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Obama's VAT Trial Balloon Dusts Off Bill Clinton's 1993 Playbook

VAT trial balloon also floated by President Clinton in 1993 to pay for government run health care

WASHINGTON, D.C. — When it comes to finding a way to finance government-run health care, the administration of Barack Obama is floating a VAT trial balloon echoing that of President Bill Clinton in 1993.

The Obama administration's VAT trial balloon is being floated by Kenneth Baer, spokesman for Obama Budget Director Peter Orszag, who was quoted in the [Washington Post](#) on Wednesday as saying a VAT is "*unlikely to be in the mix*" **but did not rule it out**, despite Obama's central campaign [promise](#) not to raise taxes on families making less than \$250,000: "*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.*"

In April of 1993, newly inaugurated President Clinton was exploring ways to pay for government health care plan, including a VAT, as noted at the time in the St. Louis Post-Dispatch:

Trial balloons wafting over Washington say the administration may be considering a value-added tax - VAT for short - to fund universal health care coverage. And President Bill Clinton himself is keeping the balloons aloft. "There are all kinds of arguments for it on policy grounds," Clinton said Friday at a press conference. Clinton said he hadn't decided to include a VAT in his health care plan. But he said he didn't mind the fact that two top administration officials said they liked the idea. "We've had a lot of people from business and labor come to us saying they thought that that tax would help make their particular industries more competitive in the global economy," Clinton told a reporter, who implied that the aides were speaking out of turn. (*Gallagher, J. (1993, April 25). Clinton Stirs a VAT; New Tax Enters Health Debate. St. Louis Post-Dispatch.*)

"The people closest to Obama seem to believe he wasn't telling the truth when he promised not to raise taxes on those making less than \$250,000," said Grover Norquist, president of Americans for Tax Reform. **"Otherwise they would have outright rejected the mere mention of a VAT, a tax that would be paid by all Americans."**

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 jkartch@atr.org.

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