



The runoff Senate election in Georgia may have been flying a bit below the radar for people who don't live there, but it kicked off in earnest this week with the start of early voting. (ddp)

Washington Weekly: Strikes, Funding and the Georgia Runoff

02 December 2022, 8:29 pm CET, written by UBS Editorial Team

In strong bipartisan votes this week, the House and Senate ended a national rail strike that was scheduled to begin next week. Views differ on whether this was the right thing to do, but most members of Congress ultimately came to the conclusion that the potential cost to the economy from a strike was just too high. The UBS US Office of Public Policy takes a look at this and other issues under the dome.

Rail Strike. Congress doesn't often involve itself in private sector labor strikes, but it did this week. The House passed legislation to prevent a national railway strike and implement a deal mediated by the Labor Department in July (eight of the 12 unions supported that agreement, while the other four opposed it). The House passed an additional bill that would provide rail workers with an extra seven days of paid sick leave. The broad settlement bill passed the Senate yesterday, but the measure containing extra paid sick leave was rejected. President Biden, who was involved in crafting the July agreement, called on Congress to take action and is expected to sign the bill into law today. Without this legislation, a rail strike would have begun on December 9 or earlier. The prevailing (and bipartisan) view in Congress was that a bill needed to be passed to avert a disastrous strike and economic harm (potentially a crippling national supply chain shutdown during the busy holiday season), but there wasn't great joy in passing the bill.

Many Democrats felt uncomfortable endorsing an agreement that didn't have full labor support, while many Republicans had apprehensions in setting a precedent to intervene in future labor strikes.

Government Funding Bill. Lawmakers must pass a bill to fund government agencies beyond December 16 or risk a government shutdown. Little progress was made this week to advance the bill, and it is likely that Congress will soon have to pass a measure to extend the deadline beyond December 16, even if it is just an extension for a week. The end-of-the-year holidays often provide a good incentive for lawmakers to compromise and wrap up their business so they can go home, but that dynamic may be less of a factor this year. Many House Republicans would rather push the government funding debate into next year when they will have a majority in the House and more of a say into what will be included

in the bill. All of the uncertainty about when government will be funded is tiring to those involved in the process and problematic for some business sectors (particularly defense) that need certainty and reliability in government funding.

Developments next week should help determine whether Congress will pass a comprehensive spending bill before the end of the year or punt it into next year.

Georgia Runoff: Part II. The runoff Senate election in Georgia may have been flying a bit below the radar for people who don't live there, but it kicked off in earnest this week with the start of early voting. Over a million Georgians already having cast their ballots and it is expected that around two million ballots will be cast in the early voting period. Notably, 3.5% of the ballots cast so far have come from people who did not vote in the 2022 general election (just four weeks ago). While it is tempting to try and draw comparisons to the 2020 GA runoff elections, which decided which party controlled the Senate in 2021, they are not directly comparable for a number of reasons. This year's run-off race has an accelerated turnaround (four weeks after the general election compared to nine weeks in 2020), and the fate of the Senate doesn't hinge on who wins this race. Furthermore, there were two races in 2020, unlike this year. At this time, the early voting demographics do appear to be more favorable for incumbent Senator Raphael Warnock (D) when compared to the trends from the general election last month. Challenger Herschel Walker (R) will likely have to rely on a strong election day turnout in order to win.

The results next Tuesday likely will be close, but Warnock enters the election as a slight favorite.

For more, see [Washington Weekly](#), 2 December, 2022.

Please note that this item is approved for use with clients and prospects.

(For Public Distribution)

Expiration: 12/31/23

Approval date: 12/2/2022

Review Code: IS2206892

Important information: <https://www.ubs.com/global/en/wealth-management/our-approach/marketnews/disclaimer.html>

The product documentation, i.e. the prospectus and/or the key information document (KID), if any, may be available upon request at UBS Switzerland AG, Bahnhofstrasse 45, 8001 Zurich/Switzerland. Before investing in a product please read the latest prospectus and key information document (KID) carefully and thoroughly. Version B/2020. CIO82652744
© 2022 UBS Switzerland AG. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.