

Congressman Mike Pence discussed the ramifications of a value-added tax, the pitfalls of a bailout for Greece, and the nomination of Elena Kagan on the FoxNews show "On The Record."

Transcript:

GRETA VAN SUSTEREN, FOX NEWS HOST: I understand the GOP leadership here on the House side is writing a letter to the debt commission, the president's debt commission. Why are you doing this? What do you want?

PENCE: Well, we really want to put down a marker that the answer during the worst economy in 25 years is not to raise taxes on working families, small businesses and family farms, and it's especially not the right answer to pass a European-style value-added tax, as has been rumored by people in and around the administration. And House Republican leaders are -- along with the majority of our colleagues, are going to urge the debt commission to take the VAT off the table.

VAN SUSTEREN: Well, has the president ever specifically said it is on the table or off the table?

PENCE: Well, he hasn't specifically said either one. We've heard very influential economic voices in and around the administration talking about the fact that everything is on the table for the so-called...

VAN SUSTEREN: And even Paul Volcker said something.

PENCE: ... debt commission. Well, Paul Volcker specifically referred to a value-added tax. And we just really believe with the disappointing numbers last Friday -- despite some additional job

growth in the economy, we saw unemployment rise from 9.7 percent to 9.9 percent -- that this is a time when the administration, and specifically this debt commission, ought to make it clear to the American people and clear to the wider world that the VAT has no place in America's budgetary future.

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VAN SUSTEREN: Well, it's abundantly clear, I mean, it's no secret that we have a huge economic problem, we need cash. The government needs cash. Now, the value-added tax I understand was at least part of the -- what's -- what's going on in Greece. Greece attempted a -- has had a value-added tax in an effort to solve their economic problems, and it's been at least catastrophic. Are they pulling back on it in Europe?

PENCE: Well, we'll see. I mean, the approach that this administration and the European Union is taking is the same flawed approach we took to our Wall Street crisis a year-and-a-half ago. It's more borrowing, more spending, more bail-outs.

But when you look at the role of a VAT, during the years that Greece saw an extraordinary explosion in their domestic spending and their debt to the size of their economy, they had a 19 percent value-added tax in place. Most of the countries in Europe that are facing a fiscal budgetary crisis today have a value-added tax at the center.

And it's easy to understand why it becomes a problem. The value-added tax is in a very real sense a hidden tax. It taxes along the way the transaction of goods even in the midst of the manufacturing process. And so for many companies -- or countries, rather, they can start with a fairly low value-added tax and then raise it without much public scrutiny. And then it tends to just simply feed the beast of more government and more spending.

We really believe a value-added tax in Europe was a major contributing factor to the fiscal crisis in Greece and Spain, in other countries, and we simply need to take it off the table here in the United States.

VAN SUSTEREN: Well, I suppose that, you know, some would be more inclined to look at with it favor if any of the economies that had the value-added tax were thriving, although, of course, even -- we don't have the value-added tax and we're having problems. But let me go to Greece

specifically. The European Union is bailing out Greece. Do we have -- or -- and the IMF -- do we have to pick up any of that freight, American taxpayers?

PENCE: We really do. The American people deserve to know that the deal that was cut to bail out Greece includes between \$6 billion and \$8 billion in American taxpayer loan guarantees. And the massive new bail-out, the \$1 trillion bail-out that's being discussed for across the eurozone, would include more than \$50 billion in U.S. taxpayer money in loan guarantees.

Look, we're not looking to the European Union to bail out New Jersey or California. The European Union should not be looking to the taxpayers of the United States of America to provide the loan guarantees to bail out Greece or Portugal or Spain or any other country.

VAN SUSTEREN: All right, on another flip topic, you have been critical of the president's nominee for the United States Supreme Court, comparing her to Harriet Miers. Why?

PENCE: Well, look, you know, as I look at -- at the president's nominee to the Supreme Court, I don't see very much difference between this nominee and Harriet Miers. Both of them...

VAN SUSTEREN: No one ever gave -- no one ever gave Harriet Miers a chance. She never got a hearing! There was...

PENCE: Well...

VAN SUSTEREN: I mean -- I mean, that was part of the problem.

PENCE: The criticism -- right. Greta, the criticism on Harriet Miers, for good or for ill, a criticism that was sustained by the American public, was that she was a political lawyer for the administration.

VAN SUSTEREN: But we haven't...

PENCE: She had no judicial background whatsoever.

VAN SUSTEREN: But in fairness to her, you know -- you know, I always thought it was abundantly unfair she never got a shot even to be heard. I don't know if that's a fair criticism or not, but no one bothered to even give her a hearing so she could be heard.

PENCE: Well, let me tell you. Look, we're talking -- like I'm telling Greta Van Susteren anything about the Supreme Court. We're talking about lifetime appointments. The American people, we believe -- and I think the Harriet Miers nomination proved the American people expect that there will be nominees presented by administrations and by presidents who have a record, or at least who have a career of experience where we can determine their judicial philosophy, determine their judicial temperament. And quite frankly, the president's nominee has all the qualifications of Harriet Miers, and I think and hope and trust will have the same reception that she got.