

THE PARTY THEY'LL GET, NOT THE PARTY THEY WANT

For the business community, the news that President Biden is considering the first major tax increase since 1993 was probably unsurprising. And maybe not so troubling, given that it will be difficult to pass in a nearly evenly divided Congress. But when that news is juxtaposed to Sen. Roy Blunt's (R-MO) recently announced retirement, it might be time for concern.

The reason is straightforward: Blunt's retirement, along with Senators Portman (R-OH), Burr (R-NC), Shelby (R-AL), and Toomey (R-PA) creates greater political space for the GOP's younger, insurgent populists to flex their muscles. This suggests, among other things, trouble ahead for the tried-and-true coalition of Republicans and corporate America—and the issues they care about.

For decades, that coalition reliably fought what they viewed as big government, anti-free-market policies. Along with conservative talk radio and think tanks, it comprised the heart of the GOP. At least on some issues, this union will likely endure for the policy fights ahead. But evidence suggests an unraveling is coming. GOP populists in Congress are often frustrated by (in their view) woke CEOs embracing avant-garde social agendas. The upshot, especially for policy, is a party increasingly unwilling to listen simultaneously to corporate priorities on, say, tax and trade policy, alongside their CEOs latest cultural forays.

What does that mean for tax policy, and much else? For one thing, a party that once made cutting corporate income taxes a standard policy trope may be fading from view. Trump may be out of office, but his legacy, which GOP members indelibly embraced through letters, press releases, votes, and op-eds, lives on. In good measure thanks to Trump (and his U.S. Trade Representative, Bob Lighthizer), the GOP no longer accepts the inevitable tradeoffs of free trade and globalization.

Moreover, supply-side orthodoxy, especially on spending and taxes, no longer commands the reflexive support it once did. This is not to say that Republicans favor more spending or higher taxes across the board. But for the populist GOP, "America First" is about putting the "American worker" before those concerned about corporate bottom lines.

Longtime GOP leaders such as Sen. Blunt (think also of former Speakers Boehner and Ryan) have been squarely within the GOP's mainstream. They represented a solid core of the party's business-minded establishment, which enjoyed considerable influence over the party's major economic and financial concerns. But the nation's political, economic, and cultural landscape has rapidly, and radically, changed underneath them. A younger generation of GOP leaders-in-waiting has seized on these changes and their implications for the party's future.

Where one sits on the political spectrum has reliably been determined by class. As these new leaders see it, that seat for Republicans is no longer "the country club." And with the party in thrall to former President

Trump, and a conservative base feeling besieged by cancel culture, congressional Republicans are responding to constituents' grievances about a country they don't recognize. These members are growing not just in number, but in influence.

Conservative radio host Hugh Hewitt last week issued a remarkable broadside against the U.S. Chamber of Commerce, in which he tweeted, "The embrace of Democrats in campaigns failed, betraying its members and its legacy. Time to revolt Main Street. It's the Chamber of Beltway Buddies, not Commerce." Note here that Hewitt is not a right-wing firebrand, but a sober-minded member of the GOP's establishment and a regular commentator on Meet the Press. He is conservative, no doubt, but not in league with Sean Hannity, Dan Bongino, or Mark Levin. He may have offended NBC's corporate sponsors, but he was also playing to his listeners' views. That he is playing at all suggests something is afoot.

The corporate-Main Street divide may have been a convenient cliché invoked by both parties to strike a populist note. But for the GOP, it is slowly becoming a fact of political life. It might be too early to characterize this churn as some grand "realignment." But it's safe to say that the likes of Sen. Josh Hawley (R-MO), Sen. Rick Scott (R-FL), and Sen. Marsha Blackburn (R-TN) are more aligned with the party's conservative base on key economic issues than the Republican generation that preceded them. Hawley, Scott, Blackburn and others have tapped into the party's anti-Big Business bent, which seems relatively indifferent to an increase in capital gains and corporate income taxes.

Consider Sen. Tom Cotton (R-AR). To counter the Democrats' push (which ultimately failed) to include a federal minimum wage increase to \$15-an-hour in the \$1.9 trillion COVID-19 package, he, along with Sen. Mitt Romney (R-UT), introduced an alternative, dubbed, "The Higher Wages for American Workers Act." Of interest, Cotton included a wage hike to \$10-an-hour and attached Trumpian immigration policies strengthening penalties for companies that hire illegal immigrants.

"America has a responsibility to protect its citizens, but for years Congress has allowed the pay of our poorest workers to be eroded by competition from illegal immigrants and skyrocketing cost of living," Cotton and Romney wrote. "With this bill, we have a chance to correct both these failures."

With this bill, the party's 2012 presidential nominee (Romney) joined a leading 2024 Republican presidential candidate (Cotton) on a bill requiring a federal minimum wage hike, with immigration policy opposed by corporations. Once upon a time, this would have been unthinkable, but it is now fairly unremarkable.

Whether on issues related to technology and social media, immigration, taxes, trade, and much else, congressional Republicans—many of whom are under the age of 50—are gravitating more and more to the views and demands of their conservative base. As noted, "woke-ism" is a central target of GOP voters, and their younger leaders are attacking what they perceive is its unholy grip on the nation's major social, cultural, and economic institutions.

It's not clear what this tendency suggests over the long-term, but for now, the business community needs to rethink how it engages the GOP on issues they consider fundamental. Because their list of priorities and the GOP's may not always overlap in the same way it once did.