

FOR IMMEDIATE RELEASE

CONTACT: John Kartch  
jkartch@atr.org  
202-785-0266

14 APRIL 2010

## Obama Allies Continue Laying VAT Groundwork

WASHINGTON, D.C.— Despite President Barack Obama’s [“firm pledge”](#) not to raise [“any form”](#) of taxes on families making less than \$250,000 per year, the President’s advisors and Democratic allies continue to float the creation of a Value-Added Tax (VAT). The timeline below illustrates the gradual introduction of the VAT into public discussion:

**May 27, 2009:** Over the Memorial Day recess, the White House refuses to rule out a VAT:

*“While we do not want to rule any credible idea in or out as we discuss the way forward with Congress, the VAT tax, in particular, is popular with academics but highly controversial with policymakers,”* said Kenneth Baer, a spokesman for White House Budget Director Peter Orszag. [\[Permalink\]](#)

**June 16, 2009:** House Ways and Means Committee Chairman Charlie Rangel (D-NY) floats a VAT to pay for health care.

*“It’s a point of discussion. To say there’s any consensus would be misleading.”*  
[\[Permalink\]](#)

**July 9, 2009:** Senate Finance Committee Democrats [float new tax ideas](#) for healthcare, including a 5% VAT.

**Sept. 25, 2009:** John Podesta—head of President Obama’s transition team, floats the VAT on Bloomberg Television’s “Political Capital with Al Hunt.”

*“There’s going to have to be revenue in this budget,”* said Podesta,

*A so-called consumption tax would “create a balance” with European and Japanese economies and “could potentially have a substantial effect on competitiveness,”* said Podesta.

*Podesta said such a tax may be regressive, but can be balanced by exempting some products and using “the money to support low-wage workers.”* [\[Permalink\]](#)

**Sept. 29, 2009:** Paul Volcker suggests a carbon tax and a VAT as a way to raise large amounts of revenue.

*“Those are the two big ones. I’d love to see the expenditures held in check so we don’t have to do that.”* [\[Permalink\]](#)

**Sept. 30, 2009:** The Center for American Progress—a group with White House ties—[releases a draft report](#) encouraging the Obama Administration to consider a VAT. The report concludes:

*"In all seriousness, responsible people know that additional revenue has to be part of the mix even if they believe in lower taxes in general."* [\[Permalink\]](#)

The White House [did not respond](#) to a Wall Street Journal reporter's requests for comment about the proposal.

**Oct. 1, 2009:** The Center for American Progress hosts a conference on national debt, where Roger Altman suggests a VAT could raise \$400 billion for financial markets. [\[Permalink\]](#)

**Feb. 19, 2010:** Erskine Bowles, co-chairman of Obama's deficit reduction commission, said:

*"A value-added tax -- I've looked at lots of them -- ought to be something that's on the table."* [\[Permalink\]](#)

**April 6, 2010:** Obama advisor Paul Volcker said a VAT is "not as toxic an idea" as it has been in the past and said:

*"If at the end of the day we need to raise taxes, we should raise taxes."* [\[Permalink\]](#)

**April 12, 2010:** Alice Rivlin, a member of Obama's deficit reduction commission, floats tax hikes as a possible solution:

*"We have to take action on the revenue side as well."* [\[Permalink\]](#)

*Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact John Kartch at (202) 785-0266 or by email at [jkartch@atr.org](mailto:jkartch@atr.org).*

###