

To: caroline_boulton@ios.doi.gov[caroline_boulton@ios.doi.gov]
From: Anna Palmer Jake Sherman Daniel Lippman
Sent: 2017-12-13T06:41:34-05:00
Importance: Normal
Subject: POLITICO Playbook, presented by the Embassy of the United Arab Emirates: 'POLITICAL EARTHQUAKE' in Alabama -- WHAT YOU NEED TO KNOW about how this affects Washington -- ABBAS says Palestinians 'won't accept any role for U.S.' in Middle East peace process
Received: 2017-12-13T06:41:54-05:00

[View online version](#) | [Add politicoplaybook@politico.com](mailto:politicoplaybook@politico.com) to your address book.

Today's POLITICO Playbook presented by the Embassy of the United Arab Emirates

By ANNA PALMER (anna@politico.com; [@apalmerdc](#)), JAKE SHERMAN (sherman@politico.com; [@JakeSherman](#)) and DANIEL LIPPMAN (daniel@politico.com; [@dlippman](#))

[Listen to today's Audio Briefing](#) | [Subscribe on Apple Podcasts](#) | [Visit the online home of Playbook](#)

DRIVING THE DAY

HERE YOU GO, JARED -- BREAKING, at 4:17 a.m.: "ISTANBUL (AP) - Palestinian President Abbas says Palestinians won't accept any role for U.S. in Mideast peace process 'from now on.'" <http://bit.ly/2Bl3lUY>

BANNER HEADLINE in the Montgomery Advertiser: "**SEN. JONES (D)** ... Alabama votes Democrat in for historic change" <http://bit.ly/2AhkEm1>

Good Wednesday morning. GABE DEBENEDETTI and **ALEX ISENSTADT** in Birmingham, Alabama: "A Democrat has been elected to the Senate from Alabama for the first time in a quarter-century, and the political earthquake has just begun." <http://politi.co/2Ajs4p5>

The White House is waking up to this reality: Palestinians say they won't deal with the U.S. in Middle East peace process. The president endorsed the losing candidate twice in the Alabama race: Luther Strange lost the primary, and Roy Moore lost the special election. And he now faces a razor-thin majority in a U.S. Senate where he's all but alienated a handful of the members of his own party. It looks like he'll get tax reform done. But 2018 is looking really difficult for the president.

WHAT DOUG JONES' VICTORY MEANS ...

-- **THE FLIMSY MAJORITY:** Governing in Washington has now become a coin flip. Republicans' 51-49 majority isn't much of a majority at all. This doesn't have much of an impact at the moment, because Luther Strange will remain in the Senate until the end of the year, Senate Majority Leader Mitch McConnell (R-Ky.) told reporters yesterday.

Tax reform is likely safe, as the Senate plans a Monday vote, and the House a Tuesday vote. But anything else the president wants to do legislatively is going to face stiff headwinds. Trump can lose only one vote on anything. And he's beat up on key Republicans like Sens. John McCain (R-Ariz.), Jeff Flake (R-Ariz.) and Bob Corker (R-Tenn.), so his margin for error is completely nonexistent. Any single Republican senator will have leverage to exact concessions from the leadership given the razor-thin majority. McConnell will have to guide the White House more than ever. **PROBABLY DEAD ON ARRIVAL:** Any sort of overhaul of entitlements. **A LOT HARDER:** Repealing Obamacare. **A BETTER BET?** Infrastructure.

-- **HOUSE REPUBLICANS FURTHER SQUEEZED.** Speaker Paul Ryan's majority is already perpetually frustrated by a Senate that can't -- or won't -- move its bills. Hey guys, it's only going to get worse for you now.

-- **TESTS ABOUND:** Can the president figure out how to navigate this new political reality? Will **CHUCK SCHUMER** be able to keep Doug Jones in the fold? He's been sneakily successful at keeping Democrats unified on legislative items like health care and tax reform. Now he has a senator who just might periodically find it in his interest to side with Republicans. **KEEP YOUR EYES ON IMMIGRATION.** A tighter majority could give Democrats more leverage -- if they are unified. Nancy Pelosi and Schumer have staked out a fix for DACA as "must-do." And now they'll have an extra Democratic vote in 2018.

-- **FRESH QUESTIONS ABOUT STEVE BANNON.** Get used to hearing this: candidates matter. That's what Mitch McConnell's world will be saying plenty over the next few days. Steven Law, the head of the McConnell backed Senate Leadership Fund, said: "This is a brutal reminder that candidate quality matters regardless of where you are running. Not only did Steve Bannon cost us a critical Senate seat in one of the most Republican states in the country, but he also dragged the president of the United States into his fiasco."

REMEMBER: Bannon world was trying to tell reporters that if he had campaigned for Ed Gillespie in Virginia, he could've won. Gillespie lost by nine points. Bannon was