

Made out of glue

## Donald Trump may make some businessfolk cringe

*But a full-scale migration to the Democrats remains a long way off*



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TELL an Atlantan that you're about to drive from their city to Birmingham, Alabama, around two hours west, and he may joke: "Don't forget to set your watch back 50 years." In the middle of the last century the cities were equally prosperous, more or less: Birmingham from iron and steel, Atlanta from consumer-facing companies. But during the civil-rights era Atlanta changed with the times, billing itself as "the city too busy to hate", while Birmingham became "Bombingham", infamous for violent racist attacks that killed, most notably, four little girls in a Baptist church. In the ensuing years Atlanta became a global city, while Birmingham stagnated.

On March 1st, Randall Woodfin, Birmingham's young Democratic mayor, tried to steal a march on Atlanta. "Hey, @Delta," he tweeted. "It's me again. Birmingham is open for business. Call me." That was after Georgia's Republican-controlled legislature passed a bill stripping Delta—Georgia's fifth-biggest private employer—of a \$50m tax break, as punishment for the company bowing to consumer pressure and ending discounts for members of the National Rifle Association (NRA). Populist Republicans pushed through the bill over the objections of the party's pro-business wing. Atlanta is in the running for Amazon's coveted second headquarters (see article (<https://www.economist.com/news/united-states/21738404-federal-government-big-client-web-giant-it-make-sense-amazon-build>)). Some Atlantans worry that Amazon may not want to come to a state that uses its power to punish companies for politics it dislikes.

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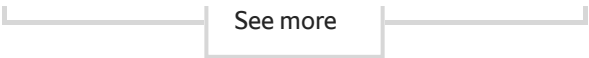
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PROSPERO

With populists ascendant, many pro-business Republicans feel, as one longtime Republican in the finance industry puts it, "disenfranchised completely [and] abandoned by this president". Last week President Donald Trump vowed to impose hefty tariffs on steel and aluminium, a decision opposed by virtually all America's most successful companies and most

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mainstream economists. Gary Cohn, one of

the administration's leading pro-business voices, resigned on March 6th.

Democrats see a chance to peel away their rival's socially moderate, well-educated voters, and in so doing claim the "pro-business" mantle from Republicans. Both parties are likely to find themselves disappointed: Republicans because their party's rift shows no signs of healing, Democrats because they will find it hard to please both their base and disaffected Republicans.

Congressional Republicans who managed a few words of oblique criticism when Mr Trump called African nations "shithole countries" and white supremacists in Charlottesville "very fine people" suddenly found themselves jolted by the tariffs, as by Mr Trump's alarming belief that "trade wars are good and easy to win." Paul Ryan, the House Speaker, urged the White House "not to advance this plan", while Rand Paul, ordinarily aligned with the Senate's populist wing, predicted that America would lose a trade war (Europe's threatened retaliatory tariffs against bourbon would hit his home state of Kentucky hard). Republicans are said to be considering attempts to block the tariffs through legislation, though that will be tough.

Those who voted for Mr Trump also voted for the tariffs he vowed to impose. He has turned his party against trade; from 2015 to 2017 the share of Republicans who viewed free-trade agreements positively fell from 56% to 36%, and many businessmen share the president's view that foreign countries, especially China, have broken the rules. Many also cheer his tax cuts and deregulatory instinct. And while some American multinationals favour open markets, plenty of smaller businesses may well support a little protectionism if it helps them compete with big-box stores crammed with cheap Chinese tat. Still, as Juleanna Glover, a corporate consultant who has worked for several prominent Republicans, notes, "I don't know that anyone other than the Trump administration thinks trade war is a good idea."

### **Anything that you might do**

Business groups have grown increasingly anxious. Craig Hill heads the Iowa Farm Bureau; his state produces more pork, corn and soybeans than any other, and exports much of it. If China retaliates against American agriculture, Iowa will suffer. Asked whether Republican anti-trade sentiment could lead Mr Hill's group

to endorse Democrats, he turns coy. "We will see," he says. There's been a lot of benefits to this administration in the reduction of regulation...but when it comes to trade this is very concerning."

Business in Texas and North Carolina has taken on the party's socially conservative 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."

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