.

Wolff promoted

Richard T. Wolff of Farmington has been promoted to assistant vice-president in the general services division of National Bank of Detroit.

Wolff has worked for the bank for 13 years. He has been a manager of the bank's returned items department and an assistant administrative officer in its time check processing group.

Tick, tock

Bamboo has a sort of time clock that sets the span of its life. Some bamboo gives out after only five or six years, and other kinds last for as long as 65 years before suddenly deteriorating and dying.

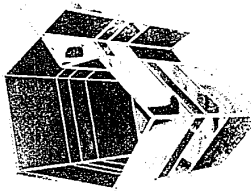
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Obituaries

FREDERICK CHARLES SCHEIBLE

Mr. Scheible, 75, of Farmington Hills, died on Sept. 21 in Botsford Hospital, Farmington Hills.

He was a retired crane operator for Briggs & R.C. Mahon.

Survivors include: wife, Catherine; daughter, Mrs. Ellen Zanke; sons, Kenneth, John and six grandchildren.

Services were conducted on at Thayer-Rock Funeral Home and St. Alexander's Roman Catholic Church in Farmington Hills. Services were conducted by Fr. James Wright. Burial was in Holy Sepulchre Cemetery.

MARK J. WILLIAMS

Mr. Williams, 17, of Farmington died on Sept. 22 as a result of an auto accident.

He was a student at Farmington High School.
Survivors include: parents, Mr. and Mrs. James Thompson; brother, Steven; sister, Janie.

Services were conducted at Ross B. Northrop & Son Funeral Home in Northville. Services were conducted by Rev. Thomas C. Hartley. Burial was in Glen Eden Cemetery in Livonia.

Local firm settles pay dispute with employees

Charges of alleged violation of the Fair Labor Standards Act against Able Foundations, Inc., a Farmington construction firm, have been settled with the filing of a judgement in Michigan Federal District Court.

Judge Ralph M. Freeman issued the judgement which directs the firm to pay \$5,920.43 in back wages to 16 employees as a result of overtime pay and record keeping violations of the act.

The firm agreed to the judgement without contesting it.

The court also granted the U.S. Department of Labor, which filed the original complaint, a permanent injunction prohibiting the construction firm from further violations of the act.

In its original complaint, the Labor Department charged that the firm had repeatedly failed to pay employees time-and-a-half pay for overtime, and had failed to keep adequate records of employee wages and hours.

The complaint was filed following an investigation by the Labor Department's Wage-Hour office, 550 Stephenson Highway, Troy, under the supervision of area director Arthur Buchman.



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Farmington Observer

(USPS 167-840)

Published every Monday and Thursday by the Observer & Eccentric Newspapers, 35251 Schoolcraft Rd., Livonia, Michigan 48150. Second-class postage paid at Livonia, Michigan 48151. Address all mail (subscriptions, change of address, Form 3579) to P.O. Box 2428, Livonia, Michigan 48151. Telephone 591-6500.

HOME DELIVERY SERVICE: Newsstand... per copy, 25¢; Carrier... monthly, \$1.25

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(Required by 39 USC 3685)

1. TYPE OF PUBLICATION: Periodicals
2. ISSUE DATE: 10/1/80
3. DATE OF FILING: 9-27-79
4. PERIODICITY: Semi-weekly
5. NUMBER OF ISSUES PUBLISHED ANNUALLY: 101
6. ANNUAL SUBSCRIPTION PRICE: \$10.00
7. ADDRESS OF HEADQUARTERS OF PUBLICATION: 35251 Schoolcraft Rd., Livonia, Michigan 48150
8. ADDRESS OF THE PUBLISHER: 35251 Schoolcraft Rd., Livonia, Michigan 48150
9. NAME AND COMPLETE ADDRESS OF PUBLISHER, EDITOR, AND MANAGING EDITOR:
PUBLISHER: Steven Berkusky, 16773 Edinborough, Detroit, MI 48219
EDITOR: John W. Reddy, 650 Wacker Lane, Bloomfield Hills, MI 48303
MANAGING EDITOR: Tom Skoczko, 35251 Schoolcraft Rd., Livonia, MI 48150
10. OWNER (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding 1 percent or more of the total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a partnership or other unincorporated firm, its name and address, as well as that of each individual must be given. If the publication is published by a sole proprietor, his name and address must be given.)
OWNERS: CHARLES ARNOLD COMPANY, 35251 Schoolcraft Rd., Livonia, MI 48150
11. KNOWN BORROWERS, MORTGAGEES, AND OTHER SECURITY HOLDERS OWNING OR HOLDING 1 PERCENT OR MORE OF THE TOTAL AMOUNT OF BOND, MORTGAGE OR OTHER SECURITIES (If any, give name and address)
12. NAME AND ADDRESS OF THE PUBLISHER: CHARLES ARNOLD COMPANY, 35251 Schoolcraft Rd., Livonia, MI 48150
13. NAME AND ADDRESS OF THE EDITOR: WILLIAM SIEGEL, 100 American Rd., N. Side, Bloomfield Hills, MI 48303
14. NAME AND ADDRESS OF THE MANAGING EDITOR: HENRY H. BARNABY, JR., 650 Wacker Lane, Bloomfield Hills, MI 48303
15. FOR COMPLETION BY NON-PROFIT ORGANIZATIONS AUTHORIZED TO MAIL AT SPECIAL RATE: (See instructions on page 2)
16. STATEMENT OF CIRCULATION: (See instructions on page 2)
17. STATEMENT OF SALES: (See instructions on page 2)
18. STATEMENT OF ADVERTISING: (See instructions on page 2)
19. STATEMENT OF OTHER REVENUE: (See instructions on page 2)
20. STATEMENT OF NET INCOME: (See instructions on page 2)
21. STATEMENT OF ASSETS: (See instructions on page 2)
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