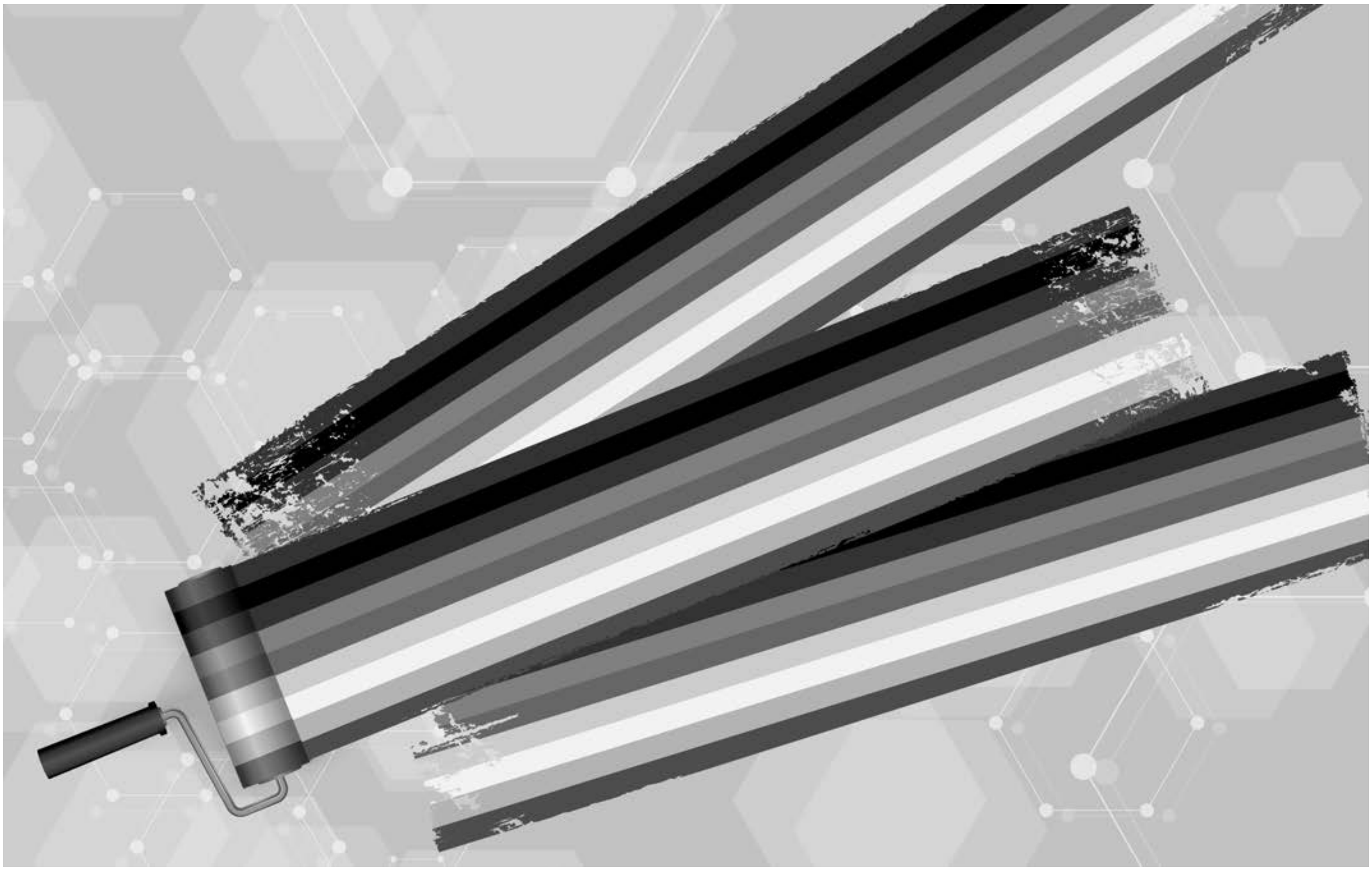

Woke Will Never Go Broke

The principle of managerialism dominates modern corporations and government agencies. The experts who run them have a fundamentally leftist orientation: they are always searching for incremental progress on never-ending reforms.

by Sean J. Griffith

Ordinary investors and casual observers might assume that Trump's second inauguration marked the end of woke capitalism. They would be mistaken. True, consumer brands no longer denounce "toxic masculinity" or hire trans influencers to sell beer. And Disney has stopped campaigning for the teaching of gay and trans themes to school children. Yet woke policies such as the "Environmental, Social, and Governance" framework (ESG) and "Diversity, Equity, and Inclusion" (DEI) remain embedded in corporate employment practices and investment policies. Under pressure from the Trump administration, most have simply been renamed rather than eliminated. "Diversity" became "Belonging," and "ESG" became "Sustainability" or "Responsible Investing." In true *Newspeak* fashion, the old words became *unwords*—but the project endures.

Most importantly, the woke have not gone broke. Americans still drink Bud Light while watching NFL games broadcast by a subsidiary of the Walt Disney Corporation. And the league still stencils "End Racism" and "Stop Hate" in the end zones and on the players' helmets.

Woke capitalism's staying power is not, as some suppose, the result of a cabal of crypto-Marxists marching through the corporations to impose revolution from within. While there are many valid criticisms to make of the World Economic Forum, it simply isn't true that CEOs and investment bankers go to Davos to plot the overthrow of capitalism. The *apparatchiks* running Human Resources aren't revolutionaries building bombs in a West Village basement; they're out buying organic kale from a farmers' co-op.

above: a rainbow-colored paint roller
(Isabel Fenaroli / Chronicles)

Nor is it clear how many these people really care about the goals they claim to serve. This is true even among the intelligentsia. A leading legal scholar once asked me, "Why bother worrying about ESG? Isn't it just a collection of symbolic gestures companies perform so they can get back to business as usual?"

Maybe. But if its adherents are not entirely committed, why is woke capitalism so resilient? Why is it pervasive yet half-hearted, superficial yet ineradicable? And if it is mostly symbolic, why *these* symbols? Why race, climate, and sexual self-determination rather than something else? What explains the peculiar persistence of woke capitalism?

The answer lies in managerialism. ESG is not really about "doing ESG." It is about entrenching the managerial class.

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Recognition of managerialism in American business can be traced to Adolph Berle and Gardiner Means, who observed in their 1932 book, *The Modern Corporation and Private Property*, that the "separation of ownership and control" is characteristic of the modern corporation. They argued that this separation, together with the scale of modern enterprise, concentrated massive wealth and power in managers who were minimally accountable to the contributors of capital.

For Berle and Means, the modern corporation amounted to a new form of property—a "quasi-public company"—to which traditional laissez-faire assumptions no longer apply. Managers of such enterprises, they argued, should serve a broader set of public concerns. "Control of the great corporations," they wrote, "should develop into a purely neutral technocracy, balancing a variety of claims by various groups in the community and assigning to each a portion of the income stream on the basis of public policy rather than private cupidity."

Writing a decade later in *The Managerial Revolution*, James Burnham credited Berle and Means for their insight but criticized them for not seeing it through to the logical conclusion. The "separation of ownership and control," Burnham argued, signaled a revolutionary change in which a new class had emerged to challenge bourgeois capitalism in the same way that bourgeois capitalism had challenged and eventually supplanted the landed aristocracy. This was the managerial class.

The managerial class claims the right to rule not through land or capital but through *expertise*. Its rise marks the ascendancy of technocracy, and its dominion extends beyond the business corporation into the administrative state. Here Burnham saw what Berle and Means did not: that the same type of person rules in both. The public-private distinction, in other words, is illusory. The administrative state is as much an organ of managerial power as the quasi-public corporation.

Managerial control does not depend on "regulatory capture" or the proverbial "revolving door" between agency and industry. Such explanations assume hierarchy and intention—individuals in charge, pulling levers. The managerial theorists instead describe a diffusion of power across institutions, a network of shared interests and assumptions that transcends any formal chain of command. The same class runs both sides of the table, transmitting its interests seamlessly from boardroom to bureaucracy.

What are these interests? As Berle and Means recognized, they are not the interests of capital—the shareholders who own corporate equity. In creating the modern corporation, the capitalists animated the managerial class which, like Frankenstein's monster, soon slipped its maker's control. Nor do the politicians command it, though they too helped bring it into being through the establishment of expert-staffed administrative agencies. They merely *use* it—displaying its accomplishments or denouncing its excesses as the politics of the moment require. Either way, as Trump's ongoing struggles with his own agencies have shown, they are no longer his—or any president's—to command.

In the end, whether in corporations or government agencies, the managers serve only themselves—just as Robert Conquest's "second law of politics" predicts (The second law is, "Every organization appears to be headed by secret agents of its opponents.")

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The managerial class claims the right to rule by virtue of technocratic expertise. But expertise, unlike title or wealth, is not hereditary. Jamie Dimon's heirs have no greater claim to the chairmanship of JPMorgan than Hunter Biden has to the presidency. The managerial class therefore needs other means to define and police its boundaries. That is the role of ESG. It is the orthodoxy that binds the managerial class.

Admission to the class depends on demonstrating fidelity to a set of shared values nested neatly under the acronym ESG—climate engagement, anti-racism, and perpetual liberationism. These are the markers of belonging. They are inculcated early—hence Disney's zeal to defend the teaching of queer theory in grade school. The same values become mandatory in higher education, where schools build "safe spaces" as sanctuaries of orthodoxy, "problematic" discourses are treated as heretical, and apostates are excommunicated.

The process intensifies in professional life. Advancement within the managerial regime operates on tournament dynamics: success means beating rivals at each stage rather than attaining any absolute standard of excellence. This form of competition does not ensure that the best man wins—only that someone does. Moreover, behavioral economists have shown that promotion tournaments favor "ethically plastic" contestants whose subsequent behavior tends to increase systemic risk.

Wherever tournament metrics admit subjective judgment, contestants can be denounced for *wrongthink*. ESG supplies the vocabulary of accusation—climate denier, sexist, racist, heteronormative, transphobic. As in East Germany under the *Stasi*, surveillance and denunciation enforce conformity not by argument but by fear. The result is a tournament of virtue, in which advancement depends on ideological hygiene as much as competence.

Hence the prevailing strategy among the cognoscenti: mouth the words and carry on with business as usual. But business as usual changes in the process. Each round of ideological filtration redefines what "business" means until, in 2019, the Business Roundtable—a trade association of America's largest corporate CEOs—could declare that their companies would no longer be run primarily for the benefit of shareholders.

Still, why ESG? Even if we grant that the managerial class requires an orthodoxy to define itself and enforce conformity, why *this* one? Why climate, race, and sexual self-determination rather than some other creed?

The answer is that these fundamentally left-liberal commitments are uniquely compatible with managerialism. They define problems that invite technical expertise but that never can be finally solved. They are, in other words, forever projects.

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Managerialism is fundamentally leftist, not because it seeks to apply Marx or Marcuse, but because leftism understands the world as a collection of problems to be solved through coordinated administration. The left defines the world as a managerial project.

The reformist utopianism of wokeness suits managers uniquely well. From a manager's perspective, the best project is a goal toward which one can claim to progress but never ultimately achieve. Such projects both justify the manager's claim to rule and guarantee his perpetual employment. ESG is a pot that produces an endless porridge of such projects.

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The campaign against climate change is an obvious example. "Progress" can be shown in cutting emissions or accumulating carbon credits—planting forests, trading offsets—without ever resolving the supposed problem. Each success justifies a deeper commitment of resources to the managerial project. More bureaucrats to set the goals, more technocrats to measure them. The struggle against racism works the same way. We can show progress in more funding, hiring, and "training," but as the Summer of Floyd demonstrated, the work of anti-racism is never done.

Likewise, gay and trans issues fit squarely within the managerial mandate. They are projects of personal liberation—first from social strictures (gay marriage), then from nature itself (trans-sexualism). Ultimately, the goal is to liberate mankind from, in the words of the U.S. Declaration of Independence, "the Laws of Nature and of Nature's God." So Silicon Valley promises trans-humanism, and the World Economic Forum's Yuval Harari asks, "Why should we die at all?" Even if there are still some who wince at his idea, popular in Silicon Valley, of "upgrad[ing] humans into gods," who can doubt that there will be a rush to produce the technology that might make it so?

Earlier phases of managerialism, although not explicitly leftist, always gravitated toward projects that enlarged the scope of technocratic control: the Cold War, the War on Poverty, the Great Society, and the Welfare State. War itself has become the managerial enterprise *par excellence*, serving the ultimate universal yet unattainable goal of *security*. Security against bad guys, as we saw after 9/11, and against bad germs, as we saw in the response to COVID-19. Each crisis becomes a new rationale for expert rule.

ESG represents the merger of these tendencies. It is a vast public-private partnership dedicated to "solving" every social problem as it arises. It is, in effect, a guaranteed employment plan for the front-row kids. ESG is the perpetual motion machine of the managerial elite.

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There will always be managers in the functional sense—agents—just as there will always be elites—those who rule. But we have reached a point where it is impossible to imagine the managerial elite as anything but leftist in orientation. ESG is its class code. Were that code to change, the class itself would cease to exist.

Could there be right-wing managerialism? You might imagine a technocratic police state, a "law-and-order" bureaucracy with surveillance and guns. But pretty soon you are imagining tyranny, not managerialism. That is because right-wing managerialism is incoherent. Right-wing rule is justified not by problem-solving but by hierarchy and transcendence—by a moral order that commands allegiance, not by a class of experts promising to make life incrementally better, forever.

Historically, that moral order found its expression in monarchy: the single ruler who, as steward and friend of his people, stood for authority ordained by God. The American founders shared that vision, though they doubted that any one man could embody it. They therefore designed a system that allowed communities to orient themselves toward God as they understood Him. As the moral compass of successive generations drifted from that orientation, they chartered their course for perpetual social improvement. And managerialism became America's substitute religion.

It follows that managerialism is leftist orthodoxy and right-wing heresy. It cannot be legitimately claimed by the right. And if it cannot be claimed by the right, then only the left can circulate within the managerial regime. ESG thus serves as both creed and barrier, ensuring the sclerosis of our elite.

Nor will any of the familiar remedies cure it. The prototypical leftist solution—more government intervention—merely expands managerial power through the administrative state. But so, too, does the typical libertarian solution of getting government out of business, for that solution only implies unfettered managerial power in the corporate form. Nationalization and deregulation alike have been instruments of managerial consolidation.

Burnham saw this in his own day when he compared the supposed opposites of Soviet Communism, European fascism, and the American New Deal. Each, he argued, was a variation on the managerial theme. More recently, N. S. Lyons asked whether our "free-market capitalism" is really so different from China's "state capitalism." The answer, of course, is no. Both are faces of the same regime—the managerial state—whose power persists precisely because its projects never end.

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In their relationship to big business, conservatives resemble nothing so much as a cuckolded spouse. Corporations have demonstrated contempt for conservative employees, conservative investors, even conservative customers—all while pursuing a flagrant affair with the other side. The scandal jeopardizes the decades-long marriage between business interests and the conservative cause.

The companies are now back with excuses. "*We never meant it*," they say. "*We were under so much pressure—from the Biden administration, from Larry Fink and Klaus Schwab and the NGOs. It's all over now. Let us not speak of it anymore.*"

But before taking back the wayward spouse, conservatives should ask whether the episode exposes something rotten in the marriage itself. Wokeism, as we have seen, is orthodoxy of managerial capitalism. It allows the managerial class to distinguish self and other, friend and enemy. Its inner logic justifies perpetual technocratic rule—a rule which is, by nature, incompatible with conservatism. Woke capitalism, in other words, was no drunken dalliance.

Conservatives should therefore resist the reflexive urge to excuse and defend big business. The same reasoning that calls for reform of the administrative state is fully applicable to America's largest corporations and financial institutions. The fact that these institutions are, by some definitions, "private" should not render them immune from conservative reforms. Having itself destroyed the public/private dichotomy, managerialism cannot now assert it in its defense. The capitalism on which America was founded—small scale bourgeois capitalism—is no less threatened by big business than by regulation. Small-scale, local enterprise is the natural friend of a self-governing middle class. Massive managerial corporations are its natural enemy.

There are signs, especially in antitrust and in trade, that the second Trump administration recognizes this. Conservatives should press for more, not fall back on old sermons about the sanctity of private enterprise. Fool me once, shame on you. Fool me twice, shame on me.

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