

Statement on the Release of the 2020 CPA-Zicklin Index and Model Code of Conduct for Corporate Political Spending

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For years now, the American political system has been failing citizens. Out of 163 countries evaluated by the Social Progress Index, the US is one of just three--together with Brazil and Hungary--to have experienced a decline in social progress since 2011, despite enjoying prolonged economic growth until the economic crisis precipitated by the Covid-19 pandemic. Congress passed a major Covid-19 relief package in March 2020, but the pandemic and its side effects rage on, and our government has performed poorly on supporting the tens of millions who are unemployed and face inequality, discrimination, and economic hardship, and on addressing the absence of affordable health insurance affecting millions of Americans. Our government has also failed to support the hundreds of thousands who have fallen ill.

Government's relief package to pandemic reflects a familiar pattern: A semblance of bipartisanship emerges in a national crisis, the two parties agree on an emergency response the public demands, and then return to partisan bickering and business as usual. In the case of Covid-19, the parties have returned to business as usual despite their failure to protect public health, making the US an outlier among similarly developed countries, such as New Zealand, whose Covid-19 responses have been robust and effective. Our government has similarly failed to provide adequate support to Americans still acutely suffering from the profound consequences of the pandemic, and demonstrates little willingness to even discuss ongoing relief measures.

Our political system, with two dominant private political parties acting as a classic duopoly, has advanced party interests while failing to serve the public interest. The parties have failed to advance critical legislative solutions to the many economic, social, and environmental challenges our country faces: High and rising inequality, systemic discrimination against minorities, out of control violence and homicide, the crucial need for a true affordable health care solution, a plan to restore our crumbling infrastructure, a bipartisan solution to immigration reform, and many more.

Business is the major funder and enabler of the political system today but has focused on business special interest and not the public interest, and failed to provide solutions to the real problems we face. But it does not have to be this way. Business is not seeing its interest served by the parties, and is failing to use its clout to advance the bipartisan solutions we so badly need. Adopting the standards set forth in the Center for Political Accountability's Model Code of Conduct for Corporate Political Spending represents a valuable first step towards revolutionizing business's involvement with politics. In our book *The Politics Industry*, Katherine Gehl and I urge businesses to adopt a new set of political practices and support democratic principles. Business as a whole should engage with solutions-oriented candidates and

politicians rather than focusing on special interest policy, reduce influence by companies on their employees' political choices, and promote transparency of business spending and areas of influence while increasing business accountability for results. Business should no longer enable partisanship. Adoption of the Model Code' of Conduct is a major step towards adherence these principles.

Since its first report in 2011, the CPA-Zicklin Index has been an important voice in improving corporate transparency surrounding political spending. The Model Code of Conduct for Corporate Political Spending, which commits participating businesses to transparency and accountability in their political involvement, is a necessary supplement to this work and to the goal of reducing business's distortion of the democratic process.

Business must overhaul its legacy relationship with government, because the current business approach to politics is working against needed policy solutions and social progress, while also distorting open competition in the economy and hurting America's competitiveness globally. If the US is to reverse its current social and economic problems, responsible business engagement in politics will be essential to drive real change. I urge businesses to adhere to the principles outline in the Model Code, and to support healthy political competition that will improve the overall business environment and advance the public interest.

October 13, 2020