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What Do the Election Results Mean for the Economy?

By [WallStCheatSheet](#)

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Last night's elections ended the Democrats' trifecta hold over the House, Senate, and White House. The last time we had voting results with a similar switch was the second half of Bill Clinton's presidency. However, times have 'a changed.

So, what does the Republican pick up mean for the economy? Should we truly expect fiscal discipline? Can we fix everything without new taxes?

The Republican Win is a Victory for Businesses and High Incomes

Bloomberg asserts "Republicans will use their new majority in the House to bolster their campaign to extend Bush-era tax cuts for those earning more than \$250,000. They'll also side with companies such as International Business Machines Corp. (IBM), Microsoft Corp. (MSFT), Blackstone Group LP (BX) and Occidental Petroleum Corp. (OXY), which have lobbied against President Barack Obama's proposals to increase taxes on overseas profits."

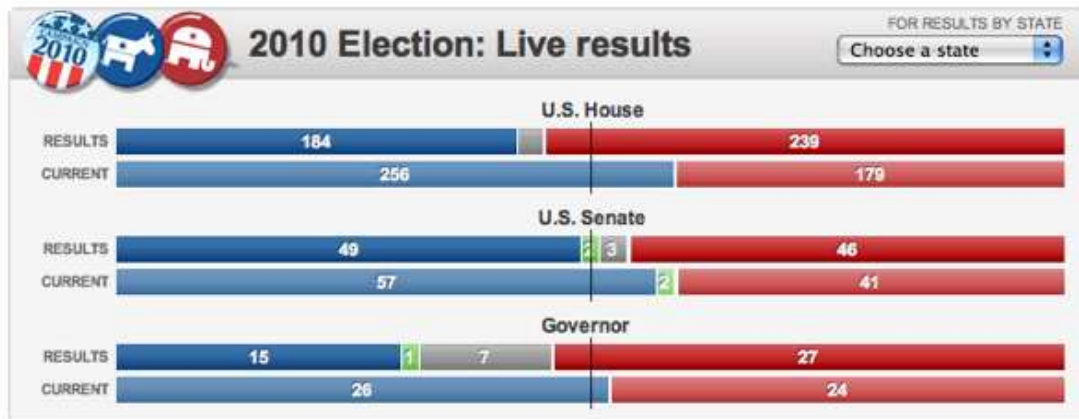
Gridlock is No Good for Stocks

All is not Goldilocks, says Nick Godt at MarketWatch. "Standard & Poor's (MHP) cranked up its database and found that since 1900, the market performed worst in the two years after midterm elections that yielded total gridlock, with a split Congress, and best under total unity, with a unified Congress and an administration of the same party."

The GOP will Not Help the Crashing US Dollar

Contrary to voter euphoria, the Republicans don't have a dollar-strengthening budget in their "Pledge to America," shows Brett Arends at WSJ. "We can probably expect skyrocketing federal deficits and maybe even a dollar crisis. The Pledge calls for trillions of dollars in tax cuts, yet offers few major plans for savings. As the free-market Cato Institute dryly noted, the 48-page document "contains more pictures of Republican members of Congress than it does evidence that the GOP is seriously prepared to cut spending."

What are your hopes and fears for the new landscape in Washington? Let us know in the comments below ...



Source: USA Today

Disclosure: No positions in companies mentioned.

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