Corporate political donations

Lighten our darkness

There are big differences in what firms reveal about their political donations

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IT IS not just the incestuous make-up of News Corporation's board that annoys its shareholders. Activist investors such as the Nathan Cummings Foundation also complain about the firm's lack of transparency about its political donations. Although News Corp opened up a bit this year, it is still more opaque than its peers in the S&P 100, as a new index of corporate political disclosure shows.

The index, launched by the Robert Zicklin Centre for Corporate Integrity at Baruch College on September 15th, does not argue that corporate political donations are good or bad. But its compilers believe that the public and shareholders have a right to know what firms are up to. It looks at 57 measures of transparency, including how many clicks it takes to get from the firm's website to information about political donations and how detailed that information is.

Oil and drugs firms are more open
Corporate transparency about political donations
By industry

Source: Baruch Index of Corporate Political Disclosure
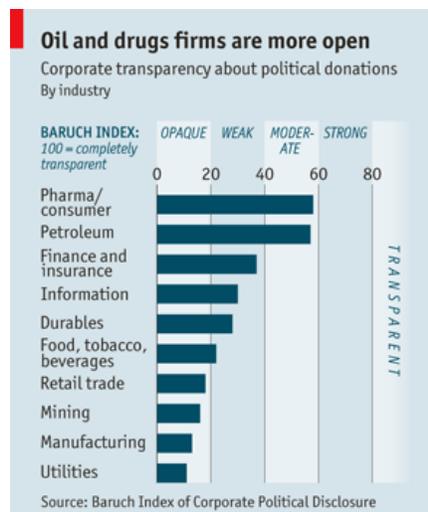
News Corp is one of 28 companies rated "opaque", along with popular bogeymen such as Halliburton and Walmart—and fashionable firms such as Amazon, Berkshire Hathaway, Google, Nike and Walt Disney. Only a handful of firms were deemed "transparent", including Colgate-Palmolive, IBM, Pfizer and Goldman Sachs (an investment bank once nicknamed "Government Sachs" because of its political connections). Finance is, surprisingly, the third-most-transparent industry, behind drugs and oil. Mining, manufacturing and utilities are the most opaque.

As firms donate more to politicians, they tend to disclose more. Yet the very biggest donors are not the most transparent, says Donald Schepers, one of the creators of the index, which they aim to expand next year to cover the entire S&P 500. That said, several firms have "made big improvements in their disclosure since we wrote to tell them that we were doing the index," says Mr Schepers. That alone suggests that measuring transparency is worthwhile