

How Executives Vote With Their Wallets

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By Andrew Ross Sorkin

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The Business Roundtable, the top lobbying organization for industry in Washington, is often characterized as a nonpartisan or bipartisan organization.

It represents more than 200 large companies — from oil giants to tech sweethearts — with more than \$7 trillion of revenue and more than 15 million workers of all political stripes.

But nobody is truly apolitical, and in an age when we increasingly see our business leaders [filling the vacuum left by our political leaders](#), it's important that the public fully understand the views of these unelected leaders.

So a team of Harvard professors set out to find the political inclinations of top executives — not just the 200 who make up the Business Roundtable, but all the executives of the S&P 1500, a stock index that covers 90 percent of the United States' market capitalization.

Rather than look at party affiliation or public statements, the researchers — Alma Cohen, Moshe Hazan, Roberto Tallarita and David Weiss — looked at the truest measure of political leanings: They followed the money.

For the study, to be released Tuesday, they tracked personal political contributions for more than 3,500 chief executives that occupied the corner office anytime from 2000 to 2017. The period covers a two-term Republican presidency, a two-term Democratic presidency and the start of President Trump's time in office — after he lost the popular vote but won the Electoral College. In other words, on the whole, voters have been pretty evenly divided between the parties in that time.

But just 18.4 percent of the executives studied were designated as Democrats. The clear majority — 57.7 percent — demonstrated their affiliation through donations to the Republican Party. Indeed, 75 percent of donations from the median chief executive were directed to Republicans.

To be counted a supporter of Republicans or Democrats, executives had to direct at least two-thirds of their donations to candidates affiliated with one party. More than a quarter of the executives studied gave enough to both parties to be classified as “neutral.” This was the landing spot of Tim Cook, the chief executive of Apple. Despite his public support for Hillary Clinton in the last election and his backing of a number of progressive causes, he frequently gave money to candidates on both sides of the aisle.

(Unfortunately, the researchers have not disclosed how they classified each executive, saying they wanted to focus on the whole, and not the parts. When I asked for an example, they provided me with Mr. Cook.)

It is to be expected that leaders of large businesses side with Republicans, given the party's platform of lower taxes and less regulation. But the overwhelming nature of the support for the G.O.P. is surprising, given the outspoken positions a number of executives have taken in recent years on social issues like climate change, guns and immigration policies.

The results of this political science experiment has significant implications given how involved the business community has become in creating and influencing laws and public policy.

“Especially since the Supreme Court's decision in Citizens United, which allowed corporations to make unlimited independent political expenditures, corporate political spending can substantially affect politics and policymaking,” the authors of the report wrote.

The researchers dived deeper into some of the numbers to pull apart political leanings by specific industry, company size, region and even the gender of the executive.

Republican chief executives clearly outnumbered Democrats in every industry, but the gap narrowed in the “business equipment” and “telecommunications” sectors, which included technology and internet companies. (Nearly half of business equipment chief executives backed Republicans vs. 30.1 percent for Democrats, and 36.9 percent of telecom chiefs supported Republicans vs. 22.6 percent for Democrats).

Gender differences may be the most surprising. The sample size of women from 2000 to 2017 represented only 2.8 percent of the chief executives (only 1.2 percent in 2000, and 4.4 percent by 2017), but the researchers found that women were nearly evenly split between giving to Republicans, giving to Democrats and giving to both.

Our political discourse is as divided today as it has been any time since the Civil War. Debates are raging about income inequality, business regulations and capitalism itself — particularly among Democrats but increasingly among some Republicans.

The opinions held by executives have always resonated beyond their own industries, but their importance is more pronounced today. Mr. Trump, for example, has not hesitated to equate economic policy with foreign policy. It is, then, instructive to understand the political views of our business leaders.

These executives wield enormous influence over not just policy, but [the inclinations of their own employees](#). One of the most fascinating revelations of the study was that it also looked at the conduct of the businesses themselves, and in the process discovered that disclosures of political donations were highly correlated with the political leaning of its chief executive.

Political contributions by public companies do not have to be disclosed to shareholders, although some of companies do it. So the researchers looked instead at the which companies disclosed the donations to shareholders. Using an index developed by the Center

for Political Accountability, the professors found that there was “a statistically significant association between having a Republican C.E.O. and a lower” disclosure score.

Again, maybe that should be expected. Republicans typically argue against regulations, so the idea of voluntary disclosure might seem anathema to them. But for shareholders of all political leanings who rely on transparency and disclosure, the politics of a chief executive might be a more important factor than expected. Interestingly, “having a female C.E.O. is associated with increased transparency” about political contributions, the researchers found.

The researchers opted not to conveniently classify executives for us, and perhaps that’s for the best. Political views do change over time, and depending on the candidates involved.

Mr. Cook, for example, backed Mrs. Clinton and several state Democratic committees before the 2016 election. He also donated to the Republican House speaker, Paul Ryan.

It’s up to you whether that affects how you vote with your dollars, of course. But now, more than ever, it’s worth knowing where the powerful figures in the business world are placing their bets.

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