consumption, you end up taxing in-
income. When you tax income, but when they’re dif-
ferent, it’s because the volatility of the
economy, instead of taxing the in-
come, will grow it:
Mr. Speaker, every dollar we can
spend it. I don’t want to spend it. I
wish we wouldn’t. And I’m going to
tax “no,” but I’m going to lose.
If you tax something that’s volatile,
in the boom years, the money comes
pouring in. Do you think we save it for
a rainy day? We don’t. We spend it. And
then when the down year comes,
fleds are accustomed to a high spend-
ing level. What do we do? We borrow it
from our children and our grand-
children and spend it anew.
Having a stable income stream that
doesn’t have the highs and doesn’t have
the lows will lead to a better Federal
budgeting process. And taxing con-
sumption, which is what we take out of
the economy, instead of taxing the in-
come, which is what we put into the
economy, will grow it.
Mr. Speaker, a few years ago, the
Joint Tax Committee here did a study
and said, How would we evaluate con-
sumption tax? We don’t even have a
model for it. How would we do it if we
did away with the income tax and
brought in the consumption tax? They
brought in economic groups from the
left and the right. Of course they dis-
agreed about absolutely everything,
those groups from the left to the right,
all the way across the spectrum, except
for one thing, Mr. Speaker. Every sin-
gle economic model and group agreed
that if we moved to a consumption tax
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those groups from the left to the right,
all the way across the spectrum, except
for one thing, Mr. Speaker. Every sin-
gle economic model and group agreed
that if we moved to a consumption tax
from today’s income tax, America’s
economy would grow faster.
Mr. Speaker, every dollar we can
grow, every job we can create, they
matter today. And I encourage folks to
take a look at H.R. 25, the Fair Tax, as
a mechanism for making that happen.
Mr. Speaker, when I go to speak to
tax is the power to destroy.
Mr. Speaker, when I go to speak to
high school students, I say, okay, I’ve
got a $20-an-hour job working in my
congressional office. Who wants to
come work for me? Everybody raises
their hand. I said, I’m going to need to
tax you about $18 an hour on that, so
you’re only going to get to take home
1. Who wants to come work for me?
And all the hands go down. The hands
go down because they don’t want to
work for $1 an hour. They want to keep
what they earn.
I have a proposal that is the most
widely cosponsored fundamental tax
reform proposal in either the House or
the Senate, and it’s called the Fair Tax.
Mr. Speaker, I will be voting for the
Fair Tax. I will be voting for the Fair Tax.
And I have the great pleasure of work-
ing with so many of my colleagues to
push that bill forward. It abolishes the
income tax in favor of a consumption
tax.
Now, when we’re in a tough economy
like this, folks say, But Rob, I’m cut-
ting back on my consumption. Would
we still be able to bring in the revenue
that we need with a consumption tax?
Well, I bring charts. What you see here
in this line is personal consump-
tion, and what you see in the red line
is personal income. The red line rep-
resents what we take in the income tax,
and the blue line represents what we
would tax in the consumption tax. And
what you see are two things. Number one,
they are roughly the same—roughly
the same.
Yes, we can tax consumption and
bring in the same revenue we get today
by taxing income, but when they’re dif-
ferent, it’s because the volatility of the
income is greater than the volatility of
consumption. When you tax income, all
you get to tax is income. When you tax
consumption, you end up taxing in-
come, plus savings people are spending,
plus borrowing that they’re doing. It’s
a much more stable tax.
Why is that important? Mr. Speaker,
what you know in your time here in
the House, as I know from my time
here in the House, is that if you give
this House more money, we’re going to
spend it. I don’t want to spend it. I
wish we wouldn’t. And I’m going to
vote “no,” but I’m going to lose.
If you tax something that’s volatile,
in the boom years, the money comes
pouring in. Do you think we save it for
a rainy day? We don’t. We spend it. And
then when the down year comes,
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