

Business appears complacent about US democratic stability

It is time for corporate America to back its fine talk on voting rights with concerted support for legislation

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At key moments between November 2020 and January 2021, America's business community did something extraordinary. Typically fearful of the political spotlight, executives called unequivocally for a peaceful transfer of power in their home market as Donald Trump contested his election loss to Joe Biden.

When a mob besieged the US Capitol on January 6, business groups condemned the challenge to a legitimate election result. A year on, though, business has gone quiet amid ever louder warnings about US democracy.

In recent weeks, the independent Brennan Center for Justice has laid out the "frightening public successes" of those pushing to facilitate "partisan sabotage" of elections. Political scientists have warned of the "great peril" facing a country one European think-tank dubs a "backsliding democracy". Retired generals have urged the military to start preparing for another insurrection in 2024.

The risks to business in any such scenario seem clear, from deeper rifts between Republican and Democratic employees to the prospect of an autocratic future president seeking revenge on corporate elites.

Companies from Airbnb to Zoom called on Congress last month to pass voting rights legislation, only for Senate Republicans to block it. Yet business has been mostly "missing in action" as scores of state-level bills have eroded voting rights, says Bennett Freeman, a corporate responsibility adviser and former Department of State official.

His concern about executives' "reversion to business as usual in unusual times" echoes an article from Harvard professor Michael Porter and Daniella Ballou-Aares, chief executive of the democracy-promoting Leadership Now Project. Companies fond of touting their support for voting rights were "not backing their words up with action", they wrote.

One reason, according to Bruce Bond, chief executive of the non-profit Common Ground Committee, is the backlash that companies in Georgia faced after opposing new voting restrictions. Few companies have stuck their necks out since. Other legislative priorities have shunted voting rights aside, from the \$1.2tn infrastructure bill to the recently derailed Build Back Better plan with its mooted corporate tax increases.

The fact that some companies have quietly resumed donations to Republican groups that push for restrictive voting bills implies complacency, says Bruce Freed, president of the Center for Political Accountability, which promotes disclosure on political spending. "I don't think they've woken up to the enormity of the risks that they face."

The US remains one of the world's less risky markets for investors, but few countries have seen such steep increases recently in indices of political violence, social polarisation and institutional instability, says Mark Rosenberg, chief executive of GeoQuant, a political risk analysis firm.

Its data point to an increase in such risks ahead of the November 2022 midterms, he says, yet clients' demand for such information has dwindled since January. Their apparent conviction that the US economy will be untroubled by its increasingly fraught politics is "the private sector version of American exceptionalism", Rosenberg says.

What, though, would meaningful corporate political responsibility look like?

Companies could start on January 6 by restating the commitments they made to US democracy a year earlier and pulling any funding from legislators spreading election disinformation, Ballou-Aares says. Better still, they should co-ordinate their responses to proposed voting restrictions in states where individual businesses can feel too exposed to weigh in, and throw their weight behind federal efforts to secure democratic norms.

What they have been missing is a clear agenda to back, says Jeffrey Sonnenfeld, a Yale professor whose CEO summits suggest executives remain animated by voting rights, at least in private. "It isn't like [CEOs] have declined an opportunity to engage," he says. "The Democrats have to get themselves together on the issue. Then the corporate community will come in behind them."

The Freedom to Vote Act, which would set national standards on early voting and ban gerrymandering, has the backing of mercurial West Virginia senator Joe Manchin but needs 10 Republican votes — or filibuster reform — to pass the Senate. There has been scant business support for this legislation, or pressure on Republicans to back it. It is time for that to change.

The year began with US business leaders mobilised to defend a democracy that they understood was the bedrock of economic stability. It ends with a question: by the time executives recognise voting rights as a priority again, will it be too late?