



How it saves

FEDERAL TAX savings to be realized under the new law vary greatly for Americans, depending upon annual incomes. This graph projects reduction for each of the

three years of the law for average middle-income families, based on one-income married couple with two dependents.

Hansen asserts Reagan economic plan working

By BEN J. PLASTINO
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Rep. George V. Hansen, R-Idaho, said in a newsletter sent to constituents that President Reagan has turned America around in the way of reduced inflation, interest rates, budgets, taxes and regulation.

He noted that withholding tax was cut by 5 percent on Oct. 1 at start of the new federal fiscal year, as result of the tax bill Congress passed earlier this year.

Hansen pointed he was one of the members of he bipartisan coalition that joined together to pass the sweeping tax reform bill by a 238-195 vote in the House.

The key provisions, he said, is the 25 percent across-the board reduction in tax rates. This includes 5 percent for this year and 10 percent for each of the following two years.

"American taxpayers earning between \$5,000 and \$50,000 per year who now pay 67 percent of the personal income taxes collected by the Internal Revenue Service will receive 70 percent of the tax savings," he said.

(A chart of the annual tax savings accompanies this story.)

Hansen said during the four years before Reagan become president, interest rates moved from less than 7 percent to 21.5 percent and inflation rose from 5 to 13 percent, with surges even higher.

"In addition, over-regulation and over-endorsement added alarming personal costs to a scandalous tax burden," he said.

In just 10 months, said Hansen, Reagan has significantly reduced inflation, taxes and unemployment, while launching monumental fiscal and regulatory reform programs. The frustrating high interests have now dropped to 17 percent with signs pointing to a continued downward trend, he added.

"The most devastating problem we have had to contend with is the trend of federal borrowing—from 3 percent of the nation's total 15 years ago—to 10 percent five year ago and now 35 percent a year," he said. "Uncle Hog" had been squeezing the private sector right out of business with tight money and high interest rates.

"To make matters worse, the large private corporations have moved to protect themselves through their own massive borrowing power in a rash of multi-billion dollar mergers which further impact the nation's borrowing market without any real increase in productivity.

"This has left the family-sized farms and businesses to absorb the major financial burden in terms of stagnation and bankruptcy resulting from an impossible credit market and outrageously high interest rate."

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