



Georgia Runoffs To Decide Direction Of The Country

December 16, 2020

by Gary Halbert
of Halbert Wealth Management

1. Overview - 2020 Presidential Election Is Finally Over
2. As Georgia Senate Runoffs Go, So Goes The Country
3. Implications For Stocks If Dems Win GA Runoffs
4. Victor Davis Hanson On GA Runoffs & Fate of Nation

Overview - 2020 Presidential Election Is Finally Over

Late last Friday, the US Supreme Court rejected a lawsuit by Texas and 17 other states which asked the court to disqualify the election results in four battleground states due to vote counting rule changes which were not approved by their state legislatures. The decision not to hear the case came as a surprise to many given how many states joined the Texas lawsuit.

In any event, the election is finally over and the Electoral College declared Joe Biden is officially the 46th President-elect of the United States. Now all the attention will turn to the two Georgia Senate runoff elections scheduled for January 5, which will determine control of the US Senate and potentially the government at large.

As I will discuss below, the stakes in these two Georgia runoffs are enormous! If the Republican candidate wins just one of these two runoff elections, control of the Senate will remain in the hands of the Republicans. Yet if the Democrat candidates win both of these Georgia runoff elections, the Senate will be split 50-50 with Vice President Kamala Harris casting the tie-breaking vote - thus giving Democrats control of all three elected branches of government - the House, the Senate and the White House.

Should this happen, it will open the door for then-President Biden to enact the most liberal elements of his agenda which, in my view, would be very bad for the country. On the other hand, if the Republicans maintain control of the Senate, they should be able to block much of what Mr. Biden and his ultra-liberal backers want to do.

So, the two Georgia Senate runoff races on January 5 will be among the most important elections in our lifetimes, whether you are a conservative or a liberal. As a result, enormous and unprecedented amounts of outside money are gushing into these runoffs. Given the national implications of these two state runoff elections, that's what we'll focus on today, because the market implications could be huge as well.

As Georgia Senate Runoffs Go, So Goes The Country

Georgia state law requires that candidates for governor and congressional seats must receive at least 50% of the popular election votes to win. Otherwise, there must be a runoff election. Both of Georgia's Republican Senate incumbents won their re-election bids on November 3, but neither won by 50%, so both races will see a runoff on January 5.

In one Georgia race, Republican incumbent Senator David Perdue is facing Democratic challenger Jon Ossoff, a liberal documentary filmmaker. Perdue initially secured more than 50% of the votes in the earlier counts, only to see that margin shrink slightly below the required level as the counting continued. Still, he beat Ossoff outright, but a runoff is required.



Ossoff

Perdue

Warnock

Loeffler

The other Senate race features sitting GOP Senator Kelly Loeffler, who was appointed to her current Senate seat earlier this year, against the Democratic challenger, Raphael Warnock, a controversial African American pastor from Atlanta. The two are vying in a Special Election to fill the rest of the term for a seat vacated by retired Republican Senator Johnny Isakson.

Here's why these two Senate races are absolutely critical for the nation. In the wake of the November 3 elections, the balance in the Senate stands at 50 GOP - 48 DEM.

If both David Perdue and Kelly Loeffler win their races, the Republicans will hold a 52-48 majority in the Senate. If only one wins the runoff, and the other loses, then the Republicans will still hold a slim 51-49 majority.

However, if both Democrat challengers win, the Senate would be split at 50-50. In that case Vice President Kamala Harris would cast the tie-breaking vote - effectively giving control of the Senate to the Democrats. As should be obvious, if the Democrats win control of the Senate, that means they control all three elected branches of government.

So, as you can see, the two Georgia Senate races are *HUGE!* The Republicans will be desperate to win at least one of these races, while Democrats will be hellbent on winning them both. Already, enormous amounts of money are pouring into both races.

I predict these two Georgia Senate races will be by far the most expensive and most watched congressional races in recent history! These candidates will become household names between now and January 5.

The bottom line is if the Senate is split 50-50, thus giving control to the Democrats, President Biden will have the leverage he needs to implement the *MOST LIBERAL* elements of the left's policy agenda - significantly higher taxes, increased regulation, a packed Supreme Court, the Green New Deal, etc., etc. They also want to eliminate the Electoral College somehow.

Implications For Stocks If Dems Win GA Runoffs

And investors hear this: If the Senate falls to Democrat control, along with the House and the presidency, we could well see the *END OF THE BULL MARKET* in stocks and to a lesser extent in bonds. Higher taxes, especially on corporations, are bearish. Ditto for doubling the capital gains rate as Biden proposes.

That's a bold prediction, I admit. But let's be clear, this bull market in stocks - which began in March 2009 - is very long in the tooth by historical standards. In fact, it has been the longest and strongest in history. And we all know it will end at some point.

With literally *EVERYTHING* on the line in these two Georgia Senate races, we are about to see a political spectacle as never before. George Soros and other billionaire Democrat donors are basically writing blank checks to their Senate candidates. I just hope big GOP donors realize what they're facing and will be ready to pony-up as well.

The bottom line is, Senator Perdue should win his race, thus maintaining Republican control of the Senate by the narrowest margin. Yet while he beat his challenger Ossoff by a decent margin on November 3, it remains to be seen if liberal donors can reverse that outcome on January 5.

Senator Kelly Loeffler, on the other hand, is more questionable. She is trailing her opponent Warnock in some polls I've seen, even though he is a very controversial character. You'll have to look him up to read that he's a *piece of work* - but, of course, the media won't tell you this.

In any event, we'll see what happens in these two critical races. Let's hope for the best!

Victor Davis Hanson On GA Runoffs & Fate of Nation

Since I've elected to focus on the importance of the January 5 Senate runoff elections in Georgia, I'll finish with some excerpts from Victor Davis Hanson's latest piece on the subject. Regular readers know Hanson is one of my favorite writers. He is a classical historian at the Hoover Institute at Stanford University and the author of several excellent books.

To begin, Hanson agrees with me that the Georgia Senate runoff races will be two of the most important elections in our lifetimes. Perhaps more importantly, he worries that these two elections could be mired in voter fraud and distortions given their potential impact on the future direction of the country.

Hanson points out how rare it is for incumbents to face runoff elections in the first place, and even rarer to have two incumbents facing runoffs in the same state in the same year. Hanson emphasizes early-on in his column that the Democrats have already warned, should they win the Senate, they will change many of the long-standing rules by which we are governed.

Mr. Hanson then points out some the many hard-left changes the Democrats have promised to make should they win the Senate and complete control of the government - including:

- The end of the Senate filibuster after 180 years
- Eliminate the Electoral College after 233 years
- Expanding the Supreme Court from 9 to 15 Justices
- Washington DC and Puerto Rico become US states
- New restrictions on gun rights and open borders

These are just a few of the changes the Democrats want to make should they gain complete control of all three elected branches of government after the January 5 runoff elections in Georgia. As Senate Minority Leader Chuck Schumer boasted last month: *"Now we take Georgia and then we change the world."* They're deadly serious!

Victor Davis Hanson goes on to make numerous other salient points in his latest column regarding the importance of the Georgia runoff elections on January 5. I highly recommend you read it for yourself ***HERE***.

All the best,
Gary D. Halbert