

▶ tive wing, with mixed results. In 2016 North Carolina's legislature, over business's objections, passed a bill requiring transgender people to use toilets that correspond with the sex on their birth certificates. In 2017, after some companies cancelled planned investments in the state and others moved big events elsewhere, the legislature repealed the measure.

Last year 16 states considered similar bills. None has yet passed, but the recriminations linger in Texas. Joe Straus, the business-friendly speaker of the Texas House, blocked a bill from coming to the floor, where it would probably have passed. But after the session ended Mr Straus announced his retirement, and Texas's socially conservative governor backed primary challengers to Mr Straus's remaining allies.

The powerful Texas Association of Business has backed primary challengers to some incumbent conservatives such as Bob Hall, a state senator who believes, among other things, that bike paths are a UN plot and that a former opponent was controlled by Satan. But, says Mark Jones, a political scientist at Rice University, in safely conservative districts "establishment candidates haven't figured out how to win Republican primaries...If you say Bob Hall is an idiot because he thinks the UN wants to take over the Alamo, well, a majority of Republican voters in [his district] believe that the UN wants to take over the Alamo."

The only way for establishment candidates to find their footing, argues Mr Jones, is for extremist Republicans to start losing otherwise winnable elections. That is precisely what happened in Alabama and Virginia, where Republicans' rightward drift impelled prosperous, educated suburbanites who might otherwise have voted Republican into switching parties or staying home. Yet many business groups still find it hard to embrace Democrats. In Alabama, faced with a choice between a Democrat and a man credibly accused of molesting under-age girls, local business lobbies sat the election out rather than switch sides.

Ideologues often mix poorly with business, which by nature is responsive and pragmatic. The Trump administration may sneer at climate change, for instance, but Walmart and General Motors do not. In recent weeks several big companies have cut ties with the NRA under pressure from gun-control advocates. The tech sector is overwhelmingly Democratic. A Trumpist Republican party, meanwhile, is often hostile to experts, empiricism and well-educated voters.

But cancelling discounts and raising the age for gun purchases hardly constitutes a full-scale political realignment. The tech industry aside, mistrust of Democrats and their regulatory zeal remains widespread among business bigwigs. The party's ascendant left wing has much the same hostility to free trade as Mr Trump, and it also

favours higher taxes and a \$15 minimum wage. The centre is open, but if Democrats decide to appeal exclusively to their base and ignore centrist voters, that's how it will stay. "Careful business people don't have a party right now," says Ms Glover. "One side is skewing single-payer health care, the other is skewing anti-gay and pro-gun, and no one is serving as the steward of pro-growth competitiveness policy." ■

#### Amazon expands

## A tale of two Washingtons

SAN FRANCISCO

**The federal government is a big client of the web giant**

**HQ** TRIVIA has become one of America's most talked-about smartphone games, with players making a daily habit of answering obscure multiple-choice questions in the hope of winning cash prizes. Meanwhile Amazon, the e-commerce giant, has drawn Americans into a different guessing game—about which site the Seattle-based company will choose for its second headquarters. Around 240 cities and regions applied for that honour last year, and the firm has culled its list to 20 possible places. Government officials from across the country (and Toronto) are cosy-ing up to the tech giant, which has promised to hire as many as 50,000 new employees and invest \$5bn in building and operating its new campus over the next 15 years or so.

Three of the 20 finalists are in the Washington, DC area, including the city itself, northern Virginia and Montgomery County, Maryland. Beltway-dwellers are abuzz

with speculation that Amazon will cross the Potomac. Rumours spread wildly and frequently in the capital, but there is cause to believe these. In early March delegates from Amazon reportedly spent a week touring possible sites in the area and meeting with government officials. Jeff Bezos, Amazon's boss and America's richest man, already owns a home in Washington, DC, as well as a newspaper, the *Washington Post*. This would make more frequent jaunts between Seattle and the DC area relatively painless.

Amazon's cloud business, Amazon Web Services (AWS), also already has a home of sorts in the area. Herndon, Virginia, a town that is less than a ten-minute drive from Washington's Dulles airport, houses the largest number of AWS employees in America outside of Seattle, according to one person close to the company. Several prominent government agencies, including the Central Intelligence Agency, are clients of AWS, which has an early lead in providing cloud services to the government and handling top-secret data.

In coming years the American government will serve as an important source of growth for AWS and its rivals, as more departments shift their data to the cloud. The government accounts for around 5% of the \$1.6trn spent globally each year on technology, according to Forrester, a research firm. This year the Department of Defence is expected to sign a ten-year contract for cloud computing, in a deal said to be worth billions, and tech firms are competing fiercely to be picked. Just as "beltway bandits"—firms that do lots of business with the government and include two big defence contractors, Lockheed Martin and BAE Systems—find it worth their while to have headquarters close by, so will tech firms keen to win large government contracts. ▶▶



All this and John Wall too

▶ However, in the next five years the government will not only be a huge potential source of business for Amazon, but also its biggest threat. As the e-commerce and cloud-computing giant grows and pushes into new businesses, including financial services, home security and logistics, it will come under even more scrutiny from regulators. Amazon has already beefed up its official lobbying efforts in the capital, but being a local employer could be helpful. Having 50,000 employees going to the same country clubs and putting children in the same schools as government officials is a shrewd strategy if Amazon wants to fend off government attacks, says Blair Levin, a former official at the Federal Communications Commission.

If such attempts at exerting soft power in Washington are not enough to win over government officials, Amazon will at least have a back-up plan. Having two headquarters would make it possible to separate AWS from Amazon's retail operation with very little hassle, if regulators ever suggest breaking up the giant firm into separate parts. The mighty firm is sure to make enemies in the years ahead, and not just among the finalists who lose out on wooing Amazon to their states. ■

#### Pennsylvania's special election

## Oscillate wildly

**The Democrat is likely to lose. That could still point to a Democratic wave**

WHEN Tim Murphy resigned from his post as the representative for Pennsylvania's 18th congressional district, Republicans had a heavy load lifted from their shoulders. Mr Murphy, publicly a social conservative, was caught sending text messages to his mistress urging her to have an abortion. His re-election campaign would have road-tested the proposition that partisanship covers all sins. The outlook for Republicans was looking good for the special election that takes place on March 13th to replace him, until it wasn't. Republican state representative and Harrisburg insider Rick Saccone will face off against a former marine and assistant US attorney, Conor Lamb. Republicans have spent more than \$9m to preserve control of a district President Donald Trump won by 20 points. They have reason to worry even that sum might not be enough.

Since Mr Murphy's resignation in October, there have been 49 special elections to state legislatures and Congress. Democrats in these contests have on average performed 14 percentage points better than Hillary Clinton did in the 2016 election.

Democrats flipped control of 12 Republican-held seats in these elections. If this pattern holds true in Pennsylvania's 18th district, Mr Saccone would win by six points. That in a seat deemed so safe that Mr Murphy ran unopposed in 2014 and 2016.

Mr Lamb has been touting his credentials as a captain in the Marine Corps, a solid strategy for a rural, white district. He has also taken advantage of support from Democratic figures like Joe Biden to capitalise on the party's apparent edge in voter mobilisation. He took a bipartisan stance on gun reform after the massacre at a Florida school in late February, saying he would not support a ban on assault weapons and would focus instead on expanding background checks and mental-health reform. Meanwhile Mr Saccone has followed identikit Trumpian messaging on immigration, taxes and health care.

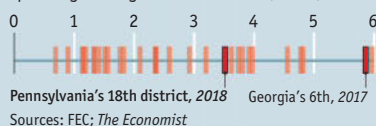
The National Republican Campaign Committee (NRCC), the Republican Party's fundraising arm for contests in the House of Representatives, has spent \$3,516,845 on outside advertisements to support the Saccone campaign. According to an analysis of campaign finance data by *The Economist*, that is more than the NRCC spent in 70% of the congressional districts they targeted in 2016. In stark contrast, the Democratic Congressional Campaign Committee has spent just \$312,500 on the contest, setting up an interesting test of how much money really matters.

What is already clear is that the NRCC's 11-to-one fundraising advantage is not increasing Mr Saccone's chances of winning by anything like that margin. According to the average of polls taken since February 12th, Mr Lamb is running two percentage points behind Mr Saccone. These polls are consistent with the idea of a nationwide Democratic wave. Mr Saccone may have a slight lead in the district, but not nearly as large it should be given recent history.

Democrats have scored many wins since their crippling loss in the 2016 presidential election. Several of those districts swung like the pendulum in a grandfather clock. What remains to be seen is how well the changes observed at state level relate to those near the top of the ticket. Yet even if Mr Saccone wins, as polls suggest he will, his expensive victory will be short-lived. After redistricting ordered by Philadelphia's Supreme Court takes effect in May, the seat may not even exist in its current form in November. ■

#### Spot the safe seats

US, National Republican Congressional Committee spending in congressional districts, 2016, \$m



#### Buildings

## Eastern promise

NEW YORK

**Hudson Yards may not shift the city's commercial centres westward after all**

THE far west side of Manhattan's midtown is a hive of activity. Lorries buzz in and out ferrying materials, cranes dot the skyline. Construction workers in hard hats shout instructions at each other and exchange cheerful gibes. Each week the cityscape changes as new high-rises get taller. New Yorkers, who once had little reason to go to the parcel of land called Hudson Yards, are starting to see a new glossy neighbourhood emerge.

For decades this part of Manhattan was not just on the wrong side of the tracks, it was the tracks. About 30 commuter train tracks pass through it. The surrounding area of decrepit warehouses was neglected for half a century. It took a 300-acre rezoning in 2005 by Michael Bloomberg, then the mayor, for things to change. The area stretching from 30th to 41st Street and from 8th to 11th Avenues had been zoned for manufacturing, which has all but disappeared from Manhattan. A failed Olympic bid served as a catalyst for development for Mr Bloomberg, who worried about white-collar jobs migrating to New Jersey. He persuaded the city to pay for an extension of a subway line, the first expansion of the transport system in three decades.

The result is Hudson Yards, the largest private property development by square footage in America's history. The 28-acre (11-hectare) site will be complete by 2025. By then, 125,000 people will work, visit or live in Hudson Yards, which includes five office high-rises, eight residential buildings and a retail complex with 100 shops and restaurants. The new district will have more office space than Palo Alto, California. One of the new towers will have an observation deck higher than the Empire State Building. A public school is in the works, as well as 14 acres of public open space. "It's a city within a city," says Stephen Ross, head of Related, the project's developer. Brookfield, another developer, is building its own eight-acre megaproject called Manhattan West. Its six buildings have attracted tenants like the National Hockey League and Skadden, Arps, a law firm. Boston Consulting Group, L'Oreal, a cosmetics company, KKR, a private equity firm and BlackRock, the world's biggest asset manager, are all heading west.

That means leaving behind thousands of square metres of empty floor space in Midtown East, once the most coveted site for offices and still the city's most expensive commercial space. More than 300 of ▶▶