



Written by [Thomas R. Eddlem](#) on June 29, 2009

“Cap and trade” Tax Fight Expected in Senate

The legislation contains \$842 billion in new taxes over 10 years plus an unknown cost of massive new energy regulations.

Inhofe was counting on history repeating itself. A similar measure back in 1993 was one of the touchstones for setting the stage for the Republican revolution of 1994, when incumbent Democrats were swept out of office in record numbers. “A lot of Democrat members got burnt on that vote,” GOP House Minority Leader John A. Boehner of Ohio [told *The Hill*](#) after the House vote. Even some Democrats agreed. “A lot of people walked the plank on a bill that will never become law,” moderate Mississippi Democrat Gene Taylor [told *The Hill*](#). Taylor, a Democrat repeatedly reelected in a Republican leaning district, voted against the bill.



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Indeed, many congressmen clearly fear they have just voted for a bill that would become uniquely unpopular with voters, whether it becomes law or not. Most congressmen at risk saw which way the wind was blowing and, as the [New York Times noted](#), “many of the most vulnerable Democrats voted against the measure.”

You don’t need to wonder why. The Republican Party is almost in jubilation on the prospects of political success this bill portends. “On the floor, it felt like we won,” Representative Tom Cole of Oklahoma [told *The Hill*](#). “They put a lot of guys on the line.”

But all the jubilation by Republicans doesn’t mean either that the bill is doomed, or even that Republican success in the mid-term elections next year is guaranteed. The U.S. Senate used to have a number of solid conservative members who could be counted upon to wage a filibuster effort. In 1993, constitutionalists could count on Senator Bob Smith of New Hampshire and Jesse Helms of North Carolina. No such constitutional stalwarts walk the Senate today to take the same principled stand that happened in 1993.

The [Congressional Budget Office estimates](#) that the bill would raise an additional “\$845.6 billion over the 2010–2019 period” in higher taxes, which represents an average of more than \$4,000 household in America from the new taxes over the same 10-year period. However, the CBO estimates the average net extra cost for taxes in the bill would be [\\$175 per year for every household in America](#) when offsetting federal subsidies for consumers are calculated. President Obama is pressing for passage of the bill despite having promised during his election campaign not to raise the taxes of any American households making less than \$200,000 per year. President Obama has [acknowledged](#): “Under my plan of a cap-and-trade system, electricity rates would necessarily skyrocket.”



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The largest cost of the bill is expected to be the regulations rather than the tax increases, though neither proponents nor opponents of the bill have hazarded guesses about what kind of economic damage will be done by the onerous new regulations demanding energy efficiency. It would likely cost hundreds of thousands of jobs as domestic manufacturers see their costs increase while foreign competitors see their costs remain static. Domestic products could likely be swept from the shelves under this legislation as they become more and more expensive against foreign competitors whose prices would remain stable.

The fate of the economy now rests in the hands of the U.S. Senate, and the pressure the American people can bring to bear upon them to stop what could become an economic and personal budgetary calamity under this legislation.

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