

# Technical man leads GM into technological future

Now that it's safe to predict who is going to be the next chairman of General Motors, there are more than a few rubbing their hands together at the prospect of a "car guy" finally heading up the world's largest industrial corporation.

Actually, characterizing heir-apparent Robert Stempel as a car guy is about as misleading as typing outgoing chairman Roger Smith as a financial type. Smith used finance as an analytical tool to develop a risky theory of future strategy; Stempel has a record of shepherding complex technological programs that have changed the basic nature of the car business.

STEMPEL DOES, indeed, harbor

an engineer's basic fascination with machinery. He spent roughly the first 15 years of his career working on hands-on car development projects.

Stempel cut his teeth on the Olds Toronado, the first American car to revive front-wheel drive in 30 years, a project that demanded a clean-sheet approach to become successful.

Probably more significant, however, was a special project undertaken as special assistant for the late GM President Ed Cole to develop volume production of the catalytic converter for passenger cars. In about two years, the converter and its electronic controls — which in turn meant building the largest computer fac-



auto talk  
**Dan McCosh**

ry in the world in roughly 18 months — were on GM cars.

THE CONVERTER program was an exercise in technological management that probably won't be duplicated in this century. It proved to be remarkably durable and effective, the single most important contribution any company made to clean air.

The emission project led quickly to director of engineering at Chevrolet and then to Pontiac as general manager. He was at Pontiac when that division began development work on the Fiero, at the time a radical new method of building cars, using a structural steel chassis and plastic skin.

That the Fiero was done at all was

a testimony that some maverick thinking was beginning to permeate General Motors. Developing the car was one thing, getting it into the GM system was something else again.

ULTIMATELY IT took heavy reliance on outside engineering expertise, a so-called "skunkworks" inside Pontiac with an unusual degree of freedom, and some imagination to see the demand for the car.

These elements ultimately formed much of the strategy adopted for the GM reorganization adopted by Roger Smith, including the formation of an independent Saturn Corp. and the reorganization of the engineering departments.

Curiously, however, despite the free spirits that developed it, the

Fiero was seriously compromised as a car, with powertrain and suspension shortcuts and ultimately reliability problems.

SO WE see taking over not so much a "car guy" as an executive with a consummate skill as a manager of new technology. He is, as far as I know, the only GM chairman with a Ph.D. (an honorary doctorate from Worcester Polytechnic Institute awarded for outstanding technical contributions).

We also see the emergence on top of the managers who were largely responsible for the GM cars on the road today. Car guys, to be sure, but now they are car guys with no place else to point the finger when things go wrong.

## Marginal tax rate is easy to comprehend

By Sid Mittra  
special writer

Most taxpayers have heard of marginal tax rate. And yet, many of us are still confused about what this rate is, and how it is used in calculating a taxpayer's tax liability.

Marginal tax rate is the rate paid on the last dollar you received — not the average rate you pay.

For example, if you are in the 28-percent bracket, the first \$32,450 will be taxed at a 15-percent rate. But if you receive a dollar more in income, the federal government will take 28 cents of that dollar.

The concept of the marginal tax rate is illustrated in the accompanying chart. This chart reveals the following facts regarding a married taxpayer whose taxable income this year would equal \$162,770.

IF YOU have a taxable income of up to \$32,450, you will be taxed at a rate of 15 percent.

If you have a taxable income of more than \$32,450 but less than \$78,400, your marginal rate will be 28 percent.

If you have a taxable income of more than \$78,400 but less than \$162,770, you will be taxed at a marginal rate of 33 percent.

The marginal tax rate of this taxpayer is 33 percent. Note, however, that the average tax rate is only 28 percent (\$45,575 in taxes divided by \$162,770 in taxable income). This is because a large portion of the income is taxed at lower than 33 percent tax rate.

Sid Mittra is a professor of finance, school of business at Oakland University and owner of Coordinated Financial Planning.

### Marginal Federal Tax Rates

The following chart shows the amount of taxable income for singles and for those who are married and file a joint return

Single Marginal Brackets	Taxable Income	Married Marginal Brackets	Taxes Due	Cumulative Tax Liability
Over \$97,620	28%	Over \$162,770		
\$97,620	33%	\$162,770	\$27,842	\$45,575
\$47,050	28%	\$78,400	\$12,866	\$17,733
\$19,450	15%	\$32,450	\$4,867	\$4,867
\$0		\$0		

Source: Federal Tax Code

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