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VAT trial balloon will lead to ballooning spending

Peter Theron, candidate for the Wisconsin 2nd Congressional District, took aim at an Obama-administration trial balloon suggesting enacting a value-added tax(VAT), ostensibly to pay down the deficit. Theron stated, "The money generated by a VAT would not go to reducing the deficit or paying down our debt. Whenever any level of government gets a new source of funding, spending levels are immediately increased. The result is always more spending, never deficit reduction."

"Looking to Europe, we see that VAT is a very effective way of crippling an economy. The VAT mechanism hides the amount of taxation in the price of goods. It transfers large amounts of revenue from the private sector to the government. This starves the private sector of income. Countries with VAT have chronic problems with unemployment." Theron continued.

"Our debt is so large and our entitlement programs are so expansive, that we cannot tax our way to solvency. The only way that we can return to a government that our grandchildren can afford is to reduce spending and reform entitlements. The sooner we start, the less painful the change will be." said Theron.

"If the Administration desires to increase revenue, the proven course is permanently extending the Republican income and capital-gains tax cuts now set to expire in January 2011. When they were enacted, these tax cuts promoted economic growth and tax revenue grew. If they expire, the higher rates will inhibit economic growth and tax revenue will shrink." concluded Theron.

Peter Theron's website is: www.theronforcongress.com

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