

Food, utility bills may eat up federal tax cuts

By Katie Kerwin
Staff writer

It's not enough for a Caribbean cruise or a mink coat, unless you're already quite wealthy. If you're living on a shoestring, you could probably squander it all easily on a few games of Space Invaders or a banana split or two.

However, many local residents surveyed by phone recently are talking about spending the money from their federal income tax cut to help pay utility bills or buy a few groceries.

Reagan's three-year, 25-percent tax cut program begins on Oct. 1, when the amount of federal income tax withheld is reduced by 5 percent.

A family of four with one wage earner making \$15,000 will save just under \$150 a week. A similar family earning \$30,000 will save about \$4. The rebate is proportionately larger as income rises.

"I'm certainly not taking my round-the-world cruise on it. I wouldn't even get as far as Toledo," said Sally Pierce, a secretary at West Bloomfield parks and recreation, who describes herself as "economically depressed."

THEORETICALLY, the tax cut will allow more Americans to save or invest their money, making more money available for loans to business and for capital improvements, creating more goods and jobs. Some of the more affluent people surveyed said they intend to invest their rebates or put them in savings accounts.

However, many others said the refund will help them meet everyday expenses, although the few dollars may go far.

Clarence Rankin, a Birmingham social studies teacher, said the money will help buy shoes for his wife and children this fall.

"It's going to come in handy around this house, but it's not going to last long," he said. "It's not going to buy steaks. I'm not buying a color television with it. I'm not going to buy a car — there's not enough there for that."

Rankin wholeheartedly endorses reducing taxes.

"I just wish it was more," he said. "There's just a trace of bitterness that the biggest cut goes to those who need it least."

"It's the same old story: the rich get richer," he said.

Ms. Pierce said she doesn't expect

to be bowled over by the increase in her paycheck.

"It's five percent — it's nothing," she said. "Maybe a couple of years down the road," she said, looking forward to the 10-percent cuts that will be added in each of the next two years.

She calculates she'll get back \$250 a week this fall — \$5 in her biweekly check. Will she salt it away in a bank?

"I don't know if they let you open a savings account with \$5," she said wryly.

"I think it will be absorbed by the daily cost of living," Ms. Pierce said. "It goes for groceries or for the higher cost in gas bills. But it's a nice gesture."

"I'M KIND OF suspicious of what kind of impact it's going to have, but psychologically, it's great," said Mary Wright, owner of Xochipilli art gallery in Birmingham.

She said she'd like to see the government cut spending and give money back to taxpayers, but she's concerned "that it's so favorable to those least need of relief."

"Middle-income people are just going to use it to buffer the shock of the increasing cost of living," Ms. Wright said. "I know if I get it, it will probably go to cover increasing utility costs at my business and home."

"The most important thing is the morale boost to the wage earner," said tax-cut crusader Richard Headlee of Farmington. Headlee is president of Alexander Hamilton Life Insurance Corp. of America.

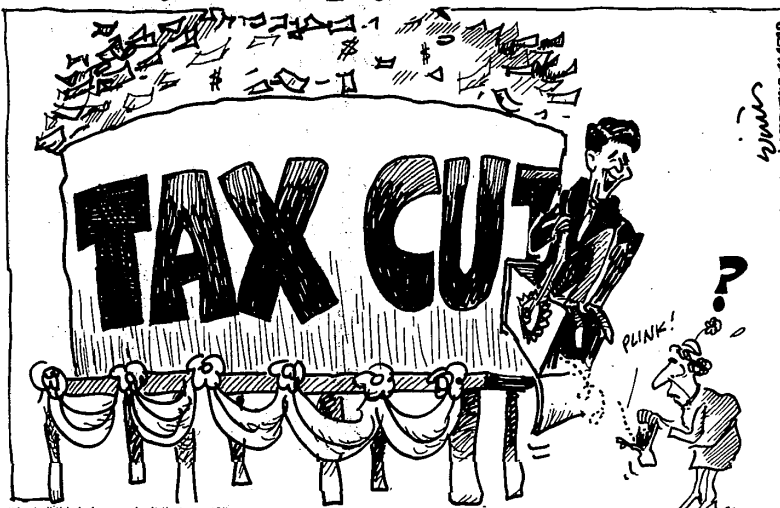
Headlee said the tax cut may encourage people to save more money or help them pay off debts. He's got plans for his own tax refund.

"If it's a thousand (dollars) or two, I'll probably put it in a savings account for my kids' college," said the father of nine. "But I'll probably have to take most of my tax savings and put it towards my utility bill, the way gas and electricity are going up."

"I THINK IT will stimulate our economy some," said Alfred Lowenstein, owner of Alfred's restaurant and Somerset dinner theater in Troy.

"People who have money in their pockets will spend it — that's human nature," Lowenstein said he hopes the tax cut will also give the restaurant business a boost.

"It'll help a lot of people, espe-



"And all this is for you, isn't that great?"

cially older people," said Carl Dobat, a retired Oakland Township farmer. People "are just going to live better," he said.

Dobat said the money may pay part of the cost of winter in Florida or help them pay off debts. He's got the wisdom of the tax cut, he said, "I don't know of anybody around here who isn't willing to take their tax money."

Mark Solomon, chairman of the tax department at Walsh College in Troy, said the plan offers "something for everyone."

Some, of course, will get more than others. "The average guy in the street probably won't even notice it this year. It'll be a few more dollars in his paycheck," Solomon said. "He can go to the movies. Then the guy who owns the movies has \$2 more. That's the way it's supposed to work."

"If you're a guy getting ready to lay out \$50,000 for capital invest-

ment for equipment, it might make a big difference."

SOLOMON, LIKE other tax experts and economists surveyed, stressed that other provisions of the tax cut bill may have a greater impact than the income tax reduction. They cited the reduction in capital gains rates, estate taxes and interest income, as well as provisions for individual retirement accounts and tax-free savings certificates, and changes in depreciation rules.

For himself, Solomon said, when the tax cut comes, "I won't even notice it."

Dennis Wolgin, a Southfield certified public accountant and Bloomfield resident, said he'll probably spend his tax savings on entertainment, not basic necessities or investments.

"I'm not going to live any differently," he said, adding that the tax cut "will mean absolutely nothing" to most taxpayers.

"It's not going to be a magnificent help for low- or middle-income people. For higher-income people, it's a

chance to invest," Wolgin said. "I think the philosophy is who is going to turn things around. Is it the guy making \$10,000 or \$12,000 who has another \$400 to spend?"

Not likely, Wolgin said the tax cut is aimed at the affluent, who will "save enough in taxes to 'do something with it.'"

SID MITTRA, an Oakland University economics professor, agreed that the tax cut won't affect people's lifestyles.

"None of that is going to make any difference. The average, small American would not be impressed by the small amount." The rich taxpayer may get back \$1,000 and think nothing of it, he said.

Mittra, who said he is in the 50-percent tax bracket himself, thanks to his economic consulting business, plans to save his tax rebate.

Mittra said the heart of the tax cutting issue is the basic question: Is money better left in the hands of the people or the government to spend? The tax cut may accomplish economic goals, while depriving the

less fortunate of government services, he noted.

Robbin Hough, professor and former chairman of OU's economics department, shares Mittra's ambivalence.

"I would have to tend to agree with the need to cut (taxes), but I'm not terribly happy about the impact on a number of social programs where there's great need."

Hough, who was an economic adviser to former President Jimmy Carter, said he's disenchanted with economic plans that juggle paper and don't focus on managing economic resources like food and energy.

He said the tax cut will mean little to him. As a university professor trying to put three children through college, he said, his net income is usually so low that the federal government refunds the taxes withheld.

"Mostly, I'm broke up to my ears," Hough said.

He assessed the effect of Reagan's plan "The more income you make, the better off you'll be."

INSIDE ANGLES

BY MARY RODRIQUE

ATTENTION PARENTS of 5-7 month old infants: Researchers at Wayne State University are conducting studies now of how parents respond to their infants. The information will aid nurses in giving postnatal care and counseling to parents of newborns. Those families who agree to participate in the study will get first hand knowledge of their own infant's behavior patterns.

OLD FAITHFUL geyser in Yellowstone National Park was a welcome sight to the four Michigan hikers making a 3,000 mile trek down the Continental Divide. The hikers made it to Yellowstone on Aug. 5, reports Steven Merritt, brother of one of the hikers, Stewart Merritt. The Merritts, both graduates of North Farmington High School, are volunteers for the SEVA foundation (Society for Epidemiology and Voluntary Assistance). The trek has raised \$28,000 to be used by SEVA to treat blindness in Nepal. While Stewart treks the miles, Steven raises funds on the homefront. Steven is project coordinator. The goal is to raise \$100,000. For more information or to make a contribution: Write Sight Trek, c/o SEVA, Chelsea, MI 48118.

THE ARISTOCRATIC HUMANIST

The Challenge of Democracy is the last of four talks on Four Humanist Traditions to be presented by the Birmingham Temple of Farmington Hills on Friday, Aug. 28 at 8:30 p.m. Rabbi Sherwin Wine will highlight 20th-century philosophers, like George Santayana and Walter Lippman, who have used the self-disciplined reflective aristocrat as their model of the ideal humanist. Beauty will be the theme of the service and discussion of the talk will follow the service. The temple is at 28611 W. Twelve Mile.

CHRYSANTHEMUMS, more than 600 of them, will be available in a number of colors and varieties at the Greater Detroit Chrysanthemum Society's 6th annual Blooming Cushion Sale on Saturday, Aug. 29, from 9:30 a.m. to 4:30 p.m. at Greene Haven Gardens, 2895 Wixom Road, east of Milford and north of Wixom, at the corner of Wixom, Sleeth and Duck Lake roads.

The gardens were planted by members and they have provided care. Members will be available for consultation and advise on the proper planting of the mums. Proceeds for this year's sale will be used to finance the National Chrysanthemum Society Convention to be sponsored by the local Detroit society Oct. 14-17, 1982.

JOHN ANHUT, president of the Botsford town of Farmington Hills, has been re-elected to the board of directors of the Michigan State Chamber of Commerce. Anhut will serve a two-year term on the chamber's 84-member board. As a director of the state chamber, Anhut will be involved in establishing policy on major economic, legislative and social issues that affect the state's economy. Anhut is a past president of the Michigan Hotel Association, the Detroit Hotel Association and the former national director of the American Hotel Association from 1960-70. The state chamber was formed in 1980 to represent a broad cross section of business interests throughout Michigan. Some 6,400 business firms, local chambers of commerce and trade and professional associations are members of the state chamber.

VARSITY GOLF ALUMNI are being summoned by Roscoe Dann, Oakland Community College golf coach, for a gathering. Anyone who has played golf at OCC since the sport began there in 1959 should plan to attend. The date to remember is Aug. 24. For more details, call Dann at 476-9400, ext. 376.

HUNDREDS OF RUNNERS will be in Howell Saturday, Aug. 22, for the 4th annual Melon Festival Run sponsored by Blue Cross/Blue Shield of Michigan. There are one, three and six mile races. Top male and female finalists in each age division will receive medals and plaques. Free T-shirts will go to the first 1,000 registrants. The course goes through the woods, over grassy hills, through meadow fields and around a lake. The race begins at 9 a.m. at Howell High School.

PEACE CORPS volunteers are being sought for the winter season (January through March, 1983) by the Detroit area Peace Corps office. Major request areas include agriculture, engineering, health and education. Industrial arts, special, math and science teachers are also in great demand in developing countries. Volunteers serve for two years. In addition to transportation to the country of service and return, volunteers get training, health care, a monthly living allowance for expenses, paid vacation and readjustment allowance of \$125 a month payable upon completion of service. There's no upper age limit and older Americans are encouraged to apply. The recruiting office is at 477 Michigan, Room M-74, in Detroit.

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