

US politics & policy

US companies under pressure to support voting rights push

Activists claim businesses have lost focus on pro-democracy efforts in year since January 6 riot

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Andrew Edgecliffe-Johnson in New York and Lauren Fedor in Washington

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Activists are piling pressure on US companies to back their pro-democracy rhetoric with louder support for voting rights and changes to their political spending, arguing that businesses have lost focus on the threat to stability in the year since the attack on the Capitol.

The anniversary of the insurrection by a mob contesting Donald Trump's election loss has prompted fresh warnings about the systemic risks posed to companies and investors by what two Brookings Institution fellows this week dubbed a "backsliding" US democracy.

Labour unions and advocacy groups are using the anniversary to demand more transparency around companies' political spending and commitments to racial equity, arguing that Republican states' changes to voting laws will disproportionately affect minority voters.

A coalition including the Service Employees International Union and the Interfaith Center for Corporate Responsibility said on Wednesday that they had filed lobbying-related shareholder proposals at companies including Charter Communications, Eli Lilly and GEO Group, and racial equity resolutions at Goldman Sachs, Pfizer and Home Depot.

"For workers and investors, the insurrection illuminated how corporate donations can either support or subvert democracy and racial justice," Alphonso Mayfield, president of the Florida Public Services Union and a SEIU international executive board member.

There was "a level of lip service" in companies' statements supporting democracy, he said, "but I think they're also struggling to figure out how does this impact their long-term bottom line."

Renaye Manley, deputy director of SEIU's strategic initiatives department, said the January 6 attack had crystallised for investors the risks of destabilisation, but unions wanted to see companies' political spending subject to more transparency and board oversight.

Citizens for Responsibility and Ethics in Washington, a liberal advocacy group, said this week that 717 companies and industry groups, including Boeing, Koch Industries and General

Dynamics, had donated since January 6 to members of Congress who objected to the 2020 presidential election results or to Republican committees supporting their re-election.

Others noted that only a minority of companies had broken their pledges to suspend support for politicians perpetuating the idea of a stolen election, however. About 80 per cent of the chief executives who made such promises had held to them, said Jeffrey Sonnenfeld, a Yale School of Management professor. “They’re not supporting the wild, flame-thrower seditionists,” he said.

A Conference Board survey of executives overseeing companies’ political spending this week found that almost all expected the climate to be at least as difficult in 2022 as it was in 2021, while 42 per cent were bracing for it to be even tougher.

However, less than one-third of those polled said they felt pressure on the subject from investors, compared to more than two-thirds who cited pressure from employees.

Bruce Freed, president of the Center for Political Accountability, said he was seeing more interest from companies in adopting its template for transparency around political spending, but changes in political spending were “coming more slowly” than changes in corporate rhetoric.

“Too many companies and their leadership continue to act as though its politics and business as usual. It isn’t,” he said.

Several activists are focusing on pushing companies to express public support for Democrats’ proposed federal voting rights legislation.

Daniella Ballou-Aares, head of a business coalition called Leadership Now, said she remained worried that businesses “have forgotten the risks from last January 6” but the renewed congressional debate about voting rights had brought the subject back to the top of companies’ political agendas.

Chuck Schumer, the Senate’s top Democrat, has been adamant that the upper chamber of Congress will vote on changing its rules no later than Martin Luther King Jr Day on January 17 to pave the way for Democrats to act alone in passing voting rights legislation.

Many in Washington remain sceptical that a deal can be done, however, given the persistent stated opposition of at least two Democratic senators to the changes, which will require the support of all 50 Democrats in the upper chamber.

“If the legislation were clearer, then [CEOs] would line up behind Schumer but it’s very hard to see what there is to line up behind,” said Yale’s Sonnenfeld, who held a virtual meeting of chief executives in December which was dominated by their questions and concerns about democratic stability.

Ballou-Aares added that many companies had been deterred from speaking up by some Republican leaders’ accusations that “woke capitalists” should stay out of politics.

“That woke CEO narrative and the idea voting rights was a partisan issue did gain some traction and created some concern among some CEOs,” she said: “I think we are seeing that traction eroding a bit.”