

# Why Pay-to-Play Politics is a Losing Proposition for Business & Society

## The Problem

In a strong U.S. economy, companies compete based on the value they create in the marketplace. In a strong U.S. society, government is accountable to the people it serves. Yet, in America today, free enterprise and the open exchange of ideas are too often replaced by “pay-to-play,” where firms and special interests compete for favors based on political spending. The result is an ever-escalating arms race and increasing cronyism. Elected officials now spend 30-70% of their time raising money, in races 20 times more costly than in 2000.<sup>1,2</sup> One Fortune 500 CEO describes this as “legalized extortion,” explaining, “We are seeing every politician coming in here with their hand out, demanding contributions.”<sup>3</sup>



*“If you represent special interests, I can seat you immediately.”*

## The Costs

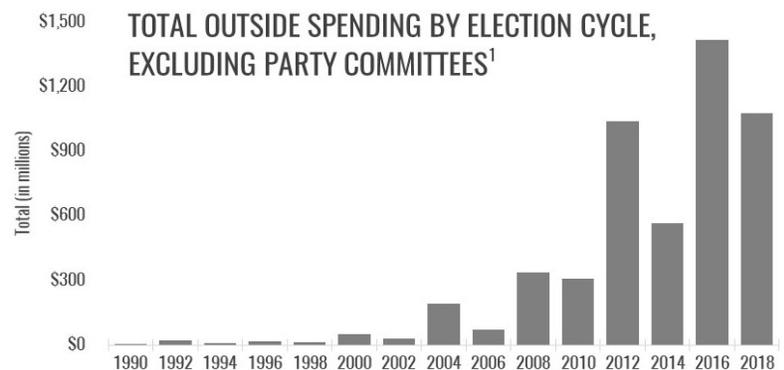
In the end, pay-to-play means everyone loses. Our economy suffers when cronyism undermines honest competition and the real drivers of growth. Large companies confront reputational risks if their government affairs conflict with their stated values. Innovators and investors face increased volatility and regulatory complexity, and small business cannot get a seat at the table. Even worse, pay-to-play politics corrupts representative democracy itself, threatening the integrity of our government, enabling influence by foreign actors, and fueling public cynicism and distrust.

## PAY-TO-PLAY IS BLOCKING REASONABLE SOLUTIONS TO MANY MAJOR ISSUES:

- Creeping Tax Code & Regulatory Complexity
- Ballooning Deficits
- Rising Requests for Contributions
- Subsidies & Exemptions as Political Favors
- Escalating Prescription Drug Use & Costs
- Gridlocked Energy Policy
- Short-Termism & Systemic Financial Risk
- Economic Inequality & Societal Distrust

## The Root Cause

In the 1970s, an activist Supreme Court began dismantling the century-old U.S. campaign finance framework—assuming this would help business. A series of decisions has authorized PACs and Super PACs and enabled corporations, unions, special interest groups, and individuals to spend unlimited amounts on political campaigns. Since then, spending and contributions have skyrocketed, with more than 76% contributed by 0.1% of the population.<sup>4</sup> Much of this money flows through non-disclosing non-profits.<sup>5</sup> According to former Sen. Alan Simpson (R-WY), “Money’s dominance over politics...is a growing crisis that prevents us from tackling anything else.”<sup>6</sup>



<sup>1</sup> OpenSecrets.org. Includes independent expenditures by Super PACs, social welfare groups, trade associations, corporations, unions, other groups, [bit.ly/bap\\_OutsidePoliticalSpending](http://bit.ly/bap_OutsidePoliticalSpending) <sup>2</sup> 60 Minutes, 2016, [bit.ly/bap\\_CongressTelemarketers](http://bit.ly/bap_CongressTelemarketers) <sup>3</sup> Trillium Asset Management CEO, 2016, [bit.ly/bap\\_LegalizedExtortion](http://bit.ly/bap_LegalizedExtortion) <sup>4</sup> OpenSecrets.org, 2018, [bit.ly/bap\\_DonorDemographics](http://bit.ly/bap_DonorDemographics) <sup>5</sup> OpenSecrets.org, 2018, [http://bit.ly/bap\\_DarkMoneyBasics](http://bit.ly/bap_DarkMoneyBasics) <sup>6</sup> Time Magazine, 2015, [bit.ly/bap\\_R\\_MoneyinPolitics](http://bit.ly/bap_R_MoneyinPolitics)

## The Solution

In the current pay-to-play environment, refusing to engage can amount to “unilateral disarmament” for a single business. Together, however, concerned business people can be clear: We want rules that foster honest competition, in the marketplace for goods and services and in the marketplace of ideas.

Amazingly, 75% of Americans agree on the solution to pay-to-play politics.<sup>7</sup> Twenty states have passed resolutions calling for a 28th Constitutional Amendment to end unlimited political spending and stop this destructive arms race for influence.<sup>8</sup> American Promise is the leading non-partisan organization working to unite Americans in crafting, passing, and ratifying such an amendment.

## The Role of Business

### ONLY BUSINESS CAN CLARIFY THAT PAY-TO-PLAY DOES NOT MAKE ECONOMIC SENSE

Because legislators often assume the current environment benefits business, executives are uniquely positioned to get the attention of Congress and set the record straight: Rules that foster pay-to-play do not help business, but threaten innovation, healthy markets, and economic growth. In addition, business has a compelling interest in helping to restore public trust in our society—and faces significant reputational, regulatory, and systemic risk if this issue is not addressed. Finally, many business leaders are deeply committed to representative democracy and share a concern for our country. They are now joining the national wave of engagement on this issue—adding their voices to the millions of Americans convinced that action is needed.

## Business for American Promise

Our mission is to unite business leaders in non-partisan advocacy for a 28th Amendment to end unlimited political spending, restore honest competition, and reestablish integrity in government.

We provide educational forums, tools, and support to help business leaders clarify where they stand and take effective action to advance reasonable reform. We are affiliated with American Promise, the leading non-partisan organization working to unite efforts to craft, pass, and ratify the 28th Amendment.



JOIN

Become a BAP member & support our 10-year plan



SIGN

Add your name to our non-partisan Statement of Principle



SHARE

Learn more & help articulate the business case

## Recent Progress

In Congress, the Democracy for All Amendment bipartisan introduction in the House January 2, 2019 (H.J.Res.2), and in the Senate July 30, 2019 (S.J.Res.51); New Hampshire became the 20th state to pass a resolution in support of the amendment on June 6, 2019 (H.B.504)

“It is up to us as citizens to recapture our democracy—it will not be self-correcting. We invite you to personally engage by investing both your time and resources—and by mobilizing those around you—in what we believe is the greatest challenge facing America today.”

- Katherine M. Gehl and Michael E. Porter<sup>9</sup>

<sup>7</sup> University of Maryland, 5/18, [bit.ly/bap\\_UMVoterSurvey](https://bit.ly/bap_UMVoterSurvey) <sup>8</sup> AmericanPromise.net, [bit.ly/bap\\_28thMap](https://bit.ly/bap_28thMap)

<sup>9</sup> Harvard Business School, 2017, [bit.ly/bap\\_PoliticalCompetitionFailsUS](https://bit.ly/bap_PoliticalCompetitionFailsUS)