

US business leaders rue their ‘Faustian bargain’ with Trump

Outgoing president delivered low taxes but executives are beginning to count the cost

[US business leaders rue their ‘Faustian bargain’ with Trump | Financial Times \(ft.com\)](https://www.ft.com/content/2021/01/08/us-business-leaders-rue-their-faustian-bargain-with-trump)

Andrew Edgecliffe-Johnson in New York

Friday, January 8, 2021

“It’s always been this Faustian bargain with Trump,” Dan Eberhart admitted this week. The chief executive of Canary, a Denver-based drilling services company, had put up with “the ridiculousness” associated with Donald Trump because he also delivered pro-growth policies and low taxes.

Mr Eberhardt gave \$100,000 to Trump-supporting political committees and helped raise another \$600,000 from other donors despite experiencing recriminations “all the time” for supporting a historically divisive president, he said.

But having watched Wednesday’s deadly violence at the Capitol building after the president egged on a mob of supporters, he told the Financial Times: “I’m done. I don’t want my mom to think I’m involved with this.”

Few mainstream business leaders have voiced support for the inflammatory populist during the final weeks of his administration. But now even the stalwarts are distancing themselves, amid warnings of a backlash against executives who funded a president many now blame for imperilling the rule of law.

Stephen Schwarzman, the Blackstone founder who was Mr Trump’s most senior backer on Wall Street, had in November defended the president’s right to challenge the election results in court. On Wednesday the private equity boss condemned the “appalling” insurrection “that followed the president’s remarks”.

Activist investor Nelson Peltz told CNBC on Thursday that he had voted for the president in November but was now “sorry I did that”. The investor said he had supported many of Mr Trump’s policies, “but so much was undone yesterday with what we all saw”.

Most striking, the National Association of Manufacturers, which steered more than 70 per cent of its 2020 campaign contributions to Republicans, called on US vice-president Mike Pence to “seriously consider working with the cabinet to invoke the 25th Amendment” to remove the president from office.

Threat of employee backlash

Companies were realising that they needed “to stop supporting those who enabled the slow and steady rot” in US democracy, said Aron Cramer, chief of BSR, a group which advises companies on their social responsibilities. That, he added, would mean cutting campaign contributions to those such as Republican senators Ted Cruz and Josh Hawley who encouraged what the Business Roundtable called “the fiction of a fraudulent 2020 presidential election”.

“We’re living in a time of employee activism and a lot of employees will ask why their companies are supporting office holders [who] allowed a baseless challenge to the election and therefore to democracy,” said Mr Cramer.

“There’s not a major chief executive who’s a Trump supporter now Jeffrey Sonnenfeld, Yale School of Management In a straw poll of 33 chief executives this week, Yale School of Management professor Jeffrey Sonnenfeld found unanimous support for the idea that companies should warn their lobbyists that they would no longer fund “election result deniers”.

“There’s not a major chief executive who’s a Trump supporter now,” Prof Sonnenfeld declared.

Corporate advisers said that executives’ concerns had been heightened by threats by the Lincoln Project — a well-funded group that has campaigned against Mr Trump with viral social media ads — to turn its fire on corporate donors.

Steve Schmidt, a Lincoln Project founder, this week threatened “a brutal corporate pressure campaign” that would seek to “foment employee rebellions and shareholder revolts” at companies that had donated to Mr Trump’s congressional allies.

Bruce Freed, president of the Center for Political Accountability, which tracks investor revolts over political spending, said companies would have to become “much more careful” about their financial support. “If it’s a consumer-facing company, they worry about a boycott and they also worry about employee morale.”

Executives’ support for Trump administration figures has caused crises before. Equinox and SoulCycle customers protested when Stephen Ross, chairman of the fitness chains’ parent company, hosted a 2019 fundraiser for Mr Trump, and AT&T ousted its top lobbyist after admitting that hiring Michael Cohen, the president’s former personal lawyer, was “a big mistake”.

Some attempts to stir up consumer protests have fizzled, however. Despite a campaign to boycott Home Depot because co-founder Bernie Marcus funded the Trump campaign, the DIY chain has produced some of the strongest recent results of any US retailer.

“There’s a critical mass” before boycotts are effective, said Chip Franklin, a talk radio host who had backed the Home Depot campaign. “But sometimes just the threat of a boycott is enough to get stockholders and others inside the company to rein a CEO in.”

Trump officials enter a tough job market Advisers said the shock of this week’s events would be a test of the business community’s commitment to social responsibility after a year in which chiefs have been vocal on issues ranging from racial equity to the US handling of the pandemic.

Despite the traditional revolving door between Washington and corporate America, they added, few companies would be willing to hire Trump administration veterans. Leadership Now, a coalition including executives from Bank of America and LinkedIn, said companies should “make clear that the president’s enablers will have no opportunity for future employment with them”.

This week’s breach capped four years of friction between business and a president who ran on an anti-elite message and then tuned out the views of most large companies on issues from trade to immigration.

CEOs had abandoned Mr Trump’s business councils in August 2017, when he claimed there had been “very fine people” at a white supremacist rally that turned deadly in Charlottesville, Virginia.

But some later returned, with executives including Al Kelly of Visa and IBM’s then chief Ginni Rometty, praising his administration’s leadership at a 2019 meeting on reskilling.

Mr Trump’s 2020 campaign raised five times as much from S&P 500 chiefs as Mr Biden’s campaign did, MarketWatch calculated, with the largest donations coming from Jeff Sprecher of Intercontinental Exchange, Sheldon Adelson of Las Vegas Sands, Steven Roth of Vornado and Oracle’s Safra Catz.

Even as campaigners attacked the role that business had played in supporting Mr Trump, some industry groups were arguing that companies should play a stronger role in Washington.

Alongside priorities such as infrastructure spending, the US Chamber of Commerce announced an event next week to discuss the “critical” role the business community could play in “strengthening democracy”.

Mr Eberhart was already thinking about which Republican he would support in 2024, but he said he could not now see himself funding another campaign by Mr Trump or any member of his family. “I think this is an unfixable rupture,” he said: “This is crazy. Nobody signed up for this.”

Additional reporting by Alistair Gray