Is the Woke Corporate ‘Worm’ Finally Turning?

Description

More than a few executives appear to be glimpsing the high costs of politicized corporate management.

A chief driver of these revelations is surely the rolling market correction that has characterized 2022. At one point last week, the Nasdaq was down 29 percent from its December 31st close.

Adam Smith once noted that “there’s a lot of ruin in a nation,” by which he meant that a country can screw up very many things while still trudging along. In good financial times there can be a lot of ruin in a company, too. When profits are high (or speculative backing is fulsome) and share prices are rising, companies can afford to indulge the whims of their executives or bow to the demands of pressure groups, even if there’s a lot of ruin in those whims or demands. When things get tight, though, the ruin becomes clearer – and thus less supportable. As Jack Kennedy did not but might have said as a corollary: “a falling tide reveals many barnacles.”

In this lowering tide, woke is revealing itself as a barnacle, and companies are responding accordingly. The revelation is being assisted, and the response hastened, by external events that have uncovered even to the unthoughtful what should have been clear: taking a highly partisan role in American politics will engender (and is engendering) a political response from those who oppose the partisan stance. Exhibit one is the case of DeSantis & Florida v. Chapek & Disney, but the parade of horrible consequences that increasingly append to corporate wokeness is lengthening speedily, as has been considered in these pages before. Consider, for instance, exhibit two: Disney’s reputation has declined substantially since Chapek stood up for, you know, “all stakeholders.” Funny, that.

Given those prime exhibits, it seems proper to start with Disney. Chapek somehow remains as CEO, but a (potentially only interim) fall guy for the hurray-for-grooming debacle was found: Geoff Morrell, the company’s chief corporate affairs officer, who had been at Disney for all of about three months. (Mind, mice might be slow learners. Morrell’s replacement is Kristina Schake. Her resume suggests that she might not have been the candidate best suited to address a problem of pandering too much to the far Left, while paying too little attention to market and civic realities.)

Perhaps more to the point, because less performative: Hulu, mostly owned by Disney, has just cancelled a project, two years in the making already, that would have fantasized about the career of an imaginary Hillary Clinton who had become a Northwestern University law professor, Naturally in this rendering, she becomes president – or she would have, until this partisan gagfest was cancelled.

In this move Disney and Hulu followed Netflix, which amid rounds of layoffs, informed its less objective (and less stable) employees that it would no longer bow to their “demands” that nothing air on Netflix that offends their precious sensibilities. In a display of maturity that can be summonsed by a 70 percent stock-value crash and evidence that there is no more market to gain on current trajectories, Netflix declared to employees that “depending on your role, you may need to work on titles you perceive to be harmful. If you’d find it hard to support our content breadth, Netflix may not be the best place for you.”

It turns out that Dave Chappelle is popular, while Hannah Gadsby is not. Extrapolate that to everything, and the impetus of Netflix’ abrupt race up the knowledge curve becomes clear.

Warner Bros. Discovery CEO David Zaslav likewise looks set to turn CNN into … something profitable, which means something other than the unhinged falsehood and embarrassment factory it became under the recently fired and disgraced CNN chief Jeff Zucker. And the CW, Warner’s co-owned television station (the successor, in fact, to the WB, or Warner Brothers network), has lain waste to its woke-teen servicing, ratings-repelling schedule. Perhaps more recognition that blue-check Twitter and Tik-Tok are unreliable guides to public sentiment, or leading economic indicators.

The muted response to the draft of the *Dobbs* opinion likewise stands in deep contrast to the race to condemn Georgia’s election-integrity law last spring, and to the response to previous state efforts to make U.S. abortion laws resemble those of most European countries. While hundreds of companies condemned the Georgia law without reading it, only to look fairly foolish afterward, few have made any statements in response to *Dobbs.* Even Bank of America CEO Brian Moynihan, who regularly mistakes his personal political preferences for revealed truth, remembered, when asserting that *Roe* is “settled law,” that his personal political opinions, or legal hot-takes, do not always transmutate instantly into formal company policy. (Moynihan, a rich white guy who’s a big fan of equity-based discrimination again poorer white guys, would do well to remember the “settled law” precedent in that regard, given the very settled law that race- and sex-based discrimination is unconstitutional, whatever the excuse for it.)

The few companies that have leapt into the abortion debate include Starbucks and Amazon, which both presently battle incipiently successful unionization efforts. It seems at least plausible that their eagerness to move sprang from their desire to appease woke employees who would otherwise have been the most potentially willing to sign up for a union – failing to recognize the distinct possibility that they would thereby also sign their own pink slips, as their unions priced their shops out of competition. If so, this seems like another move that misunderstands the imperatives of the moment.

Other companies have moved to reinforce company protections for viewpoint diversity – a necessity in difficult times, when the luxury of static thinking becomes unaffordable – and against employment discrimination, whether equity-based or not. Salesforce and Dell agreed (disclosure: with the shop I lead) to add “political viewpoint” to their enforceable nondiscrimination policies. Target agreed to add an explicit protection against the company’s using forbidden characteristics like race, sex and orientation in its employment, promotion and retention processes or determinations. Each of these companies stated that the equal-employment policy changes reflected already established and standard company practices, which made it a simple and wise move for them to amend their policies accordingly.

Finally, it's possible that even BlackRock may be humbling itself just enough to recognize reality. The company recently announced that it was "not likely to support those (shareholder proposals) that in our assessment, implicitly are intended to micromanage companies. This includes those that are unduly prescriptive and constraining on the decision-making of the board or management, call for changes to a company's strategy or business model or address matters that are not material to how a company delivers long-term shareholder value."

While this could mean anything or nothing, it does appear as though BlackRock is supporting a smaller share of climate-catastrophist proposals this year. Mind you, this does not mean that BlackRock has come to its senses, or to moral sense, in its ESG activities. CEO Larry Fink has just been slavering in hope that monstrously high fuel prices will push consumers to "green" energy, failing to recognize the total costs of such energy (including the environmental harms) while continuing to confuse climate and weather. What galloping energy costs will do is simply to force the poor and middle class to live wildly more constrained and less fulfilled lives. But that's lagniappe for Larry, who can travel the world in his temperature-modulated private jet without having even to glimpse the *hoi polloi,* shackled by energy poverty in their immediate neighborhoods and their insufficiently heated and cooled homes.

BlackRock and Fink still cling to the illegal and immoral discrimination of "equity," and try to force it on other American corporations by misusing the proxy votes generated by their investors' capital. At the same time they collude with the SEC to keep BlackRock shareholders from even having a vote on a proposal about whether BlackRock should protect against viewpoint discrimination at its shop – where viewpoint discrimination is clearly a massive concern. This holistic endorsement of across-the-board discrimination by BlackRock, in sharp contrast to the dedication to nondiscrimination shown by Target, Dell and Salesforce, provides sufficient evidence that BlackRock and Fink are about the last people who should be dictating social, environmental and moral policy to anyone at all.

Well, ok. So maybe BlackRock and Fink haven't learned anything yet, and will require more direct tutelage. And certainly the remaining evidence doesn't run entirely in the good direction either. But as my sainted grandmother used to put it, if she found herself first behind and then catching up in one of our endless games of rummy, "the cheese is more binding." And if she pulled ahead, she noted that the worm had turned.

The worm has not yet turned, but the cheese begins to bind.

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