



Written by [Joe Wolverton, II, J.D.](#) on November 30, 2009

Congress Prepared to Embrace VAT to Fund Gov't. Growth

President Obama instructed Senate Majority Leader Harry Reid (D-Nev.) to deliver to his desk a comprehensive overhaul of the healthcare system in America and make it happen for under \$900 billion. No sooner had the roll been called in the Senate chamber and the requisite 60 votes counted, Senator Reid was crowing about how his package came in under the budget set by the president. At the unveiling of his legislation, Reid was quick to point to the bill's bottom line: \$849 billion. That gives the President about \$51 billion in change.



A closer inspection of the timetables written into the bill reveals that the budget conforming numbers just don't add up. According to tallies conducted by studious readers of the legislation, the biggest expenditures mandated by the various provisions of the bill don't kick in until 2014 — and when those outlays are added to those of the first three years, then the actual total cost of “free” health care is a eye-popping and budget-busting \$1.8 trillion!

This figure is not quite the deficit-friendly figure being touted by advocates of the health care restructuring. In fact, in order to pay for a social program of such unprecedented size, scope, and cost, there will have to be deeper wells dug into the already eroding soil of the American middle class. The taxes will undoubtedly be hidden as cleverly as possible in payroll tax increases and one version or another of a national sales tax. One such proposal is gaining momentum among partisans chomping at the bit to enact a socialized health care scheme.

The most popular revenue-raising idea is the value added tax (VAT). Typically, the VAT is a consumption tax levied on the amount of value added to the value of goods and services. Such an “invisible sales tax on goods and services” is standard operating procedure in Europe. In fact, in France, recent budget figures reported by the French Minister of the Economy reveals that the VAT accounts for over half of that nation's revenue. Now many Americans inexplicably enthusiastic to import European social engineering to the United States are lauding the benefits of the VAT. In May, a spokesman for President Obama's Office of Management and Budget called the VAT a “credible idea” and refused to rule it out as a viable option for raising the money necessary to fund the scores of new bureaucracies that will oversee the growth of government.

Others have added their voices to the pro-VAT chorus. House Ways and Means Committee Chairman Charles Rangel recently mused that the VAT should become a “point of discussion” in Congress as a new and rich vein that has yet to be tapped. John Podesta, Obama transition team leader said the VAT would “create a balance” in a budget that will soon, despite rosy reports, will soon be strapped for cash. Paul Volcker recently commented that the only tax better than the establishment of a VAT would be a VAT compounded with a carbon tax. Speaker of the House Nancy Pelosi (D-Cal.) knows just how much this health care behemoth will cost, so she chimed in with “somewhere along the way, a value added tax plays into this.”



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Apparently, while congressmen and Obama cohorts are eager to throw their arms around a costly European-style “tax big and spend bigger” agenda, their constituents are less fond of the fiscal habits of their continental cousins. A recent poll conducted by the Rasmussen Reports revealed that 53 percent of respondents expressed serious trepidation that their representatives in Washington are going to over-react to the current economic crisis and try and follow their traditional tack of spending their way to prosperity.

Regardless of the genuine fears felt by a majority Americans, partisans in the House and Senate will not be dissuaded and they are doggedly determined to midwife a \$1 trillion bundle of joy and present it to President Obama for his blessing before the end of the year.

Photo of VAT protest in the Philippines: AP Images



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