

Companies stop political spending after violent Capitol riots: 'They've been playing with fire'

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Capitol Report

By

Expert says companies haven't been paying attention to what a donation results in



A woman pays her respects at a memorial for Brian Sicknick of the U.S. Capitol Police, who died from injuries following the Capitol building siege on Wednesday.

Getty Images

A growing number of U.S. companies have cut back on their political spending in the wake of last Wednesday's storming of the U.S. Capitol by a mob of President Donald Trump's supporters.

"The companies — they realize that with their political spending, they've been playing with fire," said Bruce Freed, president of the Center for Political Accountability, a nonpartisan nonprofit that pushes for better disclosure of corporate political activity.

"What's happened is that the match was lit, and it was lit over an open can of gasoline, and it has exploded."

Freed said companies haven't been paying attention to what a donation "results in, beyond, say, an immediate election of a legislator, an attorney general or governor. They say, 'We want a pro-business climate.' But what else goes with that? That's what we're seeing today."

Goldman Sachs Group Inc. [GS, -2.23%](#), JPMorgan Chase & Co. [JPM, -1.79%](#) and Citigroup Inc. [C, -6.93%](#) are among the big banks that have paused all federal political contributions, according to multiple published reports. Ford Motor Co. [F, -3.34%](#) and Boston Scientific Corp. [BSX, +0.47%](#) have made that move as well, with the maker of medical devices also releasing an "open letter" that it sent to all employees.

"We believe in respecting the integrity of the democratic process, the election outcome and the peaceful transition of power," [Boston Scientific officials said in their letter](#).

Making a more targeted decision, Marriott International Inc. [MAR, -1.65%](#), Commerce Bancshares Inc. [CBSH, -1.41%](#) and the Blue Cross Blue Shield Association said they would stop making donations to all of the Republican members of Congress who voted against the certification of the 2020

presidential election following the attack on the Capitol, with those moves coming after the companies were contacted by left-leaning political newsletter [Popular Information](#).

See: [No more Marriott money for Ted Cruz, Josh Hawley or any Senate Republican who voted against certifying Joe Biden's election](#)

Also: [Republicans recoil from Missouri Sen. Hawley after Capitol siege](#)

Even before the new corporate approaches toward Washington-related outlays in the past week, Freed's Center for Political Accountability had found that U.S. public companies increasingly have taken solid steps to [manage the heightened risks from political spending](#).

[Studies by the center](#) have revealed a sizable rise in the number of S&P 500 [SPX, -0.72%](#) companies that achieve top scores for political disclosure and accountability in recent years. The center, which works with the Zicklin Center for Business Ethics Research at the University of Pennsylvania's Wharton School, also has developed a "Model Code of Conduct" that suggests political-spending safeguards for companies.

"We have a model code of conduct for corporate political spending," Freed told MarketWatch on Monday. "Hopefully, the companies will now realize that they need to adopt it and they need to have a whole new framework for how they approach their political spending, because what they're finding now is that their political spending is fraught with great risk."

"This is a moment of truth for them," he also said. "It's clicked for the moment. We'll have to see whether it's a sea change."