

GLOBAL POLITICAL RISK – FURTHER EROSION OF DEMOCRACY IN THE UNITED STATES

A [paper](#) published by Brookings and States United earlier this month urges both the voting public and institutional investors, as we head into the 2024 election cycle, to remain vigilant about the threats to US democracy. The paper frames, from an investment perspective, the current potential for erosion of democracy in the United States as a significant driver of US political risk, notwithstanding the size, liquidity and global presence of the US markets. That outsized position also contributes to the potential for significant negative shocks affecting US assets and markets to reverberate across the global economy.

Putting the Brookings/States United [paper](#) into sharp relief was an [article](#) published last Monday by Jonathan Swan, Charlie Savage and Maggie Haberman in the New York Times reporting on Donald Trump's 2025 vision to strengthen the power of the White House at the expense of independent federal agencies. Trump has set out, in effect, a roadmap for autocratic rule.¹

These timely reminders of the potential for significant market dislocations over the coming months highlight red flags for investors and should also prompt business leaders to consider steps to mitigate the potential for these dislocations to come to fruition.

Assessing Political Risk

As I have outlined in two previous briefing notes ([American Democracy, At An Inflection Point](#) and [Enlisting the Business Community to Counter Threats to Democracy](#)), there is a longstanding recognition in finance, economics and political science literature of the correlation between the rule of law and confidence in democratic institutions, on the one hand, and market performance, on the other. The Brookings/States United [paper](#) similarly notes that the “erosion of democratic practices – the expansion of executive branch authority, the decline of government accountability and interference with electoral processes – is worrying for many reasons,” and poses “a significant risk to investment performance.”

A fair question is whether we are in, or are fast approaching, the zone of justifiable concern. A Federal judge [characterized](#) efforts to overturn the 2020 election as “a coup in search of a legal theory” and the January 6th Select Committee [described in comprehensive detail](#) a series of actions designed to subvert the peaceful transfer of power that were tantamount to an attempted coup. Thankfully, and narrowly, the attempted coup was just that – an unsuccessful attempt. However, as the Brookings/States United [paper](#) also notes, increased political risk does not require an actual, or even an attempted, coup – political risk can equally be driven by:

- deterioration of the “rule of law” (a legal system free from bias and external pressure);

¹ “Autocracy,” derived from the Greek words for “self” and “rule,” refers to a system of government in which total authority is concentrated in the hands of a single leader or a small cadre of individuals. In an autocracy, there are no checks and balances, no constitutional or legal constraints on the exercise of executive power, and no judicial accountability. As Kenneth Roth, former executive director of Human Rights Watch [wrote](#), the first goal of many autocrats is to undermine the checks and balances on their authority. Autocrats often resort to attacks on independent journalists, activists, judges, politicians and human rights defenders.

- a political process that is incapable of generating stable expectations about future outcomes and policy; and
- lack of government transparency (which calls into question disclosures around economic and financial performance).

Election-Related Risks

The Brookings/States United [paper](#) highlights that the Big Lie remains a potent weapon. (*See also [Conventional Wisdom Upended - An Analysis of the US Midterm Elections](#).*) As David Leonhardt summarized in his New York Times [article](#) on the twin threats to American democracy (updated June 2023), while the January 6th insurrection was the clearest manifestation of the “growing movement inside one of the country’s two major parties ... to refuse to accept defeat in an election,” that movement has continued. A number of election deniers serve in Congress today. Leonhardt quotes Yascha Mounk, a Johns Hopkins University political scientist that “[t]here is a possibility, for the first time in American history, that a legitimately elected president will not be able to take office.”

The Brennan Center for Justice noted, in a recent email briefing urging passage of the re-introduced [Freedom to Vote Act](#), that “the assault on democratic institutions continues. In Georgia, Texas, and beyond, legislatures continue to erect barriers to voting. Legislators in several states have curbed voter registration drives, restricted access to mail voting, and tightened voter ID requirements. Election officials are being threatened with politically motivated prosecution. Partisan actors are preparing bogus election audits in a desperate attempt to manufacture irregularities. Election deniers still walk the halls of Congress. And among too many Americans, demagogues diminish trust in elections.”

At the recent annual summer conference of the National Association of Secretaries of State, state election officials cited heightened concerns over false and misleading content about voting and elections, exacerbated by generative AI. Loss of experienced election officials and staff administering elections at the local level exacerbates the challenges. The conference followed the announcement by Republican election officials in Alabama, Florida, Louisiana, Missouri and West Virginia of their decisions to leave the Electronic Registration Information Center (“ERIC”) [system](#). ERIC is designed to combat voter fraud by identifying voters who have died or moved between states. ERIC has come under attacks from the far right (*see* Brennan Center [reporting](#)).

Each state has its own voting system, arguably making it difficult to rig the whole system. That said, the potential to effectively undermine an election outcome flows from two features of American elections. The first is that the outcome of presidential elections is determined under the Electoral College by a small handful of states – in 2024, the battleground states could be Wisconsin, Arizona and Georgia. The other, as the Brookings/States United [paper](#) notes, is that “[t]he decentralized nature of US election administration ... means that the actions of even a single state-level official could wreak significant havoc on national electoral processes.” Michigan Secretary of State Jocelyn Benson often recounts that, during the 2020 election, Republican members of a critical Michigan elections board had refused to certify election results from Detroit (creating a deadlock, potentially disenfranchising Detroit voters, up to 78% of whom were Black), only to [reverse](#) their decision after a group of angry voters joined the certification meeting via Zoom and accused the Republican members of attempting to steal their votes.

Passage of the Freedom to Vote Act would go a long way to mitigating these threats, but there is little hope that the Act will emerge from the Republican-controlled House. Instead, the House majority has introduced the [American Confidence in Elections Act](#) (“ACE Act”), which, in fact, reduces voting access and impairs impartial election administration. The Washington Post [editorial page](#) characterized the ACE Act as a “partisan power grab masquerading as a defense of election integrity that would nullify President Biden’s 2021 executive order aimed at making voting easier. It would ban federal agencies from helping register voters or even encouraging people to participate in elections, as well as reduce transparency by ratcheting back disclosure requirements to allow individuals and corporations to stay anonymous more easily as they pour money into electioneering.” The editorial page concludes, “Taken together, all of this reveals that the true purpose of Republicans’ legislative efforts to control voting is more about giving themselves a political edge than actually safeguarding elections.”

Threats Beyond Elections

Worryingly, the threats to democracy extend beyond elections and election administration. As I summarized in [Defending Democracy Comes at a Price; Its Defenders Need Support](#)), these include:

- extreme levels of polarization, acceptance of anti-democratic sentiments and acceptance of political violence, synonymous with heightened political sectarianism;
- increasing levels of hate-fuelled violence (including ever increasing numbers of mass shootings);
- increasing prominence of domestic violent extremists and groups (Mary McCord and Jacob Glick, in their Just Security [article](#), cite the January 6th Select Committee’s depositions of Proud Boys, Oath Keepers and other paramilitary groups as well as greater visibility of these groups at events supporting white supremacy, school board meetings, LGBTQ-friendly events and demonstrations against *Dobbs*, as the basis for their conclusion that it is imperative to counter aggressively “the growing confidence of armed groups to menace democratic self-government and marginalized populations”); and
- the decline of authoritative institutions, including news organizations, schools and universities, with academic freedom under sustained attack and culture wars driving threats to school board, the banning of books and the silencing of educators. (More on this [below](#).)

In his New York Times [article](#), David Leonhardt noted an additional threat to democracy, namely that government policy is becoming increasingly disconnected from public opinion. While there is significant public support, for example, for [protecting voting rights](#), for [maintaining access to abortion](#) and for a [ban on assault-type weapons](#), Republican lawmakers continue to seek to restrict access to voting, 13 states currently have total bans on abortion and a number of other states have bans ranging from six to 15 weeks, and there is little prospect of federal legislation banning assault weapons. In Florida, according to a [University of North Florida](#) poll (March 9), 61% of Florida Republicans oppose DeSantis’ six-week ban on abortion and, according to a [Reuters/Ipsos](#) poll (April 26), even 36% of Republicans believe DeSantis is punishing Disney for exercising its right to free speech. So much for reflecting the will of the people.

The Culture Wars Are Weakening Democracy

The modern variant of the culture wars has been with us at least since the days of the Vietnam war. The weaponization of these battles heightens the threat to democracy.

Accusations levelled by Republican lawmakers against the Department of Justice and the Federal Bureau of Investigation should be called out for what they are – baseless attacks against democratic institutions designed to sow distrust and fear. Until recently, those attacks were largely coming from Trump and his close allies. The range of actors is now far broader, led by Judiciary Committee Chairman Jim Jordan and other members of the Freedom Caucus, channelled through the Weaponization of Government subcommittee.

There is still [talk](#) of impeaching Attorney General Garland (the first of a cabinet officer since 1876) (Rep. Marjorie Taylor Greene introduced such a resolution last year and again in May) and talk persists among Republican lawmakers and presidential hopefuls of getting rid of Christopher Wray as FBI director (notwithstanding reporting that the FBI resisted for more than a year opening an investigation of Trump’s role in the January 6th insurrection and were opposed to a last-resort raid on Mar-a-Lago to recover classified material). Few Republicans have associated themselves with former Attorney General Barr’s June 19th [reaction](#) to the Trump indictment: “This time the president is not a victim of a witch hunt.” “This is a situation entirely of his own making.” “The effort to present Trump as a victim in the Mar-a-Lago document affair is cynical political propaganda.”). The House majority also wields the power of the purse.

Little seems beyond the pale for Republican lawmakers as they push their war on what they perceive as “woke.” Senator Tuberville is holding up at least 270 (and counting) Senate confirmations for general and flag officer promotion or reassignments over his opposition to the Defense Department’s policy of granting leave and paying travel expenses for military personnel who cannot obtain an abortion where they are stationed. This has prompted huge outcries from lawmakers, as well as from [seven former Secretaries of Defense](#). Tuberville recently prompted further outrage over comments related to white nationalists, then reversed himself. Earlier this week, presidential hopeful Ron DeSantis backed Tuberville’s block on nominations.

Last Friday, the House majority passed the National Defense Authorization Act (“NDAA”) for FY 2024 largely along party lines (all but four Democrats voted “no”), thereby ending a nearly 60-year precedent of bilateral support for defense authorizations. The most significant defense must-pass legislation, which sets defense policy and spending limits for the upcoming year and which passed out of the Armed Services Committee 58-1, contains [amendments](#) pushed by hardline conservatives that would:

- eliminate DEI programs and staff at the Department of Defense;
- prohibit the Secretary of Defense from authorizing the payment for, or reimbursement of, expenses for abortion services for service members stationed in states that have banned abortion (the House analogue to Tuberville’s quest);
- prohibit coverage by health care programs for service members for hormone treatments for transgender individuals and gender confirmation surgeries; and
- block military schools from purchasing or having “pornographic and radical gender ideology books.”

Equally worrying is the broader impact on American society of the weaponization of culture war wedge issues. Consider, for example, the impact of the abortion bans. The Guttmacher Institute [tracker](#) lists 13 states with the most restrictive laws, another three as very restrictive and a further ten as restrictive. The Center for Reproductive Rights [identifies](#) 14 states where abortion is illegal (that is, with no gestation period), ten where rights are hostile and three where abortion is not protected. (See also the Axios [summary](#) and New York Times [tracker](#).) Last week, the governor of Iowa signed a six-week ban on abortion, joining Florida whose governor signed a ban in April (both bans are suspended though, pending the outcome of litigation). Georgia also has a six-week ban (there is a challenge, but the ban remains in effect). Nebraska and North Carolina have 12-week bans.

As Axios [has reported](#), an increasing number of red states are banning or tightly restricting access to mifepristone and misoprostol via telemedicine (that is, by mail). The next battlefield on reproductive rights is expected to be attempts to criminalize crossing state lines to obtain an abortion. In April, Idaho (where nearly all abortions are banned) [criminalized](#) “abortion trafficking,” which the legislation defines as assisting a minor to get an abortion without the consent of the minor’s parent or guardian; assistance includes the in-state transportation of the minor to the state border.

And threats exist beyond the contours of access to abortion. As Kelly Baden and Jennifer Driver posit in their [report](#) on abortion policy one year after *Dobbs*, “abortion extremism is fuelling additional attacks on democracy.” Anti-abortion governors and state legislators in seven states have sought to restrict the power of district attorneys to exercise longstanding discretion in charging decisions, state legislatures are using pre-emption to prevent local governments from expending funds to assist persons seeking abortions, and some states are seeking to raise the voting thresholds for ballot initiatives to make it more difficult for voters to embed rights to abortions in state constitutions. (Ohio’s Issue 1, to be voted upon on August 8, would increase the threshold to amend the state constitution via citizens’ initiative to 60%.)

I previously have [highlighted](#) the pernicious effects of Florida’s assault on public education (the Stop W.O.K.E. Act, the Don’t Say Gay Law and the legislation that mandates that books be age appropriate, free from pornography and “suited to student needs”). In effect, public education is being held [hostage](#). And just when you thought it could not get worse, this past week, the Florida Board of Education approved its 2023 Social Studies Standards. SS.68.A.A.23 states that instruction includes “how slaves developed skills which, in some instances, could be applied for their personal benefit.” SS.912.A.A.3.6 states that instruction on Black communities during Reconstruction should include “acts of violence perpetrated against and by African Americans.” Seriously?

And it is not just Florida. As the Southern Poverty Law Center [noted](#) last month, “Public School have become the political battleground between those who support the teaching of historically accurate, inclusive school curricula and right-wing politicians who seek to erase our nation’s uncomfortable history. These politicians – and the [parents](#) who support them – accuse public school teachers of indoctrinating the nation’s students with “woke” ideology. As a result, teachers are in the crosshairs of classroom censorship laws and policies and a few activist parents seeking to enforce those laws as broadly as possible.”

A fifth grade teacher in Cobb County, Georgia (teaching a “gifted” class) was fired under a series of Georgia state laws passed in 2022 (the Protect Students’ Rights Act, commonly known as the “divisive concepts” law; a “Parents’ Bill of Rights” and legislation known as the “harmful to minors law,” which allows for the removal or restriction of materials parents deem “pornographic” or otherwise harmful) for reading aloud the international, best-selling children’s book by an Australian author, [“My Shadow is Purple.”](#) This book about [acceptance and inclusion](#) was deemed “divisive content.” These efforts no doubt are having a chilling effect on educators across red states, never mind the obvious ambiguity in the standard that could cover just about anything one parent finds offensive.

“Project 2025”

In measuring political risk, one would expect a range of plausible options to be evaluated. For US political risk, that of necessity means consideration of what would happen if Trump were to return to the White House.

The Swan/Savage/Haberman [article](#) warns that Trump and his allies are planning a formidable expansion of presidential power over the federal government that would concentrate far greater authority in the hands of the president, at the expense of the judiciary and Congress. This has been referred to as a maximalist version of the so-called theory of the “unitary executive” and goes far beyond Trump’s [threats](#) to appoint a special prosecutor to pursue criminal charges against Joe Biden and his family as well as “others involved in the destruction of our elections and our borders,” or pardoning those convicted for their actions on January 6th. In their words, Trump and his allies will “alter the balance of power by increasing the president’s authority over every part of the federal government that now operates, by either law or tradition, with any measure of independence from political interference by the White House.” In Trump’s own words, he “will obliterate the deep state.”

Among other efforts to strengthen the power of the White House, Trump’s 2025 vision includes (see [reporting](#) as well as the Trump 2024 campaign [website](#)):

- bringing independent agencies, such as the Federal Trade Commission and the Federal Communications Commission (“FCC”) under direct control (as outlined in Trump’s [Agenda47](#)) – it should come as no surprise that Trump singled out the FCC, as any good autocrat would start by asserting control over the media;
- reinstating the practice (the “impoundment power”) of refusing to spend money appropriated by Congress, which was banned under President Nixon via the [Congressional Budget and Impoundment Control Act of 1974](#);
- removing employment protections from tens of thousands of career civil servants, to make it easier to replace those standing in the way of his agenda (in effect, reinstating Trump’s [Schedule F](#) executive order, which removed job protection from civil servants deemed to have policymaking functions, and separately adding a requirement for a new civil service test “demonstrating an understanding of our Constitutional limited government” – Senator Tim Kaine is seeking again this year (his effort last year was unsuccessful) to ban Schedule F via an amendment to the NDAA;
- removing officials in the intelligence community, the State Department and the Defense Department (making good on his promise to gut the “deep state”);
- under the guise of what he terms “ending censorship and reclaiming free speech,” restricting the ability of the federal government and the social media platforms to

address disinformation (for an analysis of the current attempt at this, see my recent briefing note, [Judge Enjoins Content Moderation Collaboration](#) – that injunction has been temporarily stayed);

- supercharging voter suppression efforts; and
- creating a credentialing body to “certify teachers who embrace patriotic values.”

Presidential historian Michael Beschloss had this to [say](#) about the plans: “Well, if you love Mussolini, you will love what Donald Trump is talking about for 2025. Mussolini followed the unitary executive theory too, which meant total power to the dictator, no constraints. This is about as un-American, I think you will all agree, as anything I’ve ever heard. ... Now comes along Donald Trump, the first major candidate in American history to say outright ‘I want a presidential dictatorship.’” Today, think of Viktor Orbán as the role model for Trump, and recall that in 2019, Trump [praised](#) Orbán for doing a “tremendous job in so many different ways.”

One might say that implementation of Trump’s vision depends on Trump winning. That will be determined next November, but in the meantime there has been virtually no outcry from Republicans about Trump’s roadmap to autocracy. And if another Republican were to win next November, [Project 2025](#), a transition initiative of a broad coalition of more than 65 conservative organizations, led by the Heritage Foundation, which underpins much of Trump’s vision will nonetheless be ready to be implemented starting at noon on January 20, 2025. And even if Democrats succeed in holding the White House in the 2024 election, Republican campaign rhetoric attacking both the deep state and elections will continue to resonate with conservative voters and Republican lawmakers.

Trump’s Potential Legal Jeopardy

Back to political risk. Lest we forget, the already febrile atmosphere is about to get worse. Trump faces legal jeopardy across multiple fronts (*see, e.g.*, Just Security [tracker](#) and Business Insider [tracker](#)):

- the criminal hush money [indictment](#) (34 counts of falsifying business records) brought by Manhattan District Attorney Alvin Bragg (the case is scheduled for trial March 25, 2024);
- potential criminal indictments that are expected to be brought by Fulton County District Attorney Fani Willis against Trump and perhaps others arising out of efforts in Georgia to overturn the 2020 election (including possible claims of violating Georgia’s Racketeer Influence and Corrupt Organizations (RICO) Act, and possible claims relating to fake electors);
- the trial, now [scheduled](#) for May 20, 2024, on [37 counts](#) relating to classified documents stored at Mar-a-Lago and related alleged efforts to obstruct government efforts to recover the documents (including more than 30 violations of the Espionage Act), brought by Special Counsel Jack Smith;
- the potential criminal indictment in the DC District Court brought by Jack Smith relating to January 6th and broader efforts to interfere with the 2020 election results (Trump announced he received word he is a target of the related grand jury investigation; according to [reporting](#) yesterday by Sadie Gurman in the Wall Street Journal, among others (see also [Just Security](#)), the bases for the indictment could be:
 - obstruction of an official proceeding (18 U.S.C §1512 (b) or (d));

- conspiracy to defraud the US government (18 U.S.C. §371); and
- civil rights violations (Reconstruction era 18 U.S.C. §241) typically alleged in voting-fraud cases – probably easier to succeed on than a claim under the Insurrection Act (18 U.S.C. §2383); and
- there could also be a witness tampering claim (18 U.S.C §1512 (c)(2));
- a second defamation case brought by E. Jean Carroll, based on an amendment to the original defamation action to include comments made at a CNN town hall after the original verdict, and expected to be heard January 15, 2024; and
- New York Attorney General Letitia James’ civil suit against Trump, the Trump Organization and three of his eldest children (Ivanka has been dropped as a defendant) alleging fraud, expected to go to trial October 2, 2023.

Trump is also the subject of lawsuits arising out of the January 6th insurrection brought by 10 members of Congress, represented by the NAACP, and a separate action brought by Rep. Eric Swalwell. He also faces three lawsuits brought by US Capitol Police (one brought by two officers, a second brought by seven officers and a third brought by a single officer) and a lawsuit brought by two DC Metropolitan Police Officers.

Last week, Michigan Attorney General Dana Nessel [announced](#) felony charges against 16 Republicans in Michigan for falsely characterizing themselves as Michigan electors as part of an effort to overturn the 2020 election. The eight criminal charges include forgery, conspiracy to commit forgery and conspiracy to commit election forgery under Michigan state law. The Arizona attorney general is reported to be investigating fake electors appointed in Arizona.

As Shane Goldmacher and Maggie Haberman [wrote](#) this past week, the Trump indictments are “becoming the background music of the 2024 presidential campaign; always there, shaping the mood, yet not fully the focus.” As with all things Trump, what once again is unprecedented fades to the normal, eliciting “shrugs and muddled responses” from his rivals, and making no dent in his popularity with his base. One explanation, which for any one who was present at the Capitol on January 6th should be incomprehensible, is that Republican primary voters and Trump, aided by the Republican leadership (with only a few notable exceptions), have whitewashed the insurrection.

Malign Foreign Actors

In 1838, in his Lyceum [speech](#), Abraham Lincoln asked, “At what point then is the approach of danger to be expected? I answer, if it ever reach us, it must spring up amongst us. It cannot come from abroad. If destruction be our lot, we must ourselves be its author and finisher. As a nation of freemen, we must live through all time, or die by suicide.”

Much of what I outline above regrettably is fuelled by domestic actors. We should not, however, overlook malign foreign actors that, due to a range of ideological and geopolitical motivations, will likely be targeting our 2024 elections. The list of potential actors is far broader than the countries responsible for election interference in 2016 and 2020, and the tools at their disposal (*see* my previous briefing note, [Deepfakes](#)) are far more pernicious.

Former head of DHS’s Cybersecurity and Infrastructure Security Agency Chris Krebs, in an interview with [Cyberscoop](#) last month, said he is “fully expecting a very, very active threat landscape” in terms of both malign “influence” (shaping of public opinion) and “interference” (attacks on election infrastructure). He sees the potential for domestic political

actors to embrace some of the tactics deployed by foreign groups to meddle in the elections. In June, the Treasury Department [announced](#) sanctions against two Russian FSB officers for efforts to influence local elections in the United States. These sanctions are related to indictments of three Russian nationals, [unsealed](#) in April, for election interference.

Regrettably, at a time when the threat of foreign election influence is becoming more acute, domestic harassment and intimidation of, and threats against, election workers, as well as conservatives' efforts to shut down content moderation and other efforts to mitigate disinformation and the means by which disinformation is amplified, could drastically increase the vulnerability of our election systems and of the electorate. The timing should be cause for concern.

Mitigation

The Brookings/States United [paper](#) suggests a range of mitigation tools. Among them, they suggest, institutional investors could:

- add US political risk to the set of initial and ongoing due diligence;
- consider taking a more proactive position on US political risk;
- identify an appropriate subset of US portfolio companies (based on risk profiles, market impact and responsiveness, among other factors) as targets of mitigation strategies—including discussions of US political risk, and, as part of that effort, could engage with boards and management on whether they consider US political risk relevant to their operations;
- use engagement with portfolio firms as an opportunity to convey support for business leaders who advocate electoral integrity and respect for the rule of law;
- advocate full disclosure of corporate lobbying expenditures, as a means of ensuring that lobbying is consistent with corporate strategy, as well as with respect for democratic political institutions;
- ask portfolio companies to terminate or avoid corporate-related political contributions to candidates or officials associated with election denial or with attempts to undermine the democratic process; and
- encourage portfolio company boards to consider political risk when making investment decisions elsewhere in the United States, as they would when making investments abroad. When seeking to acquire existing operations or establish greenfield operations, companies could consider the state's voting laws and assurances of full access to the ballot, as well as any state-level efforts to interfere with the democratic process.

On this last point, it may be too early to tell what the impact is of young people deciding whether or not to join a particular company based on location in a state that bans abortions. [Don't Ban Equality](#) is a coalition of close to 1,000 businesses that view reproductive healthcare as a core business issue and view restrictions on access to reproductive healthcare as bad for business.

Concluding Thoughts

In his July 10 update, Eurasia Group President Ian Bremmer notes that the “more exceptional, and troubling, characteristics of the United States these days is the state of its democracy.” Bremmer points out that the worrying trends on display beginning with the 2020 election have continued, and there is “no major countervailing force to rebuild civil society.” “In

other words, the US political system is presently heading for another crisis. The question is how big.”

Business leaders may pine for the days when few expected them to take a public stand on social issues of the day or questioned their involvement in politics via financial support. But today, staying above the fray is no longer a luxury for business leaders, largely due to forces beyond their control. Some forces, however, remain within executives’ control. As I outline in the [Annex](#), there are a series of measures that can be implemented at the corporate level in support of democracy. Perhaps the most significant would be to rein in direct and indirect political donations to those political actors who are contributing to the erosion of US democracy.

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ANNEX: MEASURING CORPORATE COMMITMENTS TO DEMOCRACY – A SCORECARD

Civic engagement generally

- Does the company host or support programs aimed at enhancing civic engagement among employees?
- Does the company encourage employees to participate in external civic activities?
- Does the company work with local colleges and universities to build up regional centers of education?

Voter participation:

- Does the company publicly promote fair elections and the importance of voter registration?
- Does the company support legislative efforts to protect and expand access to voting, including the Freedom to Vote Act and the John Lewis Voting Rights Advancement Act?
- Does the company host community voter registration drives?
- Does the company encourage employees to vote, provide employees with notice of upcoming elections, share links to nonpartisan websites for voting assistance (such as [Vote America](#) and [BallotReady](#)) and provide employees with time off to vote at the polls or work at polling sites? (See [Time to Vote](#); [Civic responsibility case study](#) (from the Ash Center for Democratic Governance and Innovation at the Harvard Kennedy School); and [Civic Alliance](#))?
- Does the company provide a voter-friendly work environment, for example by adding voter registration reminders in new hire onboarding and assistance with change of address processes?
- Does the company express opposition in its social media posts to voter suppression efforts/voter nullification efforts/threats against state election officials?
- Does the company have a policy that limits new business activities in states that have passed voter suppression legislation?

Fighting disinformation

- Does the company host or support programs aimed at enhancing the ability of employees, particularly in digital spaces, to recognize hate speech, targeted disinformation and conspiracy theories?
- Does the company encourage and support independent local journalism?
- Does the company fund external civic education programs aimed at combatting disinformation?
- Does the company donate to politicians that have a track record of spreading disinformation?
- Does the company have a policy on advertising on networks or programs that perpetuate disinformation about elections, that otherwise promote baseless claims about election fraud, or that incite attacks targeting state election officials?
- Does the company publicly endorse government efforts to address disinformation?

Political contributions (based on the criteria used by the [CPA-Zicklin Index](#), published by the [Center for Political Accountability](#))?

- Does the company have a policy that describes how it allocates contributions or expenditures from corporate funds to influence political/ballot measure elections and, if so, does it disclose the policy?
- Does the company describe the types of recipients of its political spending or the types of recipients it will not contribute to? For example, does the policy prohibit donations to candidates who support legislation to curtail voting rights or otherwise disenfranchise voters?
- Does the company describe the public policy positions that drive its political spending decisions?
- Does the company disclose who has ultimate authority internally on how corporate funds are allocated for political purposes?
- Does the company’s board of directors (or a board committee) have oversight over the company policy on political contributions, or if there is no such policy, over the contributions themselves?
- Does the company’s board of directors (or a board committee) have oversight over the amounts of political contributions the company makes or may make?
- Does the company voluntarily disclose:
 - contributions to candidates, parties and committees?
 - contributions to “527 organizations,” such as governors associations and Super PACs?
 - independent political expenditures in direct support of, or in opposition to, a campaign?
 - payments to trade associations that recipients may use for political purposes?
 - payments by trade association of which the company is a member?
 - contributions to 501(c)(4) and other tax-exempt organizations?
 - payments to influence ballot initiatives?
- During the 2022 election cycle or since then, did the company make contributions to members of Congress who:
 - opposed federal voting rights legislation?
 - objected to the certifying the 2020 presidential election?
 - opposed the formation of either the National Commission to Investigate the January 6th Attack on the US Capitol Complex or the Select Committee to Investigate the January 6th Attack on the US Capitol?
 - call for amnesty of those convicted for their actions on January 6th?
 - support expunging the impeachments of former President Trump?
- During the 2022 election cycle or since then, did the company make contributions to state legislators who voted for legislation that:
 - Shortens windows to apply for a mail ballot
 - Shortens deadlines to deliver a mail ballot
 - Makes it more difficult to remain on absentee voting lists
 - Eliminates or limits sending mail ballot applications to voters who do not specifically request them
 - Eliminates or limits sending mail ballots to voters who do not specifically request them
 - Restricts assistance in returning a mail ballot
 - Limits the location, availability or number of mail ballot drop boxes

- Imposes criminal penalties on election officials and poll workers who fail to perform their duties or fail to adequately maintain voter lists
- Empowers partisan poll watchers
- Imposes stricter signature requirements for mail ballots
- Expands voter purges
- Increases barriers for voters with disabilities
- Bans providing snacks and water to voters waiting in voting lines
- Makes voter registration more difficult
- Imposes harsher voter ID requirements
- Reduces the locations or hours of polling stations
- Limits early voting days or hours
- During the 2022 election cycle or since then, did the company make contributions to state legislators who voted for legislation that:
 - Expands early voting opportunities
 - Eases mail voting
 - Expands mail ballot drop box access/drop-off locations
 - Eases voter registration
 - Provides greater access to voters with disabilities
 - Improves language accessibility
 - Protects polling place access
 - Prohibits discrimination through state voting rights act
 - Eases voter ID requirements
 - Restores voting rights to people with past convictions
 - Eases voting for people in jail
 - Expands Election Day registration
- During the 2022 election cycle or since then, did the company make contributions to elected officials who:
 - claim Donald Trump won the 2020 election/President Biden is an illegitimate president
 - called into question in public forums the legitimacy of the 2020 election
 - called for “forensic audits” of the 2020 election
 - promoted conspiracy theories in public forums about the 2020 election
 - otherwise took action to undermine the integrity of the 2020 election

Global efforts

- Does the company provide disclosure on anti-corruption efforts in jurisdictions particularly exposed to corruption risk (*see* recommendations of the [Task Force on US Strategy to Support Democracy and Counter Authoritarianism](#))?