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RESEARCH ARTICLE

The Democratic Case Against Corporate Activism

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Abstract

Corporate activism—companies taking public stances on contested sociopolitical issues—has become increasingly prevalent in American life. Against such activism, this essay raises two normative complaints. First, corporate activism undermines democracy by violating political equality and distorting public deliberation. Second, corporate activism adds to the undesirable overpoliticization of everyday life. Corporations, the essay concludes, should generally avoid activism.

Keywords: corporate activism; democracy; polarization; political equality; wokeness

Introduction

"Corporations have changed"

"Corporations," remarks a recent study by Saura Masconale and Simone Sepe, "have changed."[1] Previously allergic to political controversy, corporations are newly determined "to change the world, one pressing issue at a time." To this end, they rush headlong into "corporate activism," defined as "a firm's public demonstration of support for or opposition to one side of a partisan sociopolitical issue."[2]

Consider a few examples:

- "This land was built on the backs and genius of Black people," proclaims an advertisement for Sprite.
- In a famous spot, Gillette channels #MeToo, decrying "toxic masculinity" and admonishing men to do better.

[1] Saura Masconale and Simone Sepe, "Citizen Corp.: Corporate Activism and Democracy," *Washington University Law Review* 100 (2022): 257.

[2] Yashoda Bhagwhat et al., "Corporate Sociopolitical Activism and Firm Value," *Journal of Marketing* 84, no. 5 (2020): 1.

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- During Pride Month, Target releases special LGBTQIA+ merchandise, including kids' clothes and "tuck-friendly" women's bathing suits.
- Major League Baseball boycotts Georgia over a controversial election law.

In these and many other instances, corporations have proven surprisingly eager to lob grenades in America's raging culture war.

What should we make of this important new trend in corporate behavior? Setting aside the *economics* of corporate activism,[3] I will focus instead on its *ethics.* Building on important work by Masconale and Sepe[4]; Lechterman, Jenkins, and Strawser[5]; and Saunders-Hastings,[6] I will raise two normative complaints against corporate activism. First, it is undemocratic. Second, it adds to the undesirable overpoliticization of everyday life—what Robert Talisse calls the "political saturation of social space."[7]

"Serving a social purpose"

Question: What's the purpose of a business? Standard answer: Businesses exist to make money for their owners/shareholders.[8]

Proponents of "stakeholder capitalism" would give that answer only partial credit. On their view, companies must do more than merely turn a profit. They should also "serve a social purpose [by benefiting] all of their stakeholders, including shareholders, employees, and the communities in which they operate."[9]

What kinds of social benefits do stakeholder capitalists have in mind? Recent scholarship distinguishes two models of corporate beneficence. "Corporate Social Responsibility" asks businesses to further the common good by producing "universally recognized benefits for all stakeholders."[10] These are things like food drives and cancer awareness campaigns—apolitical, uncontroversial goods or services whose value even partisan foes can acknowledge. Companies can provide such goods without thereby taking sides in the culture war.

But perhaps they *should* take sides in the culture war? That is the core idea behind a second model of corporate morality, "corporate activism," which urges companies to pursue even politically divisive social improvements. Funding the

[3] About which, see, e.g., Bhagwhat et al., "Corporate Sociopolitical Activism and Firm Value," 1.

[4] See, e.g., Masconale and Sepe, "Citizen Corp."; Saura Masconale and Simone Sepe, "Corporate Activism, Economic Efficiency, and Democracy," *Revue Europeenne du Droit* 4, no. 1 (2022): 37–43.

[5] Theodore M. Lechterman, Ryan Jenkins, and Bradley J. Strawser, "#StopHateForProfit and the Ethics of Boycotting by Corporations," *Journal of Business Ethics* 191, no. 1 (2023): 77–91.

[6] Emma Saunders-Hastings, "Economic Power and Democratic Forbearance," in *Wealth and Power: Philosophical Perspectives*, ed. Michael Bennett, Huub Brouwer, and Rutger Classen (New York: Routledge, 2022), 186–205.

[7] Robert Talisse, *Overdoing Democracy* (New York: Oxford University Press, 2019), 74.

[8] Known as "shareholder capitalism," this view receives powerful expression in Milton Friedman's classic "The Social Responsibility of Business Is to Increase Its Profits," *New York Times*, September 13, 1970, https://www.nytimes.com/1970/09/13/archives/a-friedman-doctrine-the-social-responsibility-of-business-is-to.html.

[9] Larry Fink, "A Sense of Purpose," BlackRock, 2018, https://www.blackrock.com/corporate/investor-relations/2018-larry-fink-ceo-letter.

[10] Masconale and Sepe, "Citizen Corp.," 262.

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food bank and treating your workers and suppliers well: that is corporate social responsibility. Doing these things while *also* attempting to save the planet, defend democracy, and foment social justice? That is corporate activism.[11]

In the words of Andrew Winston, the activist corporation should "just do what's right," no matter how divisive the issue.[12] Alternatively, as Rebecca Henderson puts the point, corporate executives "know what needs to be done to build a just and sustainable world… . Business must step up."[13]

Curiously, corporate activism on these divisive issues manages to be astonishingly one-sided. No matter the topic—election law, abortion rights, racial justice, LGBTQ issues, climate policy—corporate America "invariably throws its considerable weight behind cultural progressives," as Darel Paul notes.[14] We live in an era not merely of corporate activism, but *ideologically monolithic* corporate activism: what Ross Douthat calls "woke capitalism," a historically unprecedented politico-economic alliance between global mega-corporations, on the one hand, and progressive elites, on the other.[15]

Have gender studies professors and C-suite executives ever been more copacetic? We are witnessing, surely, peak ideological alignment between Wall Street and Harvard Yard.

Paths taken, and not

In this essay I focus on corporate activism, leaving consideration of its less divisive cousin, corporate social responsibility, for another time. One way to evaluate corporate activism would be to do so on a case-by-case basis, approving of *substantively correct* activism while disapproving of *substantively incorrect* activism. Companies should not be progressive activists (or conservative activists), on this view, because they should not be progressive (or conservative), not because they should not be activists. This objection targets (purportedly) *incorrect* corporate activism rather than activism as such. The master principle

[11] We could draw further distinctions. A company might engage in activism in order to boost profits; call that *profit-motivated* activism. A company might engage in activism because that seems to be the (morally and politically) right thing to do; call that *values-motivated* activism. A company might engage in activism for both kinds of reasons; call that *profit-and-values-motivated* activism. These distinctions, while interesting and important, do not affect my critique. I am worried that corporate activism—however motivated—undermines political equality and unhelpfully overpoliticizes everything. These objections go through regardless of *why* corporations engage in activism. What matters for my argument is what activist corporations *do*, not *why* they do it. Accordingly, I set these distinctions aside in what follows. On the strategic logic of profit-motivated activism, see Shubhashis Gangopadhyay and Swarnodeep Homroy, "Strategic CEO Activism in Polarized Markets," *Journal of Financial and Quantitative Analysis* 60, no. 2 (2025): 617–57.

[12] Andrew Winston, "Why Business Leaders Must Resist the Anti-ESG Movement," *Harvard Business Review*, April 5, 2023, https://hbr.org/2023/04/why-business-leaders-must-resist-the-anti-esg-movement.

[13] Rebecca Henderson, *Reimagining Capitalism in a World on Fire* (New York: PublicAffairs, 2020), 27.

[14] Darel Paul, "The Puzzle of Woke Capital," *American Affairs* 6, no. 3 (2022), https://americanaffairsjournal.org/2022/08/the-puzzle-of-woke-capital/. See also Masconale and Sepe, "Citizen Corp.," 278ff.

[15] Ross Douthat, "The Rise of Woke Capital," *New York Times*, February 28, 2018, https://www.nytimes.com/2018/02/28/opinion/corporate-america-activism.html.

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guiding this approach is something like: "Let corporations enter the political and cultural fray, provided they fight on the side of the angels." (Recall Winston's exhortation to "just do the right thing.")

I mention this approach to distinguish it from my own. I find fault with *all* corporate activism, no matter its ideological valence or substantive merits. Put differently, although I *do* think progressive corporate activism undermines democracy and overpoliticizes everything, this is not, at bottom, because Nike, Bank of America, Procter & Gamble, and so on are woke, but because they are activist and because they are all reading from the same basic ideological script. My objection, at root, is not to woke capitalism per se, but to *ideologically unanimous, politically activist capitalism.*

Here is my plan. In the next section I argue that activist corporations have, in effect, a "megaphone" for amplifying their sociopolitical positions and a "veto button" for opposing disliked policy changes.[16] Combined, these tools give them political-equality-violating levels of influence. Corporate activism is therefore bad for democracy.

The section after that considers and rebuts an objection. The objection asks: Insofar as activist corporations are merely giving consumers what they want, aren't they *mirroring* rather than *distorting* public opinion? And isn't that actually *good* for democracy? My rebuttal is that activist companies do *not* mirror public opinion; they mirror *part* of it, the progressive part. Far from faithfully representing public opinion, then, activist corporations tend to *distort* it.

Some readers may question whether corporate activism could possibly be as one-sided, politically, as I suggest. After all, conservatives buy sneakers, too, as Michael Jordan famously quipped. Indeed they do, and yet activism tilts left nevertheless—for reasons I explain in the following section, drawing on work by Darel Paul, Patrick Deneen, and other theorists of "woke capitalism."

The concluding section clarifies my account's practical implications while also pressing a fresh objection against corporate activism, namely, that it contributes to the pernicious overpoliticization of everyday life, leaving us angrier, more alienated, and less solidaristic than we would otherwise be. My overall conclusion is that corporations should generally avoid sociopolitical activism, on pain of inflaming negative partisanship, undermining political equality, and distorting political deliberation.

Corporate activism is undemocratic

The key democratic insight: Process matters

Suppose Smith has the correct views on everything. Why not anoint him King and turn his word into law? Set aside concerns about absolute power corrupting absolutely. Set aside the worry that more heads are epistemically better than

[16] I am indebted to Masconale and Sepe for the "megaphone" metaphor. See Masconale and Sepe, "Citizen Corp.," 266, 310. They also discuss activist corporations' ability to veto disliked legislation, an ability they call the "bargaining effect." See Masconale and Sepe, "Citizen Corp.," 266, 311. Saunders-Hastings develops similar ideas in her "Economic Power and Forbearance," as do Lechterman, Jenkins, and Strawser in their "#StopHateForProfit."

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one. Just stipulate that Smith is incorruptible, omniscient, and will churn out nothing but the best possible policies. Should we make him monarch?

No, because in politics it matters not just *what* happens, but *how*—or so goes a key democratic insight. From the democratic perspective, we care not merely about political outputs, but also about political processes. We want to get good results, sure, but only *in the right way.*

And what is the right way? As an influential strand of democratic theory has it, "citizens should be able to participate as equals in deciding how society will address important issues of common concern."[17] King Smith violates this democratic requirement. Even assuming his policies are flawless, his process is not; it fails to treat us as civic equals, as democratic citizens entitled to an equal voice in all things political. Under Smith's rule, *we* do not decide common issues together; instead, he does. That is plainly undemocratic. As is corporate activism, and for the same basic reason: corporate activism usurps our democratic authority, giving a subset of political actors too much influence over issues properly reserved for all.

The argument formalized

My argument is in three stages. Stage I explains why the issues addressed by corporate activism should be decided democratically. Stage II argues that democratic decisions are subject to an egalitarian requirement. Stage III establishes that corporate activism violates this egalitarian requirement.

Stage I

1. If an issue involves important matters of common concern, then it belongs on the democratic agenda.
2. The issues addressed by corporate activism involve important matters of common concern.
3. Therefore, the issues addressed by corporate activism belong on the democratic agenda. [From 1 and 2]

Stage II

4. If an issue belongs on the democratic agenda, then it should, on pain of violating democratic norms, be decided via an egalitarian process: that is, one that gives each person an equal say.
5. Therefore, the issues addressed by corporate activism should, on pain of violating democratic norms, be decided via an egalitarian process: that is, one that gives each person an equal say. [From 3 and 4]

Stage III

6. When a corporation engages in corporate activism with respect to an issue, the decision-making process concerning that issue is not egalitarian.

[17] Waheed Hussain, "Is Ethical Consumerism an Impermissible Form of Vigilantism?" *Philosophy & Public Affairs* 40, no. 2 (2012): 118.

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7. Therefore, when a corporation engages in corporate activism with respect to an issue, it violates democratic norms. [From 5 and 6]

Commentary on stage 1

Which issues should be decided democratically? This is the question of democracy's "scope." Premise 1 asserts what I take to be a widely held answer. If an issue involves important matters of common concern, then it should be decided democratically.[18] (And what does it mean to decide something democratically? Premise 4 answers this question. Democratic decision-making is egalitarian; it gives members an "equal say." More on this in the following subsection.)

One might object to premise 1 by defending a narrower view of democracy's scope. According to what I will call the "minimalist" view, *elections* should be decided democratically, but that is it. Provided everyone had an equal electoral say over who holds political office, everything that must be decided democratically *has* been decided democratically.

We should reject the minimalist view. It draws democracy's scope too narrowly. To see this, imagine that we elect Smith via a democratic process. We each had an equal electoral say and Smith won. So far, so good. But then Smith goes to Washington and listens only to a small group of billionaires, legislating precisely as they wish. These billionaires now have outsized influence over policy. This, surely, is undemocratic; yet the minimalist view detects nothing amiss here, because, after all, we had an equal say in sending Smith to Washington.

A better view of democracy's scope would hold that democracy requires not just that we have a democratic say in sending Smith to Washington, but also that we have a democratic say in determining what he does once he is there. Premise 1 captures this point. Premise 1 says that citizens should have a democratic say over *all* important decisions facing their country—not just electoral decisions, but also decisions about taxes, social services, foreign policy, infrastructure, education, and countless other important matters of common concern.[19]

Premise 2 links this discussion of democracy's scope to our main topic: corporate activism. We know from Premise 1 that issues affecting important matters of common concern belong on the democratic agenda. Premise 2 asserts that the issues touched by corporate activism meet this description. They are issues affecting important matters of common concern. Thus, they belong on the democratic agenda; they should be decided democratically, just as claim 3 says.

Given the way I am defining corporate activism, I see no way to reject premise 2. Remember, corporate activism refers to companies taking a public stand on

[18] Recent works committed to (something like) this idea include Hussain, "Is Ethical Consumerism an Impermissible Form of Vigilantism?"; Emma Saunders-Hastings, *Private Virtues, Public Vices: Philanthropy and Democratic Equality* (Chicago, IL: University of Chicago Press, 2022); Theodore Lechterman, *The Tyranny of Generosity* (Oxford: Oxford University Press, 2022); James Lindley Wilson, "Making the All-Affected Principle Safe for Democracy," *Philosophy & Public Affairs* 50, no. 2 (2022): 169–201.

[19] As Masconale and Sepe, "Citizen Corp.," 277, put this point, "[c]hoosing a society's ends is the role of citizens."

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contested social and political issues, such as racial justice, reproductive rights, gun control, environmental policy, and so on. Such issues are the very stuff of contemporary politics. They overlap with—or simply *are*—centrally important matters of common concern. They are things to be decided democratically if anything is.

Commentary on stage II

Stage I tells us that corporate activism addresses issues falling within democracy's scope. Stage II specifies how such issues are to be decided. Items on the democratic agenda must, on pain of violating democratic norms, be decided via an "egalitarian process," that is, one that gives each person an equal say.

So it is, then, with respect to the many and sundry hot-button issues championed by this or that corporate behemoth. When Ben & Jerry's ice cream company commands us to "dismantle white supremacy," it is weighing in on a political topic that, per democratic strictures, should be decided through an egalitarian process that is just as sensitive to *your* voice as it is to Ben's or Jerry's (let alone Ben & Jerry's; indeed, it is not clear why corporations, as opposed to the individual citizens owning and working in them, should have any say at all in a democracy).

I should clarify premise 4's notion of an "equal say." This is shorthand for a more complex idea that we can call "equal opportunity for political influence."[20] John Rawls interprets this as the requirement that a person's chances of influencing policy and attaining political office should be unaffected by his or her socioeconomic standing.[21] (This is the political echo of his "fair equality of opportunity" principle, which requires that a person's prospects for income and wealth should be uninfluenced by his or her socioeconomic class of origin.) The Elon Musks of the world should not have more say over policy than you just because they have deeper pockets.

What if they're just more charismatic, persuasive, or politically motivated? Rawls's idea allows "natural" advantages like this to affect political influence, even as it seeks to neutralize the impact of "social" or "economic" factors. So, charismatic Musk can, compatibly with democratic equality, have more impact than boring you; what the democratic ideal rules out is *rich* Musk having more influence than you simply on account of his economic power.

Henceforth, when I mention an "equal say," remember that I really mean the more complex idea conveyed by "equal opportunity for political influence." I take this idea to be extremely well-subscribed among democratic theorists. But

[20] For important expositions of this idea, see, e.g., Harry Brighouse, "Egalitarianism and Equal Availability of Political Influence," *Journal of Political Philosophy* 4, no. 2 (1996): 118–41; Harry Brighouse, "Political Equality and the Funding of Political Speech," *Social Theory and Practice* 21, no. 3 (1995): 473–500; John Rawls, *A Theory of Justice*, rev. ed. (Cambridge, MA: Harvard University Press, 1999); Joshua Cohen, "Money, Politics, Political Equality," in *Fact and Value: Essays on Ethics and Metaphysics for Judith Jarvis Thomson*, ed. Alex Byrne, Robert Stalnaker, and Ralph Wedgwood (Cambridge, MA: MIT Press, 2001), 47–80.

[21] Rawls, *A Theory of Justice*, 194–200.

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some readers may reject it as too egalitarian.[22] No problem. My argument can operate with a weaker variant of premise 4, one that requires not an "equal" say, but merely a "not wholly outmatched" say. As Saunders-Hastings captures the idea: "It is undemocratic if outcomes of common concern—including both formal political decisions and the social outcomes over which those decisions ought to be authoritative—are overwhelmingly responsive to the preferences of the rich."[23] Without requiring *equal* influence, this view cries democratic foul against "the *outsized* influence of the rich."[24] While I will use the Rawlsian, egalitarian version of premise 4 in what follows, Saunders-Hastings's less demanding variant could be swapped in without argumentative loss.

Commentary on stage III

Issues on the democratic agenda, such as those addressed by corporate activism, must be decided through a broadly egalitarian process—or so Stage II has it. Stage III explains the way in which corporate activism violates this egalitarian requirement.

Suppose a group is trying to decide something in an egalitarian way, say, where to go to dinner. Each member is to have an equal say. How might this process, considered as an *egalitarian* process, go wrong? How could it fail to be egalitarian?

There are two ways.[25] First, inputs could be *disproportionate.* Some members could have too much say. Maybe you get two votes to my one. Second, collectively chosen outputs could be *subverted.* Having decided together, in an egalitarian way, to go to Joe's Pizza, you might be able to override this result. Maybe you own the car we need to get there. "On second thought," you can say, jangling your keys, "let's go somewhere else."

Corporate activism undermines egalitarian decision-making in both of these ways. It renders inputs disproportionate. And sometimes it subverts outputs, too. Consider first the problem of disproportionate inputs.

"Corporate activism," write the authors of an article on the ethics of corporate boycotts, "is an especially glaring way of converting economic power into political power."[26] The root problem is that "corporate persons possess dramatically more

[22] Still other readers might reject my Rawlsian "equal say" account as too *in*egalitarian. Why should the influence of money on political power bother us, but not the influence of charisma or physical attractiveness? Perhaps, *pace* Rawls, we should seek to neutralize the impact of *all* these inequalities—whether economic or "natural"—on a person's capacity to shape politics. Brighouse defends something like this view in his "Egalitarianism and Equal Availability of Political Influence," citing Habermas as inspiration. Fortunately, I do not need to adjudicate this dispute between (moderately egalitarian) Rawls and (radically egalitarian) Brighouse/Habermas. Both camps agree that *economic power should not be decisive for politics*—and that is the claim I need for my argument.

[23] Saunders-Hastings, *Private Virtues, Public Vices*, 74.

[24] Saunders-Hastings, *Private Virtues, Public Vices*, 72.

[25] Saunders-Hastings, "Economic Power and Democratic Forbearance," 194.

[26] Lechterman, Jenkins, and Strawser, "#StopHateForProfit."

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resources for expressing their positions than natural persons do."[27] This is not just about money. Companies have massive war chests, yes, but also prominent platforms from which to broadcast their sociopolitical messages as well as a built-in, captive audience—employees—required to listen.

Armed with these influence-boosting resources, companies can advance their preferred causes in a variety of ways. Among the more familiar are advertising and external messaging. Some examples include:

- Subsequent to Derek Chauvin's conviction for the murder of George Floyd, the official Starbucks Twitter account tweeted: "We still have work to do to address systemic racism and ensure everyone has an equal chance to succeed and thrive. Black lives matter, and we stand with our Black customers and partners."[28]
- Delta's chief executive officer (CEO) released a statement declaring a Georgia election law "unacceptable" and "out of step with Delta's values."[29]
- Nearly every company, it seems, uses social media for sociopolitical messaging, posting a rainbow-themed logo for Pride Month, a black square for Black Lives Matter (BLM), and a blue-and-yellow flag for Ukraine.

Companies can exert influence in other ways, too:

- They can donate, as when corporate America collectively pledged $82 billion to racial justice initiatives in the wake of George Floyd's death.[30]
- They can proselytize to employees, as with companywide emails opining about the latest political flashpoint or ideologically contentious, mandatory diversity, equity, and inclusion (DEI) training.
- Some companies even host internal, politically themed events: consider Comcast's "Pride World," complete with "Pride floats, Pride flags, and a Pronoun Guide for employees."[31]
- Finally, some companies try to change the world by changing their business practices, as when Netflix shifted 2 percent of its holdings—some $100 million—to Black-owned banks.[32]

[27] Lechterman, Jenkins, and Strawser, "#StopHateForProfit."

[28] STARBUCKS COFFEE (@Starbucks), TWITTER (April 20, 2021, 6:29 PM), https://twitter.com/Starbucks/status/1384680708271087620.

[29] Leslie Josephs, "Delta CEO Blasts Georgia Voting Law," *CNBC*, March 31, 2021, https://www.cnbc.com/2021/03/31/delta-ceo-blasts-georgia-voting-law-after-backlash-on-social-media.html#:~:text=Delta's%20CEO%2C%20Ed%20Bastian%2C%20said,considerably%20during%20the%20legislative%20process.%E2%80%9D.

[30] Tim Meads, "Corporate America Has Donated $82 Billion to BLM-Related Causes So Far," *Daily Wire*, March 14, 2023, https://www.dailywire.com/news/new-analysis-corporate-america-has-donated-82-billion-to-blm-related-causes-so-far.

[31] "Comcast NBCUniversal Celebrates Pride Month," Comcast, June 1, 2021, https://corporate.comcast.com/stories/comcast-nbcuniversal-celebrates-pride-month-2021.

[32] "Netflix's Big Idea to Support Black Businesses," *The New York Times*, June 30, 2020, https://www.nytimes.com/2020/06/30/business/dealbook/netflix-black-owned-banks.html.

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The bottom line? Given their massive resource base, captive employee audience, and gigantic platforms, companies can exert tremendous influence in support of their preferred causes. Ordinary people, meanwhile, can … tweet? Call their Congressperson? Donate $50 here, $100 there? Engage in a token bit of "ethical consumerism"? These contributions stand to corporate influence as a raindrop to an ocean. The ordinary person's voice is the faintest whisper compared to Globocorp's booming corporate megaphone. So when Globocorp weighs in on a sociopolitical issue, its input utterly dwarfs the average citizen's.

This is not how democracy is supposed to work. In a democracy, items on the democratic agenda, such as those addressed by corporate activism, should be decided through an egalitarian process that gives each person an equal say—or, at the very least, a not utterly outgunned one.

This is already enough to establish premise 6 (that is, the claim that corporate activism undermines egalitarian decision-making) and, with it, claim 7 (that is, my argument's ultimate conclusion, namely, that corporate activism is undemocratic). But in fact we have yet to consider the most damning evidence in the case of Democracy v. Corporate Activism.

We have seen that corporate activism—in the form of ideologically inflected advertising, messaging, donating, and employee training/proselytizing—renders inputs to the democratic process disproportionate. Now consider the ways in which activist corporations *can simply override democratically chosen decisions.* Globocorp, it turns out, does not just have a megaphone; it also has a veto button.

The scene is springtime in Indianapolis, 2015. Governor Mike Pence signs the "Religious Freedom and Restoration Act" (RFRA). The bill proves a national Rorschach test.

Supporters see a mainstream, reasonable law: mainstream, because modeled on existing state and federal statutes; reasonable, because it merely protects the free exercise of religion against government interference.

The law's detractors see a different, darker image. To them, Indiana's RFRA goes well beyond existing federal and state laws and is a thinly veiled attempt to "legitimize discrimination against gay people."[33] Religiously conservative business owners, critics fear, could cite the RFRA as a reason not to serve gay customers.

Despite the controversy, the bill passes Indiana's General Assembly by an overwhelming margin, 40–10. Pence signs, and conservatives rejoice.

A mere week later, Indiana lawmakers are again gathered before the press to discuss the RFRA. But this time they are not flanked, as before, by religious leaders and conservative activists. Instead, "a far different cast stood behind them, including a prominent gay businessman and corporate leaders from Eli Lilly, the Indiana Pacers and the Indiana Chamber of Commerce."[34] The lawmakers (and their corporate handlers) have come not to celebrate the RFRA, but

[33] Henderson, *Reimagining Capitalism*, 44.

[34] Monica Davey and Laurie Goodstein, "Religion Laws Quickly Fall into Retreat in Indiana and Arkansas," *The New York Times*, April 2, 2015, https://www.nytimes.com/2015/04/03/us/rights-laws-quickly-fall-into-retreat.html#:~:text=But%20on%20Thursday%2C%20as%20the,and%20corporate%20leaders%20from%20Eli.

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to revise it. The new language—"worked out during private negotiations between Republican leaders, key business and sports officials and the governor's staff"—clarifies that the RFRA does not allow businesses to refuse service to gay customers.[35] Salesforce CEO Scott McCorkle declared the fix "a great first step."[36] Some local religious leaders disagreed with the San Francisco-based CEO's assessment, predicting that the changes would "destroy the law."[37]

What explains the sudden reversal? Why did Indiana legislators pass a bill 40–10 one week only to gut it the next? Was it political pressure? A grassroots uprising among ordinary Hoosiers against the RFRA?

Nothing of the sort. As Patrick Deneen explains, "it was not … political condemnation … that put Indiana's RFRA in jeopardy, but … reputational and economic threats. Major corporations, including Apple, Salesforce, Eli Lilly, and Angie's List, among others, threatened to diminish or withdraw their economic presence in the state."[38] The reaction of Bill Oesterle, CEO of Angie's List, is representative. "Angie's List is open to all and discriminates against none," Oesterle said. "We are hugely disappointed in what this bill represents." The company, he noted, was cancelling a planned $40 million headquarters expansion in the state.[39]

This episode is extremely instructive. It lays bare an indisputable truth about corporate power in our democracy, a truth well-put by Rebecca Henderson, herself an advocate of corporate activism: "Today's firms have enormous power to influence governments if they choose to use it."[40] Commenting specifically on the Indiana RFRA case, she writes: "In 2015, the governor of Indiana signed a bill into law that legitimized discrimination against gay people… . The response from the business community was swift and aggressive—and a week later the Indiana legislature backed down."[41] Henderson's evaluation of this "swift and aggressive," patently undemocratic action is quite revealing. She wants more of it.

"Business," Henderson writes, should learn from its success in Indiana, and "needs to take similarly focused action in support of our institutions and society" in other cases beyond the Hoosier state.[42] That is, corporations should make a habit of threatening disinvestment in response to disliked policy change. They

[35] Tony Cook, Tom LoBianco, and Brian Eason, "Gov. Mike Pence Signs RFRA Fix," *IndyStar*, April 1, 2015, https://www.indystar.com/story/news/politics/2015/04/01/indiana-rfra-deal-sets-limited-protections-for-lgbt/70766920/.

[36] Jeff Swiatek, "Salesforce Packed a Punch in Galvanizing RFRA Opposition," *IndyStar*, April 2, 2015, https://www.indystar.com/story/money/2015/04/02/salesforce-packed-punch-galvanizing-rfra-opposition/70842680/.

[37] Cook, LoBianco, and Eason, "Gov. Mike Pence Signs RFRA Fix."

[38] Patrick Deneen, *Regime Change: Toward a Postliberal Future* (New York: Sentinel, 2023), 55.

[39] Tim Evans, "Angie's List Canceling Eastside Expansion Over RFRA," *IndyStar*, March 28, 2015, https://www.indystar.com/story/money/2015/03/28/angies-list-canceling-eastside-expansion-rfra/70590738/.

[40] Henderson, *Reimagining Capitalism*, 44. Notice that my argument does not assume that corporations always—or even frequently—*use* this power. I do not have to take a stand on that issue. This is because I am defending a conditional: *if* corporations use their veto button, *then* they undermine democracy by subverting democratically chosen outputs. I am making a philosophical claim about the normative implications of corporate vetoes, not an *empirical* claim about their frequency.

[41] Henderson, *Reimagining Capitalism*, 44.

[42] Henderson, *Reimagining Capitalism*, 44.

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should dangle the Damoclean sword of "capital flight" over the heads of backward states like Indiana, or North Carolina, or Georgia, promising to repay unprogressive policy in the coin of economic ruin.

"Nice economy you've got there," Globocorp should, on Henderson's view, say to the elected representatives of this or that benighted, backwater province. "Hate to see something happen to it. How about you *don't* do that socially conservative thing that, for some unfathomable reason, the electorate wants you to do?"

It is possible that Globocorp knows better than Indiana or Georgia what justice requires. It is possible that Globocorp's veto will lead to a substantively better outcome in this or that case. Corporate pressure helped end South African apartheid, for instance. So corporate activism, it must be admitted, can conceivably deliver morally correct results. But it cannot deliver them democratically. Government-by-corporate-diktat may be many things, but democratic isn't one of them.

My argument mirrors a familiar—and, to my mind, persuasive—socialist critique of corporate power. That critique points out that, armed with the threat of "capital flight," corporations enjoy a de facto veto over economic policy; by threatening to head for greener pastures, they can smother disliked economic policy in the cradle.[43] Democratic majorities, therefore, can enact economic policy *only with Wall Steet's blessing.* That's deeply undemocratic—or so many philosophers have argued.[44]

The many left-wing philosophers who find this socialist critique of corporate power convincing should, I submit, find the present critique of corporate sociopolitical activism convincing as well. Activist corporations, I have suggested, enjoy a de facto veto not only over economic but also *social* policy. As a result, activist corporations' *social* preferences set the boundaries of democratic possibility. Democratic majorities can enact social policy only with Wall Street's blessing. That, surely, is deeply undemocratic.

In sum, collective decisions reached through a process shaped by Globocorp's blaring megaphone and its omnipresent veto button may or may not be objectively correct. But either way, they will not respect the political equality of participants. They will not be democratic. Corporate activism, in short, undermines democracy—or so Stage III of my argument concludes.

Aren't activist companies just responding to consumer demand?

In this section I consider and rebut an important objection to my account. To bring this objection into view, return to the observation with which I opened the

[43] As mentioned in footnote 40, I do not mean to suggest that corporations veto *every* disliked policy. They tolerate many suboptimal political outcomes, I am sure. For instance, public corporate pushback against Trumpian nativism and protectionism seemed, to this observer, surprisingly meek. Perhaps Globocorp was mashing its veto button and wearing out its megaphone behind the scenes? Another possibility is that Trump, being long on rhetoric and short on policy, did not really threaten Chamber of Commerce values in any substantive way. Hence, corporate silence.

[44] See, e.g., Charles Lindblom, "The Market as Prison," *The Journal of Politics* 44, no. 2 (1982): 324–36; David Schweickart, *After Capitalism*, 2nd ed. (Lanham, MD: Rowman & Littlefield, 2011), 157; Samuel Arnold, "Capitalism, Class Conflict, and Domination," *Socialism and Democracy* 31, no. 1 (2017): 106–24.

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essay: corporations have changed. Formerly averse to political controversy, now they court it. What explains this sea change in corporate behavior?

According to the "consumer demand" account, the explanation is simple. Corporate behavior has changed because customer expectations have changed. Before, consumers did not want corporations to address divisive sociopolitical issues; so, corporations exercised forbearance. Now, most consumers *do* want corporations to address such issues; so, corporations weigh in.[45]

On this account, the best explanation of corporate activism is continuous with the best explanation of *all* corporate behavior: companies act so as to maximize profits. That used to mean keeping a low political profile. Now, given shifts in consumer demand, it means the opposite.

Why, then, does Starbucks fly the Pride flag? For the same reason it introduces a new latte: to make money—or so the consumer demand account has it.

Objection: If corporate activism mirrors public opinion, what's undemocratic about it?

The consumer demand account is an empirical theory, not a normative one; it explains, rather than justifies, corporate activism. But perhaps it can be deployed as a premise in a normative defense of corporate activism. That defense might go like this:

> *The Defense*: Corporate activism is actually quite democratic. After all, activist companies are just catering to consumer demand; they are just driving up business by saying what customers want to hear. Hence, *corporate activism is ultimately controlled by, and responsive to, public opinion.* Surely that helps burnish activism's democratic chops. How undemocratic can corporate activism be, really, if companies take their activist marching orders from ordinary people? Indeed, isn't there a sense in which corporate activism, on this picture, is positively *good* for democracy? It helps amplify ordinary people's views on contested social and political issues.

The Defense turns on two key claims. The first is an empirical claim about corporate activism, namely, that corporations tailor their activism to fit existing consumer sentiment; they aim to *mirror* rather than shape public opinion. The second is normative. It asserts something like the following principle:

> *Mirroring contributes to democracy*: There is something attractively democratic about a decision-making process if, within this process, the decisions of more influential participants *robustly mirror* the preferences of less influential ones.[46]

[45] For development of this theme, see Jennifer S. Fan, "Woke Capital: The Role of Corporations in Social Movements," *Harvard Business Law Review* 9, no. 2 (2019): 441–94. See also discussion by Masconale and Sepe, "Citizen Corp.," 273–75.

[46] Let me introduce a bit of jargon here. Say that A's decision *mirrors* B's preference when A chooses as B would want A to choose. Say that this mirroring is *robust* when it is resilient across (some wide, if

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Put it all together and the defense of corporate activism's democratic bona fides goes like this:

1. *Mirroring contributes to democracy.* There is something attractively democratic about a decision-making process if, within this process, the decisions of more influential participants *robustly mirror* the preferences of less influential ones.
2. *Consumer demand account*: While corporations enjoy disproportionate influence in the societal process through which divisive sociopolitical issues are debated and resolved, they tailor their contributions to this process to consumer sentiment; their activist decisions *robustly mirror* consumer preferences.
3. Therefore, thanks to corporate activism, there is something attractively democratic about sociopolitical decision-making.

Put differently, *The Defense* says that if corporate decisions robustly mirror consumer preferences (as stated in premise 2), and if such robust mirroring is a hallmark of democracy (as stated in premise 1), then corporate activism seems compatible with and even supportive of democracy. Such a result, notice, seemingly contradicts my main conclusion thus far, namely, that corporate activism is undemocratic.

Rebutting the objection

The Defense is interesting but ultimately unsuccessful. First, even if it is sound, *The Defense* does nothing to blunt my main objection, which is *not* that corporate activism fails to mirror public opinion, but that it undermines political equality by giving corporations disproportionate influence. *The Defense* does not challenge this point.

Second, *The Defense* is not sound, because its central empirical conjecture is false—indeed, obviously so. Corporate activism, premise 2 reassures us, simply reflects public opinion. However, corporate activism does *not* simply reflect public opinion. If it is a mirror, it is the curvy, distortive kind you would find in a fun house. Judging by corporate messaging, you would think the modal consumer's politics were forged around a seminar table at Swarthmore or Yale. You would think consumers were overwhelmingly progressive. But, of course, that is not the case. Consumers are just people and people are not ideologically monolithic. Around 25 percent of Americans are progressive, 35 percent are conservative, and 36 percent describe themselves as moderate.[47]

not unlimited, range of) changes in B's preferences. So, A's decision *robustly mirrors* B's preference when (i) A chooses the option that B prefers and (ii) this alignment is no accident; for some suitably wide range of options, if B preferred that option, then A would choose it instead.

[47] Lydia Saad, "U.S. Political Ideology Steady; Conservatives, Moderates Tie," *Gallup*, January 17, 2022, https://news.gallup.com/poll/388988/political-ideology-steady-conservatives-moderates-tie.aspx#:~:text=On%20average%20last%20year%2C%2037,as%20conservative%2C%20moderate%20and%20liberal.

These simple truths bear emphasizing. Most readers of this essay, I imagine, are academics, and most academics occupy ideological echo chambers.[48] They are themselves overwhelmingly progressive, especially in the humanities and social sciences.[49] They are friends, in the main, with progressives. They associate, in the main, with progressives. They encounter, in the main, progressive ideas. And their social epistemic environment tends not only to screen out dissenting (that is, conservative) viewpoints, but also actively to undermine and discredit them.[50] Living in an ideological cloister, progressive academics may lose touch with America's political diversity. They risk becoming blind to basic facts about public opinion—facts such as these:

- *Racial justice.* Nearly 50 percent of Americans oppose BLM[51] and 40 percent deny that whites enjoy any advantages over Blacks.[52] One poll finds that 74 percent reject the idea that "when it comes to decisions about hiring and promotion," companies and organizations should "take a person's race and ethnicity into account."[53] A different poll finds that only 33 percent approve of affirmative action.[54]
- *LGBT issues.* About 37 percent think gay marriage is a net bad for the country,[55] while 38 percent think society has gone too far in transgender

[48] For instructive discussion of echo chambers and epistemic bubbles, see C. Thi Nguyen, "Echo Chambers and Epistemic Bubbles," *Episteme* 17, no. 2 (2020): 141–61.

[49] "Five major studies ... found that the percentage of self-identified conservatives ranges between 5% and 17% in the social sciences and between 4% and 8% in the humanities." Jon A. Shields and Joshua M. Dunn, Sr., *Passing on the Right: Conservative Professors in the Progressive University* (New York: Oxford University Press, 2016), 2. Also see Keith Whittington, "The Value of Ideological Diversity among University Faculty," *Social Philosophy & Policy* 37, no. 2 (2021): 90–113.

[50] As Jonathan Haidt puts this point: "The academy has been so focused on attaining diversity by race and gender (which are valuable) that it has created a hostile climate for people who *think* differently. The American Academy has—arguably—become a politically orthodox and quasi-religious institution." Jonathan Haidt, "Viewpoint Diversity in the Academy," https://righteousmind.com/viewpoint-diversity/.

[51] Juliana Menasce Horowitz, Kiley Hurst, and Dana Braga, "Support for the Black Lives Matter Movement Has Dropped Considerably from Its Peak in 2020," Pew Research Center, June 14, 2023, https://www.pewresearch.org/social-trends/2023/06/14/support-for-the-black-lives-matter-movement-has-dropped-considerably-from-its-peak-in-2020/.

[52] "Deep Divisions in Americans' Views of Nation's Racist History—and How to Address It," Pew Research Center, August 12, 2021, https://www.pewresearch.org/politics/2021/08/12/deep-divisions-in-americans-views-of-nations-racial-history-and-how-to-address-it/.

[53] Frank Newport, "Affirmative Action and Public Opinion," Gallup, August 7, 2020, https://news.gallup.com/opinion/polling-matters/317006/affirmative-action-public-opinion.aspx?utm_source=substack&utm_medium=email.

[54] "More Americans Disapprove Than Approve of Colleges Considering Race, Ethnicity in Admissions Decisions," Pew Research Center, June 8, 2023, https://www.pewresearch.org/politics/2023/06/08/more-americans-disapprove-than-approve-of-colleges-considering-race-ethnicity-in-admissions-decisions/.

[55] Gabriel Borelli, "About Six-in-Ten Americans Say Legalization of Same-Sex Marriage Is Good for Society," Pew Research Center, November 15, 2022, https://www.pewresearch.org/short-reads/2022/11/15/about-six-in-ten-americans-say-legalization-of-same-sex-marriage-is-good-for-society/.

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acceptance.[56] Only 44 percent think that people should be able to choose their own gender identity.[57] About 58 percent would require transgender athletes to compete on teams that match their sex assigned at birth.[58]

- *Feminism.* About 45 percent of Americans describe feminism as "polarizing."[59] Of those who have heard of #MeToo, a majority do not support the movement.[60] Nearly half of Democratic men under fifty years old—*Democratic* men, note—think that "[f]eminism has done more harm than good" and that "[g]ender ideology has corrupted American culture."[61]
- *Climate change.* Only 37 percent say tackling climate change should be a "top" governmental priority.[62]

In short, the United States is ideologically diverse. Academia may be monolithically left-wing, but public opinion is not. Tens if not hundreds of millions of Americans hold conservative positions on hot-button topics such as racial justice, LGBT issues, feminism, and climate change.

Per premise 2's "corporate activism just reflects consumer sentiment" theory, there must be scores of companies scrambling to calibrate their activism for these millions upon millions of conservative customers. So where are they? One looks for such companies in vain. Strangely, they basically do not exist. Outside of a few economically marginal counterexamples—a My Pillow here, a Black Rifle Coffee there—activist corporations pin their colors exclusively to the progressive mast.

Even Bud Light beer—as populist a brand as you will find—has tested the waters of woke activism, forming a brand partnership with transgender influencer Dylan Mulvaney.[63] What's next? Nickelodeon weaving queer theory into its

[56] Kim Parker, Juliana Menasce Horowitz, and Anna Brown, "Americans' Complex Views on Gender Identity and Transgender Issues," Pew Research Center, June 28, 2022, https://www.pewresearch.org/social-trends/2022/06/28/americans-complex-views-on-gender-identity-and-transgender-issues/.

[57] Oriana Gonzalez, "'No Clear Agreement' on Americans' LGBTQ Opinions," *Axios*, May 19, 2023, https://www.axios.com/2023/05/19/axios-ipsos-poll-lgbtq-gender-identity.

[58] Parker, Horowitz, and Brown, "Americans' Complex Views on Gender Identity and Transgender Issues."

[59] Amanda Barroso, "61% of U.S. Women Say 'Feminist' Describes Them Well," Pew Research Center, July 7, 2020, https://www.pewresearch.org/short-reads/2020/07/07/61-of-u-s-women-say-feminist-describes-them-well-many-see-feminism-as-empowering-polarizing/.

[60] Anna Brown, "More Than Twice as Many Americans Support Than Oppose the #MeToo Movement," Pew Research Center, September 29, 2022, https://www.pewresearch.org/social-trends/2022/09/29/more-than-twice-as-many-americans-support-than-oppose-the-metoo-movement/.

[61] "SPLC Poll Finds Substantial Support for 'Great Replacement' Theory and Other Hard-Right Ideas," Southern Poverty Law Center, June 1, 2022, https://www.splcenter.org/news/2022/06/01/poll-finds-support-great-replacement-hard-right-ideas.

[62] Alec Tyson, Cary Funk, and Brian Kennedy, "What the Data Says about Americans' Views of Climate Change," Pew Research Center, August 9, 2023, https://www.pewresearch.org/short-reads/2023/04/18/for-earth-day-key-facts-about-americans-views-of-climate-change-and-renewable-energy/.

[63] Amanda Holpuch, "Behind the Backlash Against Bud Light," *The New York Times*, August 16, 2023, https://www.nytimes.com/article/bud-light-boycott.html.

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cartoons? Actually, that already happened. *Blue's Clues*, a Nickelodeon show designed for preschoolers, centered a segment around a drag queen "singing about a Pride parade including [an animated] beaver family with the trans member sporting mastectomy scars."[64]

In sum, the U.S. is an ideologically diverse country inundated with overwhelmingly progressive corporate messaging. Corporate activism does not mirror public opinion. It mirrors *part* of public opinion, the left-wing part, leaving the views of moderates and conservatives entirely out of the picture.

In other words, far from *mirroring* public opinion, corporate activism *distorts* it. But this means that—contrary to *The Defense*—there is something importantly *undemocratic* about corporate activism's relationship to public opinion. Corporate activism has been unmasked as a process through which powerful deciders, far from faithfully channeling the views of "ordinary people" taken as a bloc, amplify an ideologically uniform subset of these views.

Multi-billion-dollar companies are manning the trenches *for one side only* in America's fractious culture war. It is hard to see anything democratic about *that.*

Why *are* companies so woke?

Some readers may find it difficult to believe that corporate activism is as ideologically monolithic as I have described. After all, a company's highest imperative is to make money. Alienating half the consumer base seems an odd way to do that. *A priori*, you would think that companies would emulate the studied neutrality of Michael Jordan, who explained his famously apolitical stance with a memorable quip: "Republicans buy sneakers, too."[65]

Jordan's neutrality makes economic sense. Yet according to my account, corporations are not taking his advice. On the contrary, they have cast their lot entirely with team progressive. While I have provided lots of anecdotal evidence to support this claim, it would be good to supplement these empirics with a theoretical explanation for corporate activism's leftward tilt. Accordingly, this section sketches an answer to the question: Why *are* companies so woke?

Consumer demand theory

Paul considers various accounts of "woke capital" in his excellent piece "The Puzzle of Woke Capital." We have already encountered one such account: consumer demand theory, according to which Starbucks flies the Pride flag simply because that is what its customers want. While there must be *some* truth to this theory—it is hard to believe that corporate behavior is *entirely* disconnected from consumer sentiment—it cannot be the whole story. As Paul points

[64] Rod Dreher, "What's Happening to America?" *The American Conservative*, June 1, 2021, https://www.theamericanconservative.com/america-decline-and-fall-hungary/.

[65] Jesse Washington, "We Finally Have Answers about Michael Jordan and 'Republicans Buy Sneakers, Too,'" *Andscape*, May 4, 2020, https://andscape.com/features/we-finally-have-answers-about-michael-jordan-and-republicans-buy-sneakers-too/.

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out, "the consumer demand [theory] has no explanation for woke capital's most interesting and puzzling marketing behavior, progressive social justice content directed toward a broad, decidedly non-woke audience."[66]

For example, *Sports Illustrated* now "regularly includes elderly, obese, and transgender models in its annual swimsuit edition."[67] What explains this? Per the consumer demand theory, *Sports Illustrated*'s target demographic must be clamoring for more inclusive bikini shots. I leave it to the reader to evaluate the plausibility of that hypothesis.

Investor theory

If consumer demand doesn't explain progressive corporate activism, what does? Picture a simple flowchart of the economic process. *Investors* provide capital to *corporations*, which produce widgets, bought by *consumers.* Corporations must cater to *both* of their flowchart neighbors. They need to satisfy consumer demand, even as they attract capital from investors.

What if those investors are themselves progressive? Progressive investors might demand progressive activism from corporations as part of the price of access to capital. This is the basic idea behind the "investor theory" of woke capital, which "argues that an alliance of activist asset managers, shareholders, and financial regulators are the prime movers" behind corporate America's embrace of social justice ideology.[68]

Key to this dynamic is the rise of Environmental, Social, and Governance (ESG) investing. ESG criteria purport to measure a company's so-called "triple bottom line," its impact on planet, people, and profit. Think of ESG as a kind of moral scorecard through which values-based investors decide where to direct their money.

In principle, ESG criteria could be ideologically moderate or even conservative in orientation. In practice, they skew progressive, a fact noted by Republican critics, such as Florida Governor Ron DeSantis, who recently signed legislation prohibiting the state's pension funds from using ESG criteria. "ESG," argues DeSantis, "is a way for the political left to achieve through corporate power what they cannot achieve at the ballot box."[69]

Despite Republican opposition, ESG investing remains massively influential. Top index funds such as BlackRock, State Street, and Vanguard—the Big Three institutional investors—are deeply committed to ESG metrics. Because they together constitute the largest shareholder in 88 percent of S&P 500 firms, their attitude toward ESG—and thus, to the progressive politics ESG encodes—is no small thing.[70] As Paul notes, "if BlackRock and its $10 trillion under management

[66] Paul, "The Puzzle of Woke Capital."
[67] Paul, "The Puzzle of Woke Capital."
[68] Paul, "The Puzzle of Woke Capital."
[69] Brandon Gillespie, "DeSantis Warns ESG Movement," *FOX Business*, February 28, 2023, https://www.foxbusiness.com/politics/ron-desantis-warns-esg-movement-driven-woke-corporate-ceo-bullies-new-book.
[70] Jan Fictner, "Hidden Power of the Big Three?" *Business and Politics* 19, no. 2 (2017): 313.

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suggest corporations should lower carbon emissions, place more women on boards of directors, and expand transgender healthcare coverage, they do so."[71]

But how, specifically, do asset managers like BlackRock bring their influence to bear on portfolio companies? Malcom Salter identifies various ways. First, they can punish noncompliant companies by selling their shares, driving down share price. Second, they can submit shareholder proposals to shareholders' meetings and vote proxies. Third, they can "screen companies for portfolio inclusion or exclusion according to ESG criteria." Finally, they can "engage face-to-face with companies in closed-door discussions and negotiations" concerning ESG issues.[72]

University theory

The investor theory does much to reduce the paradox of woke capital. Starbucks, on this account, flies the Pride flag not so much to appease customers, as to appease Larry Fink (BlackRock's famously progressive CEO). But perhaps this account merely pushes the puzzle back a step. Companies, it says, are progressive to appease large investors; but why are large investors progressive?

To some extent this can be chalked up to contingency: Fink just happens to be fairly woke, and that's that. But a deeper insight is available. Powerful decision-makers in the investment world are the product, in the main, of selective colleges and universities. The same is true of professional elites in the corporations themselves. But what are selective colleges and universities, these days, but incubators of social justice ideology? Perhaps the deepest explanation of woke capitalism, then, finds bedrock on the leafy quads of Berkeley, Brown, and Bowdoin.[73]

To many observers of university life in the mid-2010s, it felt as if something deeply significant—and strange—was happening on campuses across the country. What could fairly be described as "struggle sessions" at Yale and Evergreen State College were only the most visible manifestation of a deeper shift in campus politics.[74] The shift was away from liberalism in the style of John Locke, John Stuart Mill, and Rawls—but toward what, exactly?[75]

[71] Paul, "The Puzzle of Woke Capital."

[72] Malcolm Salter, "Corporate Purpose in a Post-Covid World," in *A Political Economy of Justice*, ed. Daniel Allen et al. (Chicago, IL: University of Chicago Press, 2022), 231.

[73] For an illuminating account of the university's role as incubator of progressive ideology, see Christopher Rufo, *America's Cultural Revolution: How the Radical Left Conquered Everything* (New York: Broadside Books, 2023).

[74] Regarding Yale University, see Conor Friedersdorf, "The New Intolerance of Student Activism," *The Atlantic,* November 9, 2015, https://www.theatlantic.com/politics/archive/2015/11/the-new-intolerance-of-student-activism-at-yale/414810/; "Halloween Costume Controversy," Foundation for Individual Rights and Expression, https://www.thefire.org/research-learn/halloween-costume-controversy. Regarding Evergreen State College, see Nico Perrino, "Yale 2.0 at Evergreen State College?" Foundation for Individual Rights and Expression, June 1, 2017, https://www.thefire.org/news/yale-20-evergreen-state-college.

[75] "The Threat from the Illiberal Left," *The Economist*, September 4, 2021, https://www.economist.com/leaders/2021/09/04/the-threat-from-the-illiberal-left.

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In broad outline, the new ideology emphasized the nonnegotiable importance —the *sanctity*, even—of diversity, multiculturalism, and equal outcomes across groups; furthermore, it attributed any disparities in outcomes favoring whites over nonwhites or men over women to oppression or discrimination.[76] Indeed, it tended to discover oppression, harm, and trauma everywhere—from the macro level (for example, systemic racism; the whole country was said to be "white supremacist") to the very small (for example, "micro-aggressions," as when someone says "I believe the most qualified person should get this job"[77]).[78] About these claims, adherents of the new ideology seemed most unwilling to argue. The new ideology's core tenets were, they indicated, beyond reasonable disagreement.[79]

Around this time, it became fashionable among a certain set—call them the anti-anti-wokes—to downplay the significance of these developments. Indeed, was anything noteworthy even happening at all? And to the extent that it *was*, well—that's just college kids pushing the boundaries a little bit, same as it ever was. Once they hit the working world, they will grow out of it. They will turn into garden-variety liberals, just like they always have: socially progressive, sure, but fundamentally open-minded and tolerant of dissenting perspectives—or so the anti-anti-wokes predicted.

Flash forward to 2023, and it seems quite clear that this prediction has failed. Yesterday's campus illiberals berating the Dean for an emailed micro-aggression are today's young professionals pressuring the CEO to take a stand against *Dobbs v. Jackson Women's Health Organization* (2022).[80] As Paul notes, "highly educated Americans [have taken] the distinctive university culture from their student days into the professional-class workplace."[81] Woke

[76] For a clear account of the new ideology's main tenets, see Richard Hanania, "Woke Institutions Is Just Civil Rights Law," Substack, June 1, 2021, https://www.richardhanania.com/p/woke-institutions-is-just-civil-rights. Also see Richard Hanania, *The Origins of Woke: Civil Rights Law, Corporate America, and the Triumph of Identity Politics* (New York: Broadside Books, 2023), 4–7.

[77] Derald W. Sue et al., "Racial Microaggressions in Everyday Life: Implications for Clinical Practice," *American Psychologist* 62, no. 4 (2007): 271–86.

[78] Jonathan Haidt and Greg Lukianoff, *The Coddling of the American Mind: How Good Intentions and Bad Ideas Are Setting Up a Generation for Failure* (New York: Penguin Press, 2018).

[79] On the threat to free speech and free inquiry on college campuses, see Keith Whittington, *Speak Freely: Why Universities Must Defend Free Speech* (Princeton, NJ: Princeton University Press, 2018).

[80] *Dobbs v. Jackson Women's Health Organization*, 597 U.S. 215 (2022). Notice that woke employees need not comprise a majority to wield serious influence. Upon hitting a critical mass—something far short of a majority or even, perhaps, a plurality—they are often able to capture their workplaces. How is that? Paul supplies the answer: "For managers in both the for-profit and nonprofit spheres, there are no political or social incentives to resist wokeness. Anti-woke students or employees are few in number and highly marginalized in all professional-class settings; non-woke students or employees are largely passive and unorganized, making them far easier to ignore than activists. So long as woke demands have minimal implications for the core economic interests of the university or corporation, they are simply easier to grant than to refuse." I would add that the threat of "cancellation"—that is, ostracization from high-skilled employment—surely plays a role in managerial acquiescence.

[81] Paul, "The Puzzle of Woke Capital."

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campuses beget woke students, who become woke professionals.[82] As Andrew Sullivan notes, "We all live on campus now."[83]

I began this section by floating a possible worry about my account. My case against corporate activism rests partly on the claim that it is ideologically monolithic, and therefore unreflective of the broad sweep of public opinion (which is ideologically plural). Whether this claim is true or false depends, of course, on the empirics. However, some readers may find the claim intrinsically implausible given the "Michael Jordan principle": because Republicans buy sneakers, too, surely no rational corporation would declare openly and exclusively for one side of the partisan divide.

To combat this *a priori* skepticism, I aimed, in this section, to sketch a *theory* of woke capitalism. Such a theory answers the question: Why *are* companies so woke?

We have arrived at what I take to be a plausible answer. Call it the "university theory" of woke capitalism. *Companies*, in the final analysis, are woke because a critical mass of their *major investors and employees*, being cultural elites, are woke; and *cultural elites* are woke because their politics were formed in the very crucible of illiberal-cum-progressive values: the American university.

Conclusion

The argument reviewed

Let's take stock. I pointed out that "corporations have changed."[84] Previously allergic to political controversy, now they rush headlong into "corporate activism," defined as "a firm's public demonstration (statements and/or actions) of support for or opposition to one side of a partisan sociopolitical issue."[85]

I then argued that corporate activism is undemocratic because it is inegalitarian. When Globocorp weighs in on divisive sociopolitical topics, it addresses important issues of common concern that fall squarely on the democratic agenda. Per standard norms of democratic theory, such issues should be decided by the *demos*—not by Fortune 500 companies—through a process of deliberation and adjudication that gives each person a roughly "equal say." Corporate activism undermines this process. Globocorp's activist megaphone and veto button give it far more than an equal say. Corporate activism violates democratic

[82] As Deneen writes: "Elite universities and their imitators are the training grounds of the new elite… . [This new elite] will go on to occupy critical positions in key institutions, ranging from bureaucracy to business, from entertainment to NGOs, from media to journalism… . Some will remain in academe, a place of remarkable intellectual conformity, where they will assume the role of elite formation. These educational institutions help shape the worldviews and expectations of the managerial ruling class, who then deploy to a variety of settings where those lessons come to shape most of the main organizations that govern daily life: government bureaucracies, law firms, media, journalism … and corporate offices and boards." Deneen, *Regime Change*, 44.

[83] Andrew Sullivan, "We All Live on Campus Now," *Intelligencer*, February 9, 2018, https://nymag.com/intelligencer/2018/02/we-all-live-on-campus-now.html.

[84] Masconale and Sepe, "Citizen Corp.," 257.

[85] Bhagwhat et al., "Corporate Sociopolitical Activism and Firm Value."

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norms by giving corporations disproportionate, inegalitarian influence over the processes through which our society tackles some of its most pressing and contentious issues—or so I argued.

Next, I considered an important objection to my argument. Dubbed *The Defense*, the objection asks the following question: How undemocratic is corporate activism, really, given that companies are just responding, in their activism, to consumer demand?

In reply, I made two moves. First, I noted that corporate activism remains inegalitarian—hence, undemocratic—*even if* it follows public opinion. Second, I pointed out that corporate activism *does not* simply follow public opinion. Instead, it is ideologically monolithic. It amplifies *part* of public opinion, the progressive part, while ignoring moderate and conservative perspectives (or even actively thwarting them, as in the Indiana RFRA case).

The Defense was meant to defend corporate activism. But in the end, it provided materials for further critiquing it. Working through *The Defense*'s flaws revealed just how undemocratic corporate activism really is. Not only is corporate activism inegalitarian; when it is ideologically monolithic, it also distorts democratic deliberation by amplifying one perspective to the exclusion of all others.

Actually existing corporate activism thus offends against democracy twice over. It denies ordinary people an equal say (call this the "inegalitarianism" defect), even as it drowns out all perspectives to the right of your average *Mother Jones* staffer (call this the "distortion" defect).

To put my main result more polemically: corporate activism, in 2023, is the profoundly inegalitarian, unrepresentative, and therefore undemocratic process through which cultural elites from Wall Street and Silicon Valley impose the social mores and political values of the Berkeley faculty club on a recalcitrant hinterland. (Does the language of "imposition" seem too strong? It would not to Indianans supportive of the RFRA.)

Implications

In closing, let me address the practical implications of my account. What, specifically, am I recommending that corporations do vis-à-vis activism?

My account suggests that corporations ought to refrain from taking positions on divisive sociopolitical issues, on pain of violating important democratic norms. They ought to exercise "forbearance," to borrow a phrase from Saunders-Hastings.[86]

However, this is an intermediate requirement, not an ultimate one. Democracy is not the only value, nor, among values, does it always take priority. On rare occasions it may be, all things considered, justified for corporations to engage in democracy-impugning activism in the service of something higher. So, faced with serious injustice and judging that its input could make a moral difference, Globocorp may dust off its activist megaphone. (What if its input wouldn't

[86] Saunders-Hastings, "Economic Power and Democratic Forbearance."

matter? Then it should not speak. There is little sense in undermining democratic equality for no reason.)

Globocorp should be more reluctant still to wield its veto button. Subverting democratic outcomes—by, say, threatening to boycott a region in response to disliked policy—does more damage to democracy than merely disequalizing inputs, and so must meet a higher justificatory bar. Moreover, boycotts also impose harms on innocent third parties, such as all the employees and ordinary citizens harmed by the economic fallout.[87] In practical terms, this means Globocorp should not threaten to boycott a polity except in response to truly severe injustice.

One form that severe injustice can take is the denial of political liberties, including democratic ones. Suppose some U.S. state drastically scaled back voting rights, such that important democratic norms were violated. Corporate activism against such a policy might be unusually well justified because it might, on balance, promote rather than retard democratic values.[88] Arguably, the 2021 Major League Baseball (MLB) boycott of Georgia in response to the state's new voting law, SB 202, fits this profile, although that may be a tendentious interpretation of the relevant facts. If, as President Joe Biden declared, the law amounted to "Jim Crow in the 21st century," then MLB was probably justified in relocating its All-Star game away from Atlanta.[89] If, on the other hand, the law (as defenders claimed) merely tightened voting security while preserving a reasonable level of access to the ballot box, then it was MLB's boycott—not SB 202—that undermined democracy.

Why not "Madisonian," pluralistic corporate activism? The problem of overpoliticization

One final point: I have taken actually existing corporate activism to task for its ideologically monolithic nature. This raises an interesting possibility. What if corporate activism were ideologically *pluralistic* instead? What if, for every Pride-flag-flying Starbucks, there was a Black Rifle Coffee waving the Blue Lives Matter banner?

Such a system might aptly be described as "Madisonian Corporate Activism," in deference to James Madison's famous theory of "factions" in "Federalist No. 10."[90] Madison sees politics mainly through the lens of interest-group struggle. Individuals, on his view, are not the prime actors in the democratic drama; powerful, organized groups—Madison's "factions"—are. While policy-through-interest-group combat may *seem* undemocratic, Madison argues that it was not necessarily fated to be that way. Provided factions are sufficiently

[87] For a similar analysis, see Lechterman, Jenkins, and Strawser, "#StopHateForProfit."

[88] Saunders-Hastings discusses such a case in her "Economic Power and Democratic Forbearance."

[89] "Statement by President Biden on the Attack on the Right to Vote in Georgia," The White House, March 26, 2021, https://bidenwhitehouse.archives.gov/briefing-room/speeches-remarks/2021/03/26/statement-by-president-biden-on-the-attack-on-the-right-to-vote-in-georgia/.

[90] James Madison, "Federalist No. 10" (1787), Bill of Rights Institute, https://billofrightsinstitute.org/primary-sources/federalist-no-10.

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"diverse"—provided they represent the full range of public opinion, in all its plurality—then we can feel pretty confident that (in the words of a famous study of contemporary American politics) "the wants and needs of the average citizen tend to be reasonably well served by the outcomes of interest-group struggle."[91]

The defender of pluralistic corporate activism might find succor in Madison's theory. The theory shows that politics by organized, powerful groups is not inherently unrepresentative. Globocorp can, on this model, use its megaphone with a clear conscience—so long as there is some equally influential megacorporation giving voice to other parts of the ideological spectrum.

While this is an interesting suggestion, Madisonian corporate activism suffers from two big moral flaws. (It is also extremely unrealistic because it would require roughly half of companies to abandon their leftist mores and tack hard to the right; this seems rather unlikely, given the progressive scruples of investors and professionals, as discussed in the previous section.) First, it abandons any pretense of egalitarianism; it does nothing to ensure that ordinary people have an "equal say" over important items on the democratic agenda.

Second, it does nothing to combat—and everything to inflame—the problem described by Talisse as "the political saturation of social space." This is the pernicious overpoliticization of everyday life, the creeping incursion of partisan experiences, signifiers, and shibboleths into formerly apolitical spaces. In these politically saturated times, an increasing proportion of what we do seems freighted with political meaning. It is not just that conservatives and progressives listen to different music, wear different clothes, shop at different stores, and watch different programs; it is that "these [everyday] choices [have become] ways of *publicly expressing* [one's] political commitments."[92] By listening to country music, shopping at Whole Foods, watching the National Football League (NFL), or engaging in any number of ordinary, everyday actions, one picks sides in the culture war—whether one wants to or not. "Politics," writes Talisse, "has become *everything that we do.*"[93]

This constant and inescapable political signaling reinforces tribal identities, encouraging each side to define itself in opposition to the other not only politically but in virtually every aspect of life. Each side comes not merely to lose solidarity with the other, but actively to dislike the other.[94] As politics swallows everything, political foes turn into personal enemies. For example, in 2019, Pew found that 47 percent of Republicans would not date someone who pulled the lever for Hillary Clinton, while 71 percent of Democrats would not date a Donald Trump voter.[95]

[91] Martin Gilens and Benjamin Page, "Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens," *Perspectives on Politics* 12, no. 3 (2014): 567.

[92] Talisse, *Overdoing Democracy*, 92.

[93] Talisse, *Overdoing Democracy*, 90.

[94] Talisse, *Overdoing Democracy*, 99.

[95] Anna Brown, "Most Democrats Who Are Looking for a Relationship Would Not Consider Dating a Trump Voter," Pew Research Center, April 24, 2020, https://www.pewresearch.org/short-reads/2020/04/24/most-democrats-who-are-looking-for-a-relationship-would-not-consider-dating-a-trump-voter/.

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A bad state of affairs, this. I take political saturation to be deleterious to human flourishing as well as an obstacle to democracy: it is hard to deliberate with those you hate.

What does this have to do with corporate activism? As Talisse stresses, what we need to heal our partisan divides and preserve democratic functioning is *less* politics, not more. We need apolitical spaces, "venues for nonpolitical cooperative behavior" within which we can interact not as political opponents but simply as ordinary people, doing ordinary, nonpolitical things together. By working together in contexts where politics is simply irrelevant, we can come to see one another not as civic enemies, but as—perhaps—civic friends, reasonable people who can live alongside one another despite even deep political differences.[96]

Corporate political activism torpedoes this healing strategy. The more Globocorp blares through its megaphone, the more politically saturated our social space becomes. Even a decade ago, one could not shop or work at a Patagonia or a Hobby Lobby without signaling partisan values; now, as more and more companies fly partisan colors, the space for politics-free, negative-partisanship-reducing economic cooperation has dwindled precipitously.

Notice that the Madisonian model of corporate activism—where all companies are political, just pluralistically so—would do nothing to reverse this unhappy trend. The root cause of affective polarization, on Talisse's account, is the seeping of politics into everyday life. It's seeing political signifiers when you're just trying to get a cup of coffee. Changing the valence of those signifiers from left to right would not help.

In closing, then, pluralistic corporate activism is at best a minor improvement over the ideologically monolithic activism we've got. Real improvement will come from corporate forbearance, not Madisonian activism.[97] For democracy's sake, Globocorp should largely retire its activist megaphone and veto button.

[96] Talisse, *Overdoing Democracy*, 162.

[97] But is forbearance even possible? It might be argued that, in our politically fraught world, *everything* counts as making a move in the culture war. Neutrality is impossible. For example, transgender customers either *will* be allowed bathroom rights or they will *not*. Which option represents "forbearance" from political controversy? Either your company *does* celebrate Black History month or it does *not*. Both options come fully loaded with political meaning. Companies, in short, simply *cannot avoid* picking a side in the American culture war. In response, I would distinguish between *optional* activism and *unavoidable* activism. Setting a transgender bathroom policy (or not) represents unavoidable activism. Forming a social media partnership with a prominent transgender influencer represents *avoidable* activism. So does, say, threatening to cancel a planned corporate expansion unless the local government passes trans-friendly laws. The logic of my argument suggests that companies forbear *where they can*, while maintaining that the set of opportunities for forbearance is not empty. For an insightful analysis of related issues concerning political correctness, see Benjamin Eidelson, "The Etiquette of Equality," *Philosophy & Public Affairs* 51, no. 2 (2023): 97–139, esp. sec. 4.

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