

BUSINESS LEADER'S GUIDE TO DEMOCRACY

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Leadership Now
Project

Together with our nationwide network of businesses and thought leaders, Leadership Now Project aims to take action to fix American democracy. This Guide provides key terms, concepts, and cases to help you talk about the work we are doing as a community, including:

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/01 Fundamentals

The terms and concepts defined in this section are fundamental to understanding our democratic institution and the core elements of a healthy, functioning democracy for all U.S. citizens.

Democracy

A form of government in which political control is exercised by all the people, either directly or through their elected representatives. Democracy must be both protected and renewed to ensure that every person has a voice and every vote counts. (Source: [Ace Project](#))

Principles of Democracy

Democracy consists of core principles, including: checks and balances of leadership; freedom of the press; free and fair elections; inclusiveness and equality; and respect for human rights. (Source: [United Nations](#)).

Our Take: At Leadership Now, we are driven by principles, not partisan interests. In 2018 and 2020 Leadership Now members built a [New Leaders to Watch candidate list](#), as well as a 2020 [Democracy Defender list](#) that identifies conservative and Republican leaders who have shown extraordinary commitment to democratic principles.

Representative Democracy

A system of government in which citizens elect representatives who propose and vote on legislation or policy initiatives on their behalf. It's a form of indirect democracy, as opposed to a direct democracy, in which people vote directly on policy initiatives. Representative democracy gives power to representatives who are elected by citizens. (Source: [Follow My Vote](#))

Inclusive Democracy

Diversity, Equity and Inclusion are key for a strong economy and thriving democracy and helps to drive innovation across sectors.

Our take: In the midst of last summer's racial reckoning, a group of Black Leadership Now members created the [Business for Racial Equity pledge](#)—a pledge for the business community to commit to tangible action on three areas: policing reform, civic participation and safe ballot access, and economic inclusion. Over the course of a month, over 1,200 business leaders signed the pledge and committed to prioritizing equity in their work.

Rule of law

The political philosophy that all citizens, institutions and entities within a country, state, or community are accountable to the same laws. The rule of law is fundamental to international peace and security and political stability; to achieve economic and social progress and development; and to protect people's rights and fundamental freedoms. (Source: [The United Nations](#))

/02 Campaign Finance

The terms and concepts in this section describe the types of funding mechanisms used to finance political elections and ways these funding streams can be manipulated to undermine free and fair elections and the health of our democracy.

Dark Money

When the money raised by politicians and political groups are structured in a way to avoid all reporting requirements, it is called “dark money.” The sources behind most of the money raised by politicians and political groups are publicly disclosed. Candidates, parties and political action committees all report the names of their donors to the Federal Election Commission on a regular basis. (Source: [Public Integrity](#))

Our Take: Although dark money continues to be an issue in our political system, we've seen a push for increased transparency thanks to organizations like [OpenSecrets](#), [FollowtheMoney](#), and the [Center for Political Accountability](#). Leadership Now works closely with these partner organizations to understand the flow of money in our political system.

PACs

Political Action Committee (PACs) are political committees that are “established and administered by corporations, labor unions, membership organizations or trade associations.” As such, they spend money on elections and can donate money to parties or candidates, but are not party-affiliated or an authorized committee of a candidate. (Source: [The Policy Circle](#))

Our Take: Political giving reflects a company's values and should therefore align with their stated values. In service of that, Leadership Now has analyzed corporate PAC giving to members of Congress who refused to certify the election results—and found that business PAC giving comprises as much as 81% of funding for those members of Congress. Dig into that data [here](#).

Super PACs

A super PAC is a political committee that can solicit and spend unlimited sums of money. A super PAC cannot contribute directly to a politician or political party, but it can spend independently to campaign for or against political figures. These committees are also called independent expenditure-only committees. A super PAC is not legally considered a political action committee (PAC) and as such is regulated under separate rules. (Source: [Ballotpedia.org](https://www.ballotpedia.org))

Independent Expenditure: An independent expenditure is money spent on political advertising in support of or against a particular candidate. An independent expenditure comes from outside a candidate's own election organization and is not coordinated with a particular candidate's campaign, authorized candidate committee or political party committee. Generally, there is no limit placed on independent expenditures. (Source: [Ballotpedia.org](https://www.ballotpedia.org))

Relevant Case: Citizens United v. FEC was a landmark Supreme Court decision concerning the relationship between campaign finance and free speech. A 5-4 majority of the Supreme Court sided with the conservative nonprofit group, Citizens United, ruling that corporations and other outside groups can spend unlimited money on election-related communications. The ruling and later judicial interpretations of it led directly to the creation of Super PACs and other independent expenditure groups. (Source: [Brennan Center](https://www.brennancenter.org))

501(c)(3)

Refers to a section of the U.S. federal income tax code concerning charitable, religious, and educational organizations. Organizations that have been granted 501(c)(3) status by the Internal Revenue Service (IRS) are exempt from federal income tax. This exemption requires that any political activity by the charitable organization be nonpartisan in nature. The IRS has strict measures for the degree to which a 501(c)(3) can participate in political and legislative activities. According to the IRS, "All section 501(c)(3) organizations are absolutely prohibited from directly or indirectly participating in, or intervening in, any political campaign on behalf of (or in opposition to) any candidate for elective public office." (Source: [Ballotpedia.org](https://www.ballotpedia.org))

501(c)(4)

Refers to a section of the U.S. federal income tax code concerning social welfare organizations. Corporations that have been granted 501(c)(4) status by the Internal Revenue Service are exempt from federal income tax. However, unlike 501(c)(3) organizations, donations to 501(c)(4) entities are not tax-deductible for the individual or corporation making the donation. These organizations may engage in political lobbying and political campaign activities. This includes donations to political committees that support or oppose ballot measures, bond issues, recalls or referendums. (Source: [Ballotpedia.org](https://www.ballotpedia.org))

Leadership Now is primarily a c4 membership organization, meaning dues-paying members are a part of our organization and can engage in political activities. However, Leadership Now also has a c3 arm for our education fund, which seeks to provide information and engage with academics.

/03 Business Engagement

The terms and concepts defined in this section describe the actions businesses take to engage with used by business to engage with policy.

Trade and Professional Associations

Organizations of companies (trade associations) or individuals (professional associations) from a particular industry or cross-industry.

Our Take: Leadership Now's unique model of membership means members join as individuals, but bring their experiences, skills, and relationships to the table to improve democracy.

Stakeholder Capitalism

A form of capitalism in which companies seek long-term value creation by taking into account the needs of all their stakeholders and society at large. Being a stakeholder-focused company means increasing the influence of workers, customers, the community and others critical to long-term success. In contrast to shareholder capitalism, stakeholder capitalism requires a real shift in the business model, from reporting practices and board makeup to business goals and investment strategy. (Sources: [WEF](#) / [Harvard Law School of Corporate Governance](#))

Our Take: Companies are redefining what stakeholder capitalism looks like, taking bold steps to support issues, from voting rights to reproductive health care. Tech giant Salesforce, for example, is among the companies changing the narrative around stakeholder capitalism and [speaking out](#) on voting rights issues. In his New York Times opinion piece, CEO Marc Benioff [describes](#) how the current system has led to profound inequality and that in order to fix it, we need businesses and executives to value purpose alongside profit.

CEO Activism

While corporations have long been active in the U.S. political process, in recent years, corporate leaders have taken a more dynamic role and are engaging on social and political issues, such as race, sexual orientation, immigration and voting rights. On one hand, CEOs are being pressured by younger workers and potential recruits, as well as shareholders and customers, to deliver on corporate values driven by a higher purpose that meets the needs of diverse stakeholders. Companies also have risen above government, the media and other institutions as the most trusted institutions to make meaningful change on the issues facing society. (Sources: [HBR](#) / [Axios](#))

Our Take: Leadership Now was one of the first movers in the business community to organize around election integrity with its [Business Statement on Election Integrity](#), rallying hundreds of leaders across industries to speak out against efforts to undermine our election and stand up for democracy. Similarly, on the one year anniversary of the January 6th insurrection, Leadership Now issued a [statement that reaffirmed the business community's commitment](#) to stand by the legitimacy of America's elections.

Corporate Political Spending

Donating funds to political candidates, committees, or parties. Corporations give through a number of channels, including independent expenditures and political action committees. Large political donors often have the ability to influence federal and state political and policy agendas. (Source: [Center for Political Accountability](#))

Our Take: Our recent data shows that business PAC funding matters significantly. New [data analysis](#) shows that over half of the lawmakers who objected to the election results received more than 25% of their funding from business PACs, and of those, 25 received more than 50% from business PACs. This analysis underscores that companies should carefully examine and ensure political giving aligns with company values.

Amicus Brief

Amicus Curiae is Latin for “friend of the court.” Frequently, a person or group who is not a party to an action, but has a strong interest in the matter, will petition the court for permission to submit a brief in the action with the intent of influencing the court's decision. Such briefs are called “amicus briefs.” (Source: [Cornell Legal Information Institute](#))

Our Take: In partnership with the Brennan Center and Secure Democracy, Leadership Now filed an [amicus brief](#) on behalf of the business community supporting the Voting Rights Act and encouraging lawmakers at the state level to support legislation that increases voter participation. We support efforts to expand the diversity of business voices that submit amici briefs, beyond just the U.S. Chamber of Commerce.

Relevant Case: On July 1, 2021, the U.S. Supreme Court delivered a 6 to 3 vote in favor of upholding two restrictive Arizona policies in the *Brnovich v. Democratic National Committee* case. The decision is among the most consequential in decades on voting rights and undermines the Voting Rights Act of 1965, making it more difficult to challenge discriminatory voting laws in court. (Source: [Brennan Center](#))

/04 Democracy Threats

The terms and concepts in this section describe the various tactics used to undermine the health of our democracy.

Voter Suppression

Efforts to curtail voting. Suppression efforts can range from the seemingly unobstructive, like voter ID laws and cuts to early voting, to mass purges of voter rolls and systematic disenfranchisement. Certain communities are disproportionately impacted by laws written in neutral language and targeted for suppression, including people of color, students, the elderly, and people with disabilities. (Source: [ACLU](#))

Our Take: Although it is not the main form of voter suppression, strict photo ID laws require voters to present one of a limited set of forms of government-issued photo ID in order to cast a regular ballot with no exceptions. However, many Americans do not have one of the forms of identification states classify as acceptable for voting and these voters are disproportionately low-income, racial and ethnic minorities, the elderly, and people with disabilities. As many as 11% of U.S. citizens (more than 21 million individuals) [do not have government-issued photo identification](#).

Relevant Legislation: The John Lewis Voting Rights Advancement Act, currently being considered by the Senate, has been reauthorized every decade since the 1960s. Most importantly, the bill would restore the provisions in Section 5 of the Voting Rights Act, which requires states with a history of racial discrimination to pre-clear voting law changes with the Department of Justice. (Source: [Brennan Center](#))

Gerrymandering

The practice of redrawing electoral district lines that favors the governing party instead of voters by manipulating district lines and diluting the political power of the minority party to gain advantage of the legislature. Gerrymandering has become easier today due to a combination of new technology to precisely draw districts and greater voter partisan rigidity that makes it easier to project the outcome of new districts. Gerrymandering was a critical tactic used by the GOP to secure state legislatures during the 2020 election. The tactics used in Wisconsin are among [the most aggressive](#) examples of gerrymandering that enabled Republicans to win a supermajority in the state assembly while winning a minority of the statewide vote. (Source: [FairVote](#))

Relevant Case: In the landmark Supreme Court case *Rucho v. Common Cause*, Common Cause, the North Carolina Democratic Party, and a group of North Carolina voters filed a lawsuit raising partisan gerrymandering allegations over the state’s 2016 remedial congressional map. In 2019, the Court ruled that while partisan gerrymandering may be “incompatible with democratic principles,” the [federal courts](#) cannot review such allegations, as they present [nonjusticiable political questions](#) outside the remit of these courts. According to law scholars, this decision makes it even more urgent to pass legislation to enact solutions, as we cannot look to courts to remediate. (Source: [Harvard Law Review](#))

Redlining

In 1933, faced with a housing shortage, the federal government began a program explicitly designed to increase—and segregate—America’s housing stock. The government’s efforts were “primarily designed to provide housing to white, middle-class, lower-middle-class families,” author Richard Rothstein says. African Americans and other people of color were left out of the new suburban communities—and pushed instead into urban housing projects. Many historically redlined communities are still extremely racially segregated and experience low homeownership rates, home values and credit scores. These factors tend to dictate the quality of resources given to certain voting precincts for election administration. Moreover, census undercounting and lower participation in predominantly Black communities and communities of color compounds the long-term impacts of redlining. In the last census, 9% of Black people in the U.S. were missed. As a result of redlining, these segregated neighborhoods are easy to identify and target for voter suppression tactics. (Source: [NYT](#), [Forbes](#))

/05 Democracy Innovation

The terms and concepts in this section describe innovations to improve and protect our democracy and ensure free and fair elections are the heart of our democratic institution.

Election Modernization

Any suggested reforms to our election systems that modernize the processes by which people vote. Voter Registration Modernization is a reform to minimize long lines at polls and ensure every eligible American who takes responsibility to vote is properly registered and can cast a ballot that counts. Early voting is another example of election modernization that expands access to our democracy by giving people whose work or family obligations preclude them from standing in line, or even getting to the polls on Election Day, more opportunities to cast their vote. Election modernization also strengthens election security, enabling election officials to replace outdated voting equipment, modernize their IT infrastructure and strengthen the technical knowledge of local election officials. (Source: [Brennan Center](#))

Relevant Legislation: Freedom to Vote Act: A comprehensive voting rights bill containing important changes to the mechanism of American democracy. The bill includes automatic registration for eligible voters, the elimination of some voter identification requirements, and the requirement that states adopt independent commissions to redraw district lines. (Source: [Brennan Center](#))

Final Five Primaries

Final five primaries is a system wherein the top five candidates are selected from the primary ballot and instant runoff voting is used in the general election. (Source: [Democracy Found](#))

Instant Runoff

Instant runoff voting, or IRV, is designed to address several of the problems of our current system of plurality voting, where the winning candidate is simply the one that gets the most votes. In IRV, voters mark their preferences on the ballot by putting a 1 next to their first choice, a 2 next to their second choice, and so on. A candidate who receives over 50% of the first preference votes is declared the winner. Otherwise, the weakest candidate is eliminated and his or her votes are reallocated to the voters' second choices. This reallocation process continues until one candidate receives a majority of the votes. (Source: [FairVote](#))

Ranked Choice Voting (RCV)

Allows voters the option to rank candidates in order of preference—first, second, third, and so forth. If your vote cannot help your top choice win, your vote counts for your next choice. In races where voters select one winner, if a candidate receives more than half of the first choices, that candidate wins, just like in any other election. (Source: [FairVote](#))

Our Take: Our member [Patrick McGinnis breaks down RCV](#) and its implications for the Presidential Primary 2020; he also shared his [perspective](#) on how the process would work during the 2021 New York City mayoral election.

Preclearance

Preclearance is defined as the process of seeking U.S. Department of Justice approval for all changes related to voting. Section 5 of the Voting Rights Act requires that areas with a history of voting discrimination and low turnout submit and receive approval for any voting change, including redistricting, before implementing the change. This process was designed to reduce discrimination, to increase voter turnout, and to ensure that each and every citizen has equal power to elect their preferred representatives. (Source: [Rose Institute](#))

Relevant Case: *Shelby County v. Holder*, a major case decided by the United States Supreme Court in 2013, declared Section 4(b) of the Voting Rights Act of 1965 unconstitutional, removing preclearance requirements for all jurisdictions unless the preclearance formula of Section 4(b) is updated by Congress. Voting rights and civil rights groups saw this decision as a major setback for the VRA and a reason for new voting rights legislation. (Source: [Brennan Center](#))

Independent Redistricting

Independent redistricting commissions curtail partisan gerrymandering by taking party politics and special interests out of the mapmaking process. They can exist at any level of government and can create fair districts within cities, counties, or states. (Source: [Unite America](#))

Our Take: Gerrymandering reduces the voices of citizens and distorts electoral outcomes, which is why we worked with partner organization OneVirginia2021 to get Amendment 1 passed by voters in Virginia. While the amendment received overwhelming approval by Virginia voters in 2020, which resulted in the use of an independent redistricting commission beginning in 2021, there is the possibility of failure as if the bipartisan commission is unable to agree on a final map, the issue will go to the state Supreme Court.

If you have ideas for additions or changes, please contact:
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