

TRENDMACRO LIVE!

On the Alabama Special Election, and Tax Cuts

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The GOP loss creates the deadline that this endless negotiation always needed.

We are surprised that, despite his scandals, Republican Roy Moore didn't win the Alabama special election for senator. Alabama is so Republican it hasn't elected a Democratic senator since 1992, and that one converted to the GOP in 1994. Be that as it may, as we've been telling clients, we don't see this as a threat to getting tax cuts enacted – in fact, it helps.

- The soonest Democrat Doug Jones could be seated in the Senate is December 23 – but Alabama is saying it won't certify the election until the 26th. Then majority leader Mitch McConnell (R-KY) will slow-walk it, which means Jones won't be a senator until January. For the rest of this year, sitting GOP Alabama senator Luther Strange will be a vote for tax cuts.
- The loss of a single GOP vote wouldn't doom tax cuts in the Senate. The Republican majority is still 51, and all it takes to pass tax cuts is 50 (Vice-president Mike Pence breaks the tie).
- But the prospect of that one lost vote does narrow the margin for error, and raises the stakes. So we believe it will tend strongly to create what all difficult negotiations need in order to force the compromises necessary come to a conclusion – a deadline. The tax cut process has lacked that until now. Now it's really going to be what we've expected for months: Christmas Eve.
- At the same time, losing a seat will bring the 2018 mid-terms into focus for the GOP, making it all the more important for Republicans to exploit their very favorable Senate electoral map (only 8 seats to defend, all but one in states that Trump carried, versus 25 for Democrats to defend, 10 in states that Trump carried). The GOP will need a trophy accomplishment – tax cuts.
- And while it's never good to lose a vote from an already narrow Senate majority, in this case, it's useful for the GOP to not have to deal with the stench of sexual misconduct heading into 2018.

Update to strategic view

US MACRO: Moore's loss is not a threat to tax cuts, because the Democratic winner will not be seated until early January. That creates a year-end deadline that will force the compromises that will drive the negotiations to a conclusion. It makes more urgent the need for the GOP to exploit its 2018 electoral map advantage in the Senate – tax cuts are the perfect trophy to bring the voters, now without the stench of Moore's sexual misconduct scandals.

[\[Strategy dashboard\]](#)

Bottom line

Moore's loss is not a threat to tax cuts; it helps. The Democratic winner will not be seated until early January, which creates a year-end deadline that will force the compromises that will drive the negotiations to a conclusion. It makes more urgent the need for the GOP to exploit its 2018 electoral map advantage in the Senate – tax cuts are the perfect trophy to bring the voters, now without the stench of Moore's sexual misconduct scandals. ▶

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