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# Stanley D. Crow

3776 LaFontana Way  
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December 13, 1984

The Honorable James A. Baker III,  
Chief of Staff and Assistant to the President  
The White House  
1600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20500

Dear Mr. Baker:

I urge you to oppose the Treasury Department's recent tax reform proposal. If the proposal became law, capital formation would suffer severely, and "stagflation" might well return.

The central problem with the proposal is that within the guise of "reform" it would shift the burden of taxation substantially from individuals to businesses and thereby reverse the effect of the 1981 tax cut--the very tax cut that restored prosperity. It is pure foolishness for the Reagan Administration so quickly to toss aside its mandate for growth.

At a minimum, the 1981 tax cut should be preserved. But if the Administration really wanted to see rapid growth continue, it would go the opposite direction of the Treasury Department's proposal; it would reduce taxes on business even further. If we had a true flat tax on individuals and no tax on business, our nation would enjoy unprecedented economic growth, high employment, increases in productivity, and a reducing federal deficit.

Your public opposition to the Treasury Department's tax proposal will be appreciated.

Sincerely,



STANLEY D. CROW

H. F. MAGNUSON COMPANY

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WALLACE, IDAHO 83873

208 782-1131

January 2, 1985

Mr. James A. Baker III  
Chief of Staff and Assistant to the President  
White House  
Washington, D. C.

Dear Mr. Baker:

I am writing you regarding the economic conditions which face Idaho and much of our western states. The agricultural industry is depressed. The timber and mining industries are a disaster. The economic programs pursued by ~~the~~ this Administration are helping some areas of our country, but are certainly not beneficial to the natural resource states and to the agricultural states.

I do not know what it will take to improve the condition in our mining and timber industries. Obviously, it will require a drop in interest rates and a further drop in what we have experienced.

We also need steps to relieve the pressure of foreign imports. The decline in the dollar would be helpful. All I know is that the problems are serious and ones that require serious action on the part of the Administration.

At this time the Administration is formulating its plans with respect to the revisions of the income tax laws. I would be inclined to go very slow and not make any drastic changes. The state of our economic health has already been discouraged by the new tax proposals.

I respectfully suggest that you leave the tax laws as they are. More importantly, I suggest that you get on with the program of cutting the deficit. In this connection, I would suggest you freeze all levels of expenditures, including the Defense Department and Social Security and entitlement programs at their present levels and continue to maintain this freeze until such time as the deficit has been eliminated. Under such an approach, all parties would share equally and this is the only practical way that you are going to get any political action.

Mr. James A. Baker III

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January 2, 1985

In view of the gravity of the situation, I urge that you give this matter serious attention and move ahead on this basis.

Thank you.

Yours sincerely,

*H. F. Magnuson*

H. F. Magnuson

HFM:ed