

Knowing your interest in taxes and the economy, I wanted to share an opinion editorial I authored along with anti-tax leader Grover Norquist, president of Americans for Tax Reform, voicing opposition to the [value-added tax](#). It appeared in today's *Investor's Business Daily*. I believe imposing this hidden tax to fund a massive government expansion would be devastating to U.S. families and our economy, and should be resoundingly rejected. As we write in the piece, imposing a VAT would only fuel more government spending, creating a "double assault on our future economic prosperity."

VAT Should Be Taken Off Table ASAP

By [REP. WALLY HERGER AND GROVER NORQUIST](#)

May 28, 2010, *Investor's Business Daily*

<http://www.investors.com/NewsAndAnalysis/Article/535642/201005271815/VAT-Should-Be-Taken-Off-Table-ASAP.aspx>

In the midst of massive spending and the largest expansion of the federal government in decades, President Obama has created a Debt Commission to get our nation's fiscal house back in order.

The irony of the president's action is noteworthy, but he does have good reason for concern. The fiscal year 2010 deficit is expected to approach \$1.6 trillion. Under his budget, it won't go lower than \$700 billion over the next 10 years.

Adding up all of the annual deficits, the national debt will more than double by the time today's newborns reach just the fifth grade.

Many in Washington believe the solution to this problem is to raise taxes. Certainly, we must confront the national debt with urgency, but a cycle of higher spending and higher taxes would be a double assault on our future economic prosperity.

Increasing our tax burden would further undermine all facets of the economy — consumption, savings, investment, entrepreneurship and job creation — at the same time we are struggling to return to prosperity.

Unfortunately, President Obama has already broken his "firm pledge" not to raise any form of taxes on families making less than \$250,000 per year. The government takeover of health care included 19 separate tax increases. The new taxes total \$569 billion, the largest tax increase in American history, and that doesn't begin to cover the true cost of this huge new entitlement.

The president will need new revenue streams to continue this federal expansion. It's no surprise that his administration has begun laying the groundwork to impose a European-style Value Added Tax, or VAT, on the American people.

The president has refused to take it off the table, and his economic advisor, Paul Volcker, has argued that "a value-added tax (is) not as toxic an idea as it had been in the past." House Speaker Nancy Pelosi and Senate Budget Committee Chairman Kent Conrad have also said that Congress should consider a VAT.

As the chairman of the House "Anti-VAT Caucus" and president of a taxpayer group, respectively, we are deeply concerned about a VAT's negative impact on our economy and alarmed by the comments coming from the White House and Democratic leaders in Congress.

The VAT is a hidden tax collected at each stage of production of goods and services. This isn't like our current sales tax system. You can see that directly on the receipt and you know exactly what you're paying. But the VAT is embedded in the final cost of goods and services purchased by consumers.

For example, in the case of an automobile, the company that supplies the raw materials, the company that manufactures the individual parts, and the company that assembles the vehicle itself would each be charged the VAT. The VAT would also be imposed on the dealer who sells the car. Ultimately, the cost would be passed on to the consumer, creating a massive new tax on American families.

We simply need to look across the Atlantic to see the future of our economy if we implement a VAT. Although it began as a small sales tax with a 5% average rate in the late 1960s, today the average European VAT rate has skyrocketed to 20%.

Over this time, deficits were higher in Europe than the United States, while job creation and economic growth in European nations lagged substantially behind our nation's economic performance. Importantly, other taxes in Europe have increased along with the VAT.

It would be naïve and foolish to anticipate anything different in our nation. The reason is simple — taxing and spending begets more taxing and spending.

For these reasons, more than 100 members of the House Republican Conference have sponsored a resolution to express the sense of the House that instituting a European-style VAT on top of the current U.S. tax code would be devastating to our economy and would hurt job creation and working families.

The Senate has already passed a similar measure by an emphatic vote of 85 to 13. Speaker Pelosi should schedule a vote on this resolution so members of the People's House can take a stand on the VAT. The Debt Commission should also categorically reject the VAT as it prepares recommendations on reducing the national debt.

The root of our debt crisis can't be solved by raising taxes. A VAT would simply give Washington access to more and more of the American people's money, feeding the same tax-and-spend cycle that has created the alarming deficits we see today.

Congress should reject this tax given the majority's track record on spending. Instead, the House and Senate need to pursue the real solution — cutting spending and living within our means to put our economy back on stable footing and ensure a better future for our children and grandchildren.

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