



# New York Times, Washington Post, Reuters Highlight 2014 CPA-Zicklin Index

## Key Finding: Companies Expanding Political Disclosure Despite Major Opposition



The Center for Political Accountability rolled out its fourth annual index of transparency in corporate political spending in September, reporting an expanded embrace of disclosure and accountability by leading American companies even as some of the largest trade associations oppose it.

The CPA-Zicklin Index of Corporate Political Disclosure and Accountability was expanded to examine for the first time the policies and practices of the top 300 companies in the S&P 500.

Produced in conjunction with the Carol and Lawrence Zicklin Center for Business Ethics Research, located at The Wharton School of the University of Pennsylvania, the Index received targeted news coverage from leading and diverse news media and familiar criticism from defenders of secret political spending.

The Index captured coverage in the New York Times and the Washington Post, two of the nation's most influential newspapers for readers who follow politics and government. It was the subject of two separate articles in the Post. Reuters provided national wire service distribution with its article about the Index.

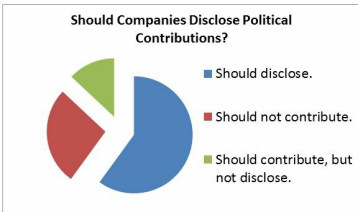
The most comprehensive of the news articles appeared in the Post. It reported, "Major corporations are increasingly disclosing their political spending this election year, even as some business groups discourage them from doing so, according to a new study ... The annual index of corporate political spending by the Center for Political Accountability shows that a majority of nearly 200 publicly held companies received higher ratings for disclosure this year compared with 2013."

"More leading companies are establishing political disclosure as a mainstream corporate practice," CPA President Bruce Freed said in the article.

The Post quoted former Committee for Economic Development president Charles Kolb as saying, "The transparency and disclosure movement is growing." Kolb was a White House domestic policy advisor under President George H.W. Bush. He is a CPA board member, and he wrote a foreword to the Index.

The Index showed that a majority of almost 200 publicly held companies that were examined in both 2013 and 2014 received higher overall scores for political disclosure and accountability this year. It also revealed that on their own initiative, dozens of leading American corporations are adopting disclosure of their spending to influence political elections.

The Center for Competitive Politics, meanwhile, issued a press release

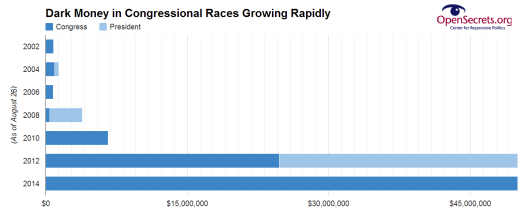


### New Financial Analysts' Survey Strongly Favors Political Disclosure

When a nonprofit association of financial analysts surveyed scores of members of its profession, it found a striking majority opinion in favor of corporate political disclosure.

The Wall Street Journal's "Intelligent Investor" column by Jason Zweig summed up the CFA Institute Survey this way:

"A survey of more than 1,500 financial analysts ... found that 60% feel that companies should have to disclose their political spending to investors. ... And 62% of the participants in the survey contend that investors should have a say in where corporate political contributions go, while 27% say companies shouldn't make contributions at all."



### Will Dark Money Spending Break All Records in 2014?

With an op-ed published July 18 in US News & World Report, the Center for Political Accountability presented to a national audience its view that leading U.S. companies are laying the foundation for a new route to political disclosure.

"A Surprising Solution to America's Dark Money Problem: Corporations may hold the key to cleaning up political spending," declared the headline for the op-ed by Bruce Freed, CPA president and founder, and Karl Sandstrom, CPA counsel.

CPA described in the op-ed a sustained movement by publicly held companies to adopt political disclosure voluntarily, effectively creating a new standard. It examined the factors that are persuading companies to adopt disclosure:

"They understand the perils of secret political money. The risks include damage to a company's reputation; the potential for politicians to shake down a company; and the chance that a company will lose control over an 'outsourced' payment that ends up supporting political activity in conflict with the company's values or business objectives. Corporations also understand that secret

"What comes through loud and clear is that investors are concerned that CEOs not use corporate assets as a slush fund for their personal politics," Kurt Schacht, a CFA Institute managing director, told the Journal. Zweig's column was headlined, "Be Aware of Companies Bearing Gifts."

Financial analysts are the professionals who advise investors. Zweig also updated readers on the number, and progress, of shareholder resolutions for disclosure this proxy season:

"So far in 2014, shareholders at 103 companies have filed resolutions for greater disclosure of spending on political contributions and lobbying, according to Institutional Shareholder Services, which advises big investors on how companies should be run. Roughly a third of shareholders, on average, voted in favor of those resolutions."

The Wall Street Journal published a letter from the Center for Political Accountability that mentioned the CFA Institute survey. The letter was headlined, "More Companies Pick Donation Disclosure/The number of companies disclosing their political spending is steadily increasing."

The Center for Competitive Politics, meanwhile, issued a press release alleging, as it has in the past, that the methodology of the Index is flawed and premised on activist goals. An adviser to the Center for Competitive Politics, David Primo, sounded a familiar note of disagreement in a [Wall Street Journal online op-ed](#), saying advocates for disclosure seek to restrict corporate political activity. Primo teaches at the University of Rochester.

values of business objectives. Corporations also understand that secret political spending threatens market openness, a prerequisite for a dynamic, growing economy."

Then the authors took their case a step further, arguing that in a time of exploding dark money expenditures and polarization in Washington over an answer, corporate leaders may hold the key.

"[W]e turn for an alternative to forward-thinking business leaders who have identified the danger of dark money and who have acted to defuse it. They seek to avert a potential crisis. With their track records and credibility, these corporate leaders can make the most compelling case for universal, uniform campaign finance disclosure."

"Then, if government officials keep balking, business leaders should continue steps to make disclosure a corporate governance standard applicable to all companies. Doing anything less would be harmful for business and for our country."

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### Index Media Coverage

At press time, in addition to the [New York Times](#), [Washington Post](#), [Washington Post blog](#), and [Reuters](#), coverage included the following: [BNA Money and Politics](#) (subscription), [The Fiscal Times](#), [WFAE \(Public Radio in Charlotte, N.C.\)](#), [Center for Public Integrity](#), [The Hill](#), and [Talk Radio News Service](#).

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