

# Taxes down, cost of living up under value-added tax proposal

**United Press International**  
WASHINGTON — If the House's chief tax writer has his way, the price of almost everything you buy will rise by up to 10 percent — but you'll have more money to spend because taxes on income and Social Security will go down.

House Ways and Means Chairman Al Ullman, D-Ore., has proposed legislation to impose the country's first value-added tax, a device used for many years in several European countries.

At the same time his \$130 billion indirect tax would go into effect, there would be a \$130 billion cut in direct taxes, along with an increase in business tax incentives.

Income taxes would drop an average of 18 percent, Social Security taxes would be cut by a third, and various tax revisions would be made to aid the poor and the elderly and to encourage saving.

Don't look for immediate action on the idea, however. Hearings begin Nov. 7, and it could be years before any action is taken. The concept, moreover, has many foes.

In effect, a value-added tax is a sales tax because it is charged at each step of the manufacturing process on the amount of value that is added to the product. At the retail level, the consumer pays the tax in

## Bullock: tax 'sneaky'

**United Press International**  
AUSTIN — Comptroller Bob Bullock said Tuesday a proposed federal value-added tax would be the sneakiest blow to the American public since Pearl Harbor.

Bullock, recuperating from a heart attack, issued a statement through his office strongly criticizing the value-added tax suggested by Rep. Al Ullman, chairman of the House Ways and Means Committee.

"It's the income tax wolf in sales tax sheep's clothing," Bullock said. "It has the complexities of the income tax system and the regressiveness of a high sales tax."

Bullock said the tax would be included in the final sales price of products, meaning the tax would fall hardest on lower- and middle-income consumers.

"The only winner seems to be the federal treasury which will be raking in 10 cents on the dollar for every product and service in the country," Bullock said.

"Let's face it, they want a new tax to pay off the billions of dollars we now owe as the result of deficit spending."

Bullock said a value-added tax would make all products cost more.

higher price on the car. Under Ullman's plan, the tax would be structured so the maximum amount of price increase at the retail level would be limited to 10 percent, but there would be exceptions.

For instance: if an auto manufacturer uses \$1,000 of steel to produce a \$4,000 car, the value of that steel has been increased by the manufacturing process. A tax on this increase in value would be passed on to the consumer in the form of a

## Plant could open in seven years

# Texaco plans to gasify coal

**United Press International**  
BUFFALO, Wyo. — Texaco Inc. and a Houston-based energy company Tuesday announced plans for a feasibility study that could lead to construction of a coal gasification plant capable of producing up to 250 million cubic feet of natural gas daily.

Texaco spokesman John Masson said it would take five to seven years before natural gas could flow from the plant north of Buffalo, assuming every step in the tedious process from feasibility study to finished structure went smoothly.

The source of coal and water would be Texaco's holdings of 2.3 billion tons of coal on 37,000 acres of land near the Lake DeSmet Reservoir on the western edge of Wyoming's coal-rich Powder River Basin. The energy company also owns about 50,000 acre-feet of water in the reservoir, which has a capacity of 239,000 acre feet.

"After completing the study and complying with the environmental and regulatory requirements it is anticipated that a coal gasification plant would be built relatively close to Texaco's Lake DeSmet Reservoir property," Texaco said in a prepared statement.

The main partner in the project would be Transwestern Pipeline Co., a subsidiary of the Houston-based Texas Eastern Corporation. Earlier this year, Texas Eastern unsuccessfully attempted to gain approval for use of Wyoming water in a coal pipeline to the Gulf Coast.

Texaco bought the DeSmet coal lands from Reynolds Metals Co. in 1973 and three years later submit-

ted a proposal to the federal Energy Research and Development Administration for a "demonstration" gasification plant. The agency, however, turned down the plan.

In Cheyenne, Richard Moore of the Wyoming Industrial Siting Administration said the gasification facility, if built, would be comparable in size to a 1,500-megawatt power plant. It would, however, require a substantially larger workforce.

Masson said the gasification plant would be built and operated by Transwestern. Its capacity would be between 100 million and 250 million cubic feet a day.

"In addition to supplying the water and operating a mine to supply the coal, Texaco has an option to participate by up to one-third ownership of the gasification plant," Masson said.

## Biggest since Stalin

# Dissidents on trial

**United Press International**  
PRAGUE, Czechoslovakia — Authorities ignored protests from the United States and Western Europe Tuesday and pushed ahead with one of the biggest political show trials in the Communist bloc since the Stalinist era.

The trial of six prominent signers of the Charter 77 human rights manifesto entered its third day Tuesday, with four men and two women charged with "subversion of the state abetted by a foreign agent" — identified as the CIA.

The six, arrested in simultaneous police raids May 29, face sentences of between two and 10 years in prison. The verdicts are expected Thursday.

WHEN THE TRIAL began Monday, a tight chain of security guards barred diplomats from the United States, Britain, Canada, West Germany, Holland and Italy, journalists and a representative of Amnesty International from the courtroom.

The opening of the trial sparked protests from the governments of many Western European nations, the head of the European Parliament and the Communist parties of France and Italy.

A trial of such a large group of political dissidents has not been seen in the Communist world since the purges of the Stalinist years.

In Washington, a State Department spokesman said Monday, "We deplore the arrest of this group and their trial for exercising their legitimate human rights."

THE SPOKESMAN SAID the United States has expressed its concern about the trial directly to the government of Czechoslovakia, most recently last week in diplomatic contact.

"We understand four or five other persons will also be brought to trial" in Czechoslovakia on similar charges, the spokesman said.

More than 100 fellow dissidents gathered outside the courthouse, under the scrutiny of plainclothesmen, to show their solidarity with the accused.

The defendants include Czechoslovakia's most noted playwright Vaclav Havel, 43, Jiri Deinstbier, before 1968 the nation's most popular radio broadcaster, Peter Uhl, 39, an economist and Vaclav Benda, 33.

THE WOMEN ARE Dana Nemcova, 46, a psychologist and Otta Bednarova, 52, a former television journalist who until her arrest was working as a cleaning woman.

Only close relatives of the defendants were allowed to attend the proceedings, but they were threatened with prosecution if they revealed details of the "secret" trial to those standing vigil outside.

Anna Uhl, wife of defendant Uhl and the daughter of jailed Charter 77 activist Jaroslav Sabata, was dragged from the courtroom shortly after the trial began when she insisted on taking notes of the proceedings. Dissident sources said she and the unidentified wife of another defendant have been placed under arrest.

Defense sources said the indictment referred to articles the defendants smuggled to exile publications — newspapers and magazines the government charges are financed by the CIA.

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MANOR EAST 3  
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9:35  
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3:20  
ALSO 9:15  
"10" R  
9:15 make you gasp...  
FRI-SAT. "LAST HOUSE ON THE LEFT II"  
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