

Is Social Justice a Corporate Scam?

REVIEW ESSAY of

Woke, Inc.: Inside Corporate America's Social Justice Scam, by Vivek Ramaswamy, 2021, New York, Center Street, 336 pp.

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“Pretend that you care about something other than profit and power, precisely to gain more of each.” (3) This striking pronouncement sounds more like a Machiavelli epigraph than the foil it actually is in Vivek Ramaswamy’s important new book about how big business is lived today. The allusion to flimflammy should resonate with readers in many fields-

Wokeism, defined here as “[O]bsessing about race, gender, and sexual orientation,” (5) must be confronted in business, Ramaswamy argues, because it a) corrupts work by distracting from moneymaking; and b) corrupts national cohesion by essentializing racial and gender categories. Ramaswamy has the self-confidence of a superstar. But is he right about the attenuation of America’s productivity through Social Justice ideology (hereafter SJ), which has become, he argues, a religion?¹ (240-62)

Perhaps. But first a foretaste of Ramaswamy’s complicated thinking about wokeism. Although he shows the substantial financial burden of affirmative action—the core of SJ ideology—on academia, here as elsewhere he provides no data on its bottom-line *business* effects. (101) Furthermore, Ramaswamy (who himself sits on various non-profit boards) has a program at his company, Roivant Sciences, that reserves a number of positions for those whose family income is below 50% of national household income (80), even though, **as we will see**, he opposes making hiring allowances for those who are not competitive. In short, Ramaswamy is a less-than-ideal anti-wokeist spokesman. This observation is reinforced by the nature of some of his proposals, and by his attribution of more power to SJ agendas than most conservatives would concede.

Why would business glom on to wokeness in the first place? It is the normal workings of capitalism at work, Ramaswamy answers. Once corporations discovered wokeness the “inevitable happened; they used it to make money” (5) (an effect Ramaswamy elsewhere questions), while also reaping such benefits as “reputational laundering.” (307)

In his attack on wokeism, Ramaswamy gives examples of how this laundering effort works. In 2020, Goldman Sachs, made a seemingly bold declaration that it would no longer take companies public who lacked at least one “diverse” board member. But it did so to divert attention from a \$5 billion fine it had agreed to pay for its role in a scheme that looted the 1 Malaysia Development Berhad Fund (15) while enriching itself with good fees. Furthermore, *all* other S&P 500 companies had at least one woman on their boards at the time of the statement. (12)

Likewise, Coca-Cola launched a program to train its employees to be “less white”² while promoting an “epidemic of diabetes and obesity among black Americans.” (30) Similarly, Nike announced lucrative deals and lavish plans to deflect from marketing and employment practices that exploited children. (37-38)

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¹ Ramaswamy devotes some time to this matter, but space limitations preclude further discussion here. Professor John C. McWhorter, whom he cites, may have been first to link wokeness and religion in his book, “Woke Racism.”

² “Being less white” is defined as being “less oppressive,” “less arrogant,” “less defensive,” “more humble,” and acting with less of a sense of superiority. (17) One wonders how this pitch affects white people.

Ramaswamy's attack on Coca Cola and Nike may well be sound. But he fails to cite enough such cases to prove that business is regularly using SJ initiatives to distract shareholders and consumers from real problems, though he *does* agree that corporations feel free to use SJ to escape investigation by government (among others) (37). At any rate, when SJ initiatives are not resisted, they often seduce Big Media into stifling conservative opinion, whether the topic is Donald Trump or Hunter Biden (190-91, 198), "Once it becomes acceptable to silence people under the banner of fighting hate speech," Ramaswamy argues, "whatever speech powerful interests dislike becomes hate speech," (200) to be condemned. Here of course he *is* right.

Once Big Business has adopted some SJ goals and thus earned the trust of some investors and employees, Ramaswamy argues, it pushes further to identify political candidates and social platforms as inimical to our now praiseworthy corporate values. For this purpose, they use corporate money (in effect shareholder money), which dwarfs individual contributions and thereby undermines the foundation of our democracy.

Few readers doubt that wealth provides outside influence in politics, and this problem needs attending to. Without giving evidence that big business *itself* directly influences shareholders' voting at the ballot box, or wastes money on "peripheral" SJ endeavors, Ramaswamy simply calls for a return to the Milton Friedman conception of the corporate function: making money for shareholders. "The crux of our concern about capitalism," he writes, "shouldn't be that companies serve their shareholders exclusively. That's just what capitalism is." (27) In J. P. Morgan's words, "I owe the public nothing." (26) "[B]ankers" says Ramaswamy, "should shut up and bank." (276)

So it is *shareholders*, not *stakeholders* (employees, customers, the public), who should be the principals in defining business. And here's the kicker. The only thing Americans should ask of business (presumably beyond paying its taxes) is to make money and to "keep it naked, instead of dressing it up as altruism." (33) Which means that free of grasping private interests, government alone, through regulation, should deal with "social issues like climate change, racism, and workers' rights." (27) (We will come back to this in a moment.)

The author knows a lot. A *wunderkind* in many fields, by 37 he had founded a sizable public company and later led the largest biotech IPOs of 2015 and 2016. Ramaswamy's book is hard to put down and needs to be reckoned with. But again, for all his knowledge and brilliance, is he right that there is no proper societal role for business? Not even in pushing back against government policies that business considers socially destructive? And if there is no such role, is government legally or practically capable of taking up the entire social burden?

Even those minimally familiar with economic history will likely be stunned by Ramaswamy's reliance on government which, for all the benefits of muscular capitalism, has let our own country down in so many social areas including, e.g., Covid 19 and environmental policy. Should government oversee perhaps just the urgent social issues? Bad question since Ramaswamy, like many conservatives, surely disagrees with SJ advocates as to which social issues are urgent, or (say in the case of environmental issues) even exist at all. And what would we do about the well-known and frequent coopting of government by private interests?

But the bending of government to big business is not the principal weakness of Ramaswamy's project. As he himself admits, at least some shareholders seek a higher purpose than mere moneymaking. They're "simply hungry for a cause" (308); they *want* investees committed to SJ goals *and* ESG (environmental, social, and governance) companies. But simultaneously, he suggests, the ESG label turns away conservative investors because it keeps the corporate eye off profits. Alas, again, no evidence.

Ramaswamy's own position seems to be that turning Coca-Cola into an SJ company would reflect the aggressive interests of activists and media elites, not those of shareholders. But Ramaswamy's picture is somewhat contradictory. SJ may well detract from moneymaking in one way. Still, are entrepreneurs wrong to feel SJ could make good business sense (as Ramaswamy himself implicitly admits in passing [5]) in that it gives stockholders a feel-good brand loyalty that translates into more sales that in turn raise the stock price? And is it not patronizing to assume that SJ has been rammed down all shareholders' throats? Nike's commitment to SJ reportedly helped add \$26 billion to its stock value.³

³ <https://www.blackenterprise.com/nike-value-up-26-billion-since-colin-kaepernick-endorsement/>

In any case, Ramaswamy wants consumers to base purchases on “product attributes,” not on moral or psychological “qualia” (presumably like limiting carbon emissions) (33). But Ramaswamy should know better, especially as a successful entrepreneur. The world has moved way beyond purely functional purchasing. Advertisers no longer tout reliability; they create “needs.” Consumer purchases today are the end products of dreams. If Wheaties was the Breakfast of Champions, auto ads today take drivers to the summit of Pike’s Peak. Competitors have to go even beyond a driver’s dreams.

Ramaswamy makes light of Unilever, which tells women that “Every time you scrub up with Dove, wake up with Lipton, or clean up with Persil, you’re supporting ‘fempowerment’ . . .” (141) But is the corporate message of “fempowerment” so destructive that Unilever should have to *muzzle* it? And on another level, what about our hallowed notions of free speech?

What about leaving “racism, climate change, and workers’ rights” to government? Consider racism. “I don’t believe [in the existence of] systemic racism” that crushes the ambitions of individuals who are properly brought up, asserts Ramaswamy. (63) But has government acting by itself performed so creditably in closing various racial gaps, say, in education? Can it use no input from the private sector?⁴ Of course, not all private actors would suggest the same solution. Unlike wokeists, who might choose affirmative action (or even veiled preferences), Ramaswamy simply warns business not to take chances on employees who are not fully competitive. Committed capitalists may backburner this issue, reminding us gleefully, as Ramaswamy does, that capitalism has helped bring down the debilitating and oppressive caste system in India (286); others, however, may see the conservative position as just giving up and allowing the U.S.A. to continue tearing itself apart.

. . .

Let’s suppose a sizable percentage of Americans are not prepared to pressure business to suppress all woke tendencies? How then could Ramaswamy’s no-SJ program be executed?

Ramaswamy offers an imaginative solution arising out of political and legal theory. His hook is Limited Liability (hereafter LL), the protection of shareholders from the debts of their investee corporations. (68) Without it, corporations could never attract enough investors to become behemoths.

Tracing LL back over three hundred years, Ramaswamy reminds us that governments initially wanted to limit corporate power. This objective led them to withhold LL if corporations deviated from strict limitations that they had agreed to in their charter applications. Keeping companies relatively small, Ramaswamy says, was the quid for the LL quo. (76)

But government, he adds, let down its guard; LL is now available to corporations willy-nilly. The result: we are faced with business leviathans. Ramaswamy chides the Friedman school for not understanding the need to defang the “Frankensteinian corporate monster” produced by state short-sightedness. (72, 76)

Breaking up the tech giants is always on the table, but Ramaswamy doesn’t go there, because it’s too late in the game. Instead, to protect the public, he wants to reestablish a corporate-government deal with permanent teeth. Shareholders, especially tech giant shareholders, would keep their LL *only if* company forays did not take them into SJ territory.

How would this work specifically? Who would define social justice here? The specific questions seem endless. If a company wanted to (a) create a training program for a largely black group of new employees or (b) contribute to an HBCU⁵ or the Red Cross, would these wokeist efforts cross the line? Could shareholders object, or be required to make up any “loss”?

On a broader level the problems seem insurmountable. SJ is hardly the main cause of oversized businesses. Although Amazon and Google have made some serious concessions to SJ in recent years,⁶ it would be hard to argue that they initially got as big as they are by making SJ a priority. The American economy, moreover, has benefited enormously from LL; no recompense is owed the public even if long ago the government seemingly gave away the store. In the end, the LL hook is imaginative but impractical.

⁴ As far as this author knows, no affirmative action program favoring African Americans at work has been held illegal.

⁵ Historically Black Colleges and Universities.

⁶ Amazon does remove books that oppose transgender ideology; Google famously fired James Damore for suggesting women are less attracted to computer programming than men.

Ramaswamy does have one really promising idea,⁷ which was probably fertilized for him at a Goldman-Sachs interns event years earlier. The interns started the day planting trees in Harlem, but soon, at their leader's behest, repaired to a local bar. (13) For Ramaswamy, this is a model of corporate philanthropic behavior. "Service is too often bundled with an ulterior motive in America," he says. (301) "We're constantly mixing earth and water "Each one is just fine on its own. But when you mix them up, you're left with mud." (308) This problem begins in high school when students are taught to set up do-good programs in order to advance their college applications.

The consequence, he holds, is that our youth get primed for a lifetime of disingenuousness concerning service. This leads to a profound sense of guilt among fakers because they have never really helped others (309), and a "need to repent." Yet, paradoxically, it does not lead to an honorable track because they are too out of practice with sincerity. (301)

Ramaswamy, of course, exaggerates. Yes, we Americans enjoy tax deductions and seeing our names etched on buildings. Mocking service volunteers generally, however, is unwarranted. Yes, some Goldman interns may have felt abused, but Red Cross volunteers surely do not. The larger point is that Americans are an irrefutably generous people; from 2009 to 2018, we ranked first in the world in supporting charities.⁸ And most relevant here, many corporate leaders, like Ramaswamy himself, intertwine deep SJ convictions with their own entrepreneurial activities.

Our philanthropy does not, however, directly address the national divisiveness associated with wokeism mentioned at the outset of this review. Our lived values—e.g., where we live and learn and whom we befriend—pull us apart into distinct groups. And the increasing centrifugal forces prevent us from getting what we need most: an understanding that Americans are an indivisible people who need one another in all kinds of ways. Working together at an early age might be a good start for this job.

In his penultimate chapter, "The Bastardization of Service," Ramaswamy offers hope. He wants Americans to commit ourselves to mandatory national service. This would bring young people together and help foster mutual understanding and spiritual bonds. Ramaswamy understands that this proposal may be rejected as socialist, or even as un-American. For him, however, this commitment would reflect the gratitude we should feel as citizens, particularly in a world of disappearing free societies, for blessings from our ancestors and contemporaries.

Though modeled on plans used in France, Rwanda, and especially the "incredibly diverse" nation of Singapore,⁹ this plan has strong historic roots in such American luminaries as Franklin Roosevelt, John Kennedy, William Buckley, and more recently Pete Buttigieg, and Stanley McChrystal (311-12); and it is supported by 49% of Americans today. (310) His great hopes for it as an antidote to the misuse of SJ ideals by business as well as to American divisiveness strike this reviewer as well worth exploring.

In brief, Ramaswamy's convictions about exempting business from SJ concerns are wide-ranging and striking. For good reasons and more vulnerable ones, —his complicated thinking and his reliance on anecdote, coupled with insufficient empirical data¹⁰— his presentation will tend to encourage consideration among readers of opposing viewpoints and an awareness Ramaswamy's own inconsistencies. It seems fair to conclude that not many readers on either side of the political divide will be generally convinced by this book. But everyone should walk away thinking—hard.

⁷ Ramaswamy offers another potentially good idea to curtail SJ initiatives of corporations. He would limit application of Section 230 of the Communications Decency Act of 1996, which immunizes social media companies from litigation by those injured by their posts. Space limitations preclude discussion here.

⁸ <https://worldpopulationreview.com/country-rankings>.

⁹ Israel could have been on the list but exemptions to religious communities diluted the spirit of unity.

¹⁰ An index would have helped in this regard.