




**CENTER
FOR POLITICAL
ACCOUNTABILITY**

**Bringing transparency and
accountability to corporate
political spending**

Center for Political Accountability Newsletter

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In the News: CPA Captures Media Coverage

[USA Today](#) spotlighted the Center for Political Accountability in a Dec. 14 news story headlined, "More companies are disclosing their political activity."

The article reported on an announcement by CPA and Newground Social Investment of four new companies agreeing to adopt CPA's framework for political disclosure. The newspaper also went further to report payments to trade groups disclosed by several health-related companies have that agreed to the framework.

Center Approaches Milestone for Corporate Political Disclosure

The Center for Political Accountability is rapidly approaching a major milestone in its drive for political disclosure by U.S. corporations.

An [announcement](#) this week brought to 48 the number of companies in the influential S&P 100--nearly half of that index--that have agreed to adopt CPA's political disclosure framework.

Bruce F. Freed, CPA president, described the announcement as reflecting corporate leaders' recognition of political disclosure as a best practice. "This increases pressure on other companies to tell their shareholders and the public how they are spending money politically and to adopt policies that promote responsible and ethical political behavior," Freed said.

Four new companies agreed to routinely disclose their spending of corporate dollars and to adopt board oversight of this spending. They were Microsoft (NYSE: MFST), Time Warner (NYSE: TWX), Campbell Soup (NYSE: CPB) and Wisconsin Energy (NYSE: WEC). All but Wisconsin Energy belong to the S&P 100; the energy company belongs to the S&P 500, a listing of the large cap companies actively traded in the United States.

CPA and Newground Social Investment announced the agreements. Newground, a Seattle-based socially responsible investment management firm, engaged Microsoft. Overall, the number of companies embracing the corporate governance standard now stands at 70.

CPA launched its initiative to bring transparency and accountability to corporate political spending six years ago. As evidenced by the latest agreements, the initiative has established a solid foundation in seeking to reverse dual practices: that corporate political spending is both concealed and unaccounted for.

Studies have documented that concealed corporate political spending poses a growing threat not only to companies but also to shareholders. Some of this spending underwrites candidates, issues and activities that are contrary to publicly stated corporate policies. This is a particular problem today with climate change. In addition, many companies lack rigorous policies and procedures for oversight of political spending.

That data included \$6.8 million spent in 2008 by drugmaker Merck "to help underwrite the political activity of eight associations and trade groups, according to the company's website." These millions are not reflected in federal records, the newspaper noted. Some of the groups receiving Merck money are lobbying hard on health care reform legislation in Washington.

"The public needs to know how money is being spent politically, because of the tremendous influence it has on policymaking, the political process and their daily lives," Bruce F. Freed, president of the Center for Political Accountability, told USA Today. It is the nation's second largest newspaper as measured by weekday circulation.

Kaiser Health News, in a wrap up of health policy coverage from Dec. 14, published excerpts from the USA Today story. The Kaiser Health News report was headlined, "Companies Shed More Light on Health Bill Lobbying."

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Merck Expands Ban on Giving to Judicial Candidates

A major pharmaceutical company and its political action committee (PAC) have precluded making campaign contributions to state supreme court candidates, expanding an existing ban on giving political donations to lower-court judicial campaigns.

The announcement came from Merck & Co., Inc.'s Charles R. Grezlak, Merck vice president, government affairs and policy, U.S. human health.

The Contributions Committee of Merck PAC "recently adopted a policy that would bar any Merck PAC or corporate political contributions to candidates running for the position of state supreme court justice," Grezlak said.

"Prior to this decision Merck's policy had only explicitly barred such contributions for state judiciary elections at the local or regional appellate levels."

Although Merck did not routinely contribute to campaigns for state supreme courts, it made such contributions in 2004 and had left open the possibility of doing so again. The Contributions Committee decided to review the policy's scope after discussions with the Center for Political Accountability and after the U.S. Supreme Court issued a ruling this year in *Caperton v. Massey*, Grezlak said. The case involved questions of due process when a state supreme court justice had benefited from millions in political spending by a party to a legal dispute that came before him.

Corporate Political Accountability Handbook Nears Release

The first ever handbook on corporate political accountability, written by the Center for Political Accountability, will be published soon by The Conference Board.

The handbook will be released in late winter or early spring, according to Paul DeNicola, director of The Conference Board Governance Center and Directors' Institute. The Conference Board is the nation's leading business research organization.

The handbook is intended to help management and boards of directors by providing policies and procedures for managing and overseeing responsible political spending. In addition, the handbook will discuss the risks and consequences when companies fail to implement effective regulation and oversight.