



Washington Examiner

GOP fault lines appear as some press for more relief while others demand a spending pause

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May 21, 2020

Cracks are appearing in the Senate Republican wall against a new phase of massive economic relief spending, as populist conservatives and vulnerable incumbents begin to clamor for a new round of legislative action while leadership counsels patience.

The consensus GOP position, with the White House's blessing, remains putting such plans on "pause." Many Republican senators want to evaluate the impact of the vast sums of money they have already agreed to spend in four previous bills, trillions of dollars, and see how the economic reopening progresses. There is also widespread reluctance to advance House spending measures viewed as simply funding Democratic priorities that lack liability reforms for reopening businesses, a GOP priority.

But as Democrats attack the Republican-controlled Senate as a "legislative graveyard" and jobless claims mount, some in the GOP are growing impatient. "It's maddening to be talking about a 'pause' when we know something is eventually going to pass," said one aide. "We could be passing our own bills on our own terms, getting people back to work."

Sen. Marco Rubio of Florida has become a major booster of the Paycheck Protection Program, which offers loans to small businesses decimated by the outbreak, and which he is seeking to extend. Sen. Mitt Romney of Utah has been pressing his colleagues to be more generous with relief for state governments, once wielding a bar graph with an un-Romney-like headline: "Blue states aren't the only ones who are screwed."

One of the most ambitious proposals is a bid by Sen. Josh Hawley of Missouri to subsidize business payrolls federally throughout the pandemic. Its centerpiece is a refundable payroll tax rebate covering 80% of employer payroll costs, up to the national median wage. Sen. Cory Gardner of Colorado, who faces a tough reelection race this fall, signed on to Hawley's "Rehire America" plan last week.

"Because the government has taken the step of closing the economy to protect public health, Congress should in turn protect every single job in this country for the duration of this crisis," Hawley wrote in the *Washington Post* last month. "And Congress should help our businesses

rehire every worker who has already lost a job because of the coronavirus.” Reagan-era supply-side evangelist Art Laffer, who is close to the Trump White House, endorsed Hawley’s approach.

President Trump favors a payroll tax cut, something economic adviser Larry Kudlow reiterated on Tuesday despite a seeming bipartisan lack of enthusiasm for the idea on Capitol Hill. “We want to help people reinvest in the economy, and then we have offered a payroll tax holiday so that you can come back to work. Those folks will get a higher after-tax wage of 7.6% higher,” Kudlow told reporters.

“I think one of the really striking things about the political response to the pandemic has been the extent to which leadership has shifted to the group of Republican senators willing to think creatively about economic challenges,” said Oren Cass, executive director of American Compass, a Washington, D.C.-based think tank. “Sen. Hawley, along with Rubio, [Sen. Tom] Cotton, and Romney, have been at the forefront of just about every innovative proposal — PPP, checks to households, China, hazard pay. By contrast, members of the caucus who are most committed to the standard GOP playbook have found that if the solution isn’t a tax cut, they just don’t have much to offer. Or in some cases, they just try to propose tax cuts anyway.”

These proposals are not without critics, however. “Sen. Hawley makes the same mistake as the political Left in assuming that blunt planning attempts by Washington can solve problems better than markets,” said the Cato Institute’s Chris Edwards. “He wants more onshoring of production back to America from China, but that will happen automatically as U.S. corporations now perceive higher risks from the communist regime going forward. Even without any policy actions, U.S. supply chains will likely be moving to friendlier countries such as India and back to America.”

Bipartisan compromise remains a long way off. “I’m not going to support the Democrats’ giveaway to lobbyists and to lawyers and to politicians,” Hawley told a local news station. “Three trillion dollars to politicians and blue states is not what we need right now. What we need is a focus on jobs.”

“Conservatives have to apply their principles to modern challenges, not just repeat the proposals that emerged from such a process decades ago,” Cass said. “The policymakers who are able and willing to do that will be the future leaders of the right-of-center.”