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RAISING TAXES WON'T REDUCE DEFICITS

Ronald Reagan's landslide victory in last November's election should have laid to rest the number-one point of controversy between the two Presidential candidates. But the national media have been trying to make us believe something different.

Walter Mondale pitched his political sales appeal on the horror of the Federal deficit and his "solution": raise taxes. The American voters responded with a ho-hum about the deficit and an emphatic No about raising taxes.

Ronald Reagan pitched his political sales appeal on a promise NOT to raise taxes and the demonstrated proof that Reaganomics works; it produced low inflation, lower interest rates, and lower unemployment. The voters said a hearty Amen.

As soon as Congress returned from its August recess, we started to see a steady stream of politicians on the TV news telling us that the voters are not interested in tax reform. To any extent that may be true, which is doubtful, it is because TV newscasts have used up so many minutes reporting about street brawls 8,773 miles away in South Africa that there has been no time left to explain to the voters that Reagan's tax reform means raising the tax exemption for every taxpayer and all dependents from $1,000 to $2,000 per year. It is ridiculous to say that people aren't interested in that.

Concealing from the American people how much money Reagan's tax reform will put into their pockets enables those who want to raise taxes to cry "wolf, wolf" about the deficit and then offer a tax increase as the "solution." Of course deficits are bad, but raising taxes is even worse because raising taxes means increasing Federal spending.

Unfortunately, although the rate of Federal spending growth has been slowed under the Reagan Administration, the cycle of tax and tax, spend and spend, has continued. In fiscal year 1981, Federal revenues were $599.3 billion. By 1988, they are expected to rise to $935.9 billion, an increase of 56%.

Likewise, Federal expenditures between 1981 and 1988 are projected to grow from $678.2 billion to $1,058.5 billion. It's not coincidental that this also shows a 56%

increase. These parallel figures tell us that, when Federal revenues increase, spending increases, too.

Both spending and taxes will probably continue to rise at a rate three percent above inflation. Don't blame the Pentagon for this spending spiral; only one-third of the spending increase is for defense.

Despite this continuing increase in taxing and spending by the Federal Government, some people still argue that we should tax our way out of the deficit. Hard experience has taught us that any new taxes would not be used to reduce the deficit, but would merely allow spending programs to increase faster.

The first effort of the tax-and-spend crowd was to try to get the President to accept oil import fees. Fortunately, the President didn't take this bait.

The next effort of the tax-and-spend group is a "Value Added Tax" (VAT) which is part of the Superfund bill. This would, for the first time in our history, impose a Federal sales tax on manufactured goods.

The VAT sponsors think this new tax would be palatable because consumers would be largely unaware that the tax was being imposed; it would be paid at the time the manufacturer sells the product to the wholesaler. Of course, the consumer would ultimately pay the cost of this tax increase.

As a hidden tax, the VAT would be an open invitation to Congress to increase taxes again and again. Leaks from the Senate Budget Committee indicate that VAT increases are being planned even before it is enacted.

In Austria, where the VAT was introduced at 3%, it is now up to 18%. Between 1967 and 1980, Denmark's VAT increased from 10% to 22%. Sweden's VAT soared from 11.1% to 23.5% between 1969 and 1980.

During Reagan's first year in the White House, the President was persuaded to accept a $225 billion tax increase over five years in exchange for twice that amount in spending cuts. What happened? The tax increase was enacted, but the spending cuts were not, and Federal spending rose to use up the tax increase. Deficits went up, not down.

An old Indian proverb warns, "Pale face fool Indian once, shame on pale face. Pale face fool Indian twice, shame on Indian." Let's hope that the President will not again be tricked by those who promise to use tax increases to cut the deficit.