

## **Value-added tax wrong medicine for ailing economy**

By Rep. Leonard Lance  
April 12, 2010

If President Obama is serious about working with Congress to reduce federal spending and put our Nation on a glide path toward fiscal discipline, he must reject a European-style value-added tax (VAT) that was recently suggested by his senior White House economic adviser Paul Volcker.

Just last week, I led the effort with a group of House Republicans in sending a letter to the President expressing our opposition to a VAT.

We took this action in a direct response to press reports that Mr. Volcker suggested instituting a European-style value-added tax here in the United States in order to bring federal deficits under control. We strenuously oppose this approach.

Nearly every member of Congress shares Mr. Volcker's concerns with the size of the federal deficit and supports returning our nation to a path of fiscal responsibility.

However, Republicans know that raising taxes will only result in additional hardships for America's families and job-creating small businesses.

In our letter to President Obama, we Republicans wrote: "This tax-and-spend economic policy is the wrong medicine for our ailing economy and will do little to get our deficits under control over the long-term."

The timing of Mr. Volcker's comments could not come at a worse time. This week millions of Americans will file their annual federal income taxes by April 15 – Tax Day.

In my home state of New Jersey, Garden State residents will pay some of the Nation's highest taxes. My constituents overwhelmingly believe that we pay too much – not too little – in federal taxes. The VAT is just another stealthy federal tax.

What's most concerning about Mr. Volcker's comments is they come on the heels of recent tax increases that were included in the new health care law as well as expected action on the President's budget which would eliminate many of the 2001 and 2003 tax cuts and raise taxes on millions of Americans.

Since President Obama took office in January 2009 non-defense discretionary spending has increased by more than 84 percent while the Nation's debt is fast approaching the \$13 trillion mark.

While Congress and the President clearly must get serious about reducing our record debt and deficits, we must do so by cutting spending first, not adding more taxes onto the backs of the American taxpayers.

President Obama must publicly reject a European-style value-added tax and instead work with Congress to reduce federal spending and put our Nation on a glide path toward real debt reduction without increasing taxes on the American people.