

OPENING STATEMENT OF CHAIRMAN PAUL E. KANJORSKI
SUBCOMMITTEE ON CAPITAL MARKETS, INSURANCE,
AND GOVERNMENT SPONSORED ENTERPRISES
HEARING ON CORPORORATE GOVERNANCE AFTER *CITIZENS UNITED*
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Good morning. Today we meet to examine the likely effects of the Supreme Court's decision in *Citizens United v. Federal Election Commission*. In response to this groundbreaking ruling, Members of Congress have introduced no less than 30 bills. While other panels in the House have jurisdiction over many of these measures, the Financial Services Committee has the responsibility to examine those bills related to shareholder rights and corporate governance.

Like many, I was disappointed in the Supreme Court's ruling. In our system of capitalism, corporations enjoy many benefits designed to promote the efficient allocation of resources in a vibrant economy. Unduly influencing elections should not be one of those privileges. Moreover, shareholders have financial interests in companies, not political interests. Finally, I should note that in our political system people vote; corporations lack such rights.

To limit the influence of the *Citizens United* decision, the Capital Markets Subcommittee now has under consideration several proposals. These thoughtful bills generally aim to increase shareholder participation in the electioneering decisions of public companies, enhance public transparency on corporate campaign spending, and contain corporate political activities.

At the very least, we ought to act to empower shareholders to determine whether and how corporations can spend their money for political purposes. Shareholders should not expect that a company will use their money to invest in candidates that the shareholders themselves do not support. In this regard, corporate management should obtain some form of approval from their shareholders regarding corporate campaign expenditures.

We also ought to enhance public disclosures of corporate political expenditures. Many have said that transparency is the best disinfectant. Better information about how corporations spend money on political activities will help to hold corporations accountable for their actions.

Today, we will examine pending legislative proposals introduced by Mr. Ackerman, Mr. Capuano, Mr. Peters, Mr. Grayson, and Ms. Kilroy that achieve these desired ends. We will also explore ways to refine these bills. I look forward to a vigorous debate at this hearing so that we can determine the best way to move ahead on these important policy matters. Moreover, because we have many ideas concurrently in motion, I am also hopeful that we can work today to achieve consensus, improve coordination, and ensure a comprehensive legislative reaction.

In sum, while courts have long granted corporations the status of personhood, they are not actually people. We need a legislative response to the *Citizens United* case in order to restore balance in our democratic system, and corporate governance reforms represent an important facet of an effective solution. Such reforms can give American citizens – the living, breathing, voting people we are here to represent – faith that our system of representative democracy will long endure and thrive.
