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Obama Allies Continue Laying VAT Groundwork

Is the Obama White House giving support for a VAT behind the scenes?

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).

“It’s getting more and more obvious that President Obama and Democrats in Washington, D.C. are laying the groundwork for a VAT,” said ATR President Grover Norquist. **“Apparently not content with violating his tax promise several times during the healthcare reform debate, President Obama now wants to tax every purchase made by every American—including those earning less than \$250,000.”**

The timeline below illustrates the gradual introduction of the VAT into public discussion:

May 27: 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: 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: Senate Finance Committee Democrats [float new tax ideas](#) for healthcare, including a 5% VAT.

August 2: Appearing on ABC’s *This Week with George Stephanopoulos*, Treasury Secretary Tim Geithner refuses to rule out a pledge-breaking tax hike after being given several opportunities to do so:

“I think what the country needs to do is understand we’re going to have to do what it takes, we’re going to do what’s necessary.” [[Transcript](#)]

Meanwhile, on NBC’s *Meet the Press*, National Economic Council Director Larry Summers also refuses to rule out a tax hike:

“It is never a good idea to absolutely rule things out, no matter what.” [[Permalink](#)]

August 3, 2009: Questioned about the previous day's comments by Geithner and Summers, White House Spokesman Robert Gibbs reiterates Obama's tax pledge:

"I am reiterating the President's clear commitment in the clearest terms possible, that he's not raising taxes on those who make less than \$250,000 a year." [[Transcript](#)]

Sept. 25: 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: Paul Volcker, former Fed Chairman, 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: 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: 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](#)]

Oct. 2: At a forum sponsored by the *Atlantic* magazine and the Aspen Institute, Former Fed Chairman Alan Greenspan said a VAT should be considered to address deficits:

"I don't like the value-added tax, but it's the least worst way" to raise revenue. [[Permalink](#)]

Oct. 6: During an appearance on PBS's *The Charlie Rose Show*, House Speaker Nancy Pelosi said a VAT is on the table:

"Somewhere along the way, a value-added tax plays into this. Of course, we want to take down the healthcare cost, that's one part of it. But in the scheme of things, I think it's fair to look at a value-added tax as well." [[Permalink](#)]

Americans for Tax Reform maintains a Congressional “Anti-VAT Caucus.” It is comprised of 54 Congressmen and 4 Senators who are opposed to a value-added tax for America.

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.

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