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## Bruce Freed: “CPA’s New ‘Practical Stake’ Report Takes a Hard Look at Corporations, Political Spending and Democracy”

[Bruce Freed: “CPA’s New ‘Practical Stake’ Report Takes a Hard Look at Corporations, Political Spending and Democracy” | Election Law Blog](#)

[May 1, 2022, 7:39 pm](#) [campaign finance](#) **RICK HASEN**

The following is a guest post from [Bruce Freed](#) of the Center for Political Accountability:

Today’s crisis of democracy poses fundamental questions for company engagement in the political process. Is a commitment to democratic institutions a priority for companies, or is it superseded by bottom line or political access concerns? What type of political environment enables companies to grow and the country to prosper? How does the attack on democracy affect companies, and what risks does it pose? How should companies respond?

These are questions with which public companies have seldom grappled. Today, they are at the forefront of national debate. The risks are real and not easily ignored. The Center for Political Accountability took the first comprehensive look at these challenges facing public companies in its new [Practical Stake](#) report on corporations, political spending and democracy. Here are the key points:

- The vibrant capitalism that companies need for growing, competing, and pursuing their interests depends on a healthy democracy. Companies need the rule of law and a level playing field that come with a strong democracy. They also need predictability and certainty from government.
- The environment for companies and the risks facing them have changed dramatically over the past decade at the state level, and during the last administration at the federal level. This environment has become hyper-

partisan and threatening. All of this came to a head with the Jan. 6, 2021, attack on the U.S. Capitol.

- Many companies have publicly affirmed their commitment to our democratic institutions and to the importance these institutions play in creating an environment where companies can fairly compete and thrive. CEOs who've spoken out on the threats to our democracy are to be commended.
- However, political spending by companies totaling millions of dollars too often conflicts with their public commitments. Companies contributed heavily to a partisan political group tied to robocalls one day before Jan. 6, 2021. That same group helped elect state attorneys general who went to court to get the 2020 election results from key states thrown out. At the state level, companies gave millions of dollars to groups supporting the election of officeholders who worked for new laws to restrict or suppress voting.
- CPA found that between the 2018 and 2022 election cycles, 14 top companies and three leading trade associations donated \$39 million to two 527 committees and two congressional super PACs that supported the election of state and federal officeholders who have challenged the 2020 presidential election outcome or supported the attack on voting rights.
- Companies today are increasingly operating in a political climate filled with threats and intimidation coming from officeholders in Washington and state capitals alike. The report presents 13 case studies. The culmination is the audacious retribution by Florida Gov. Ron DeSantis against the Walt Disney Co. for its speaking out against the recently enacted "Don't Say Gay" bill. The report warns that such pressures incur a great cost to the long-term interests of companies.
- How should companies respond? The answer must come from within. Companies must create an internal culture that resists the pressures and reinforces a commitment to ethical and accountable participation in our politics. It is not just a question of abiding by the law, but of acting to protect and strengthen a well-functioning democracy. The [CPA-Wharton Zicklin Model Code](#) was developed to guide that effort. It provides a framework for companies to evaluate the goals and risks of their election-related spending, and in doing so, to align it with both core company values and a needed commitment to democratic institutions.

**Bruce F. Freed** is president and co-founder of the Center for Political Accountability whose mission is to bring transparency and accountability to corporate political spending. Founded in 2003, CPA is reshaping how companies engage in political

spending. It engages companies through shareholder resolutions and dialogues and produces the annual CPA-Zicklin Index. As a result of its efforts, political disclosure and accountability is recognized as the norm.

Mr. Freed draws on his long experience in journalism and on Capitol Hill. He co-authored major CPA reports including *Collision Course*, *Conflicted Consequences* and *Corporate Enablers*, the first examinations of conflicted company political spending and the risks it poses to companies. He also co-authored the *Practical Stake* report.