

Frank Gaffney (00:10):

Welcome back. And a special welcome always to one of our regular featured guests here at Securing America. His name is Bill Walton. He has his own television podcast program, the Bill Walton Show, which I strongly commend to you all. He delves into topics that are of great importance and has fabulous guests on. I, myself accepted, but on occasion I'm able to join him there. And-

Bill Walton (00:35):

We got to get you back, Frank. Got to get you back on.

Frank Gaffney (00:38):

Love to do it. Always appreciative of him joining us here. Bill, a lot to talk about. Drawing on your background as a Wall Street guy especially, but also your insights from leadership in the conservative movement, notably with the Council for National Policy. I wanted to ask you about this so-called ESG Movement, environment, social justice, I guess. Governance is what it stands for. It seems that the bloom is coming off that particular rose.

Bill Walton (01:13):

Yeah.

Frank Gaffney (01:13):

Am I right about that? And how have we found ourselves in a position where it is operating at all in Wall Street, let alone in the banking sector and having all kinds of consequences in our economy and businesses?

Bill Walton (01:29):

Well, ESG investing was always and forever a product of a bull market. And one of the big beneficiaries was Larry Fink at BlackRock who saw their assets under management rise over \$10 trillion. Maybe they hit \$11 trillion. Well, anyway, with the bust in the markets and real pressure in the equity markets and the bond markets as well, they're beginning to sing a different tune. Just to break it down, environmental, social governance agendas for corporations were never about economics. You can break it into the pieces. The environmental piece basically meant abandoning fossil fuels and going into wind and solar. And if you're a [inaudible 00:02:14] investor, as I used to be, you look at investing in that, then wind and solar don't work without massive government subsidies. On its own, it's got a negative return on capital. And so if you're running a company like a capitalist, an old fashioned capitalist, you're saying you can't invest in that because it's what I would call uninvestible.

(02:36):

The social piece, you've got all these different agendas going on inside corporations, critical race theory, diversity, equity and inclusion. And they've built up massive bureaucracies inside big companies. Thousands and thousands of people making 200, 300, \$400,000 a year. There's some DEI executives who are making close to a million dollars a year. So you're layering in all these extra expenses. For what? Certainly not to make a better widget or provide a better service. And then the third piece, the governance piece. Well, there's been a big movement to bring people on boards of directors who bring a social agenda or some other deemed good thing.

Frank Gaffney (03:17):

Or socialist agenda is the case maybe.

Bill Walton ([03:20](#)):

There is that. But I think I've mentioned this before. Back in my day when I was doing private equity investing, you want people on the board of directors who understand the business, the industry, who understand how to build organizations. Well, that's not the kind of people who have been recruited to boards of directors of big companies in the last 20, 25 years, and they don't know anything about the business. So ESG, when you look very hard at it, it's great if you're making money, the stock's going up, but if the stock's down 20, 30, 40%, you're all of a sudden asking that chief executive officer, "What are you doing? Get back to business."

Frank Gaffney ([03:59](#)):

There are a couple of overlaying themes here, Bill. And you've just done a really wonderful job of breaking down some of the specifics. But this whole idea of stakeholder capitalism as opposed to shareholder capitalism, certainly seems to be a function of, "If it's a bull market and everybody's making money, nobody really cares." But to the people who actually own companies that are in trouble, it matters a lot. Right?

Bill Walton ([04:27](#)):

Well, as a recovering CEO, myself, stakeholder capitalism is terrific. And you know why? Because it can't be measured. I mean if you're just looking at return on investment, the shareholders, you've got a number you've got to calculate, which is the return on capital, and maybe how much dividends you pay out, all very measurable. Stakeholder capitalism, which bring ins all these other constituencies from the surrounding communities can't be measured. It's just sort of a nice thing we want to do. So you can go to your shareholders and say, "Well, we may not have made any money last year, but look, all the good we did in our communities." When your stock price is down 50%, that's not a speech you can be very successful with.

Frank Gaffney ([05:11](#)):

You can pull off. Yeah. Bill, the other overarching theme, it seems to me that you've sort of expressed, is the departure from meritocracy, merit in the company's merit with respect to their governance, merit with respect to, well, at the end of the day, performance as well. It all would seem to me to be standing on its hedge basic business practices. And I would think people would be trying to get away from it, like scalded cats. As you mentioned, the acronym is DEI, divestment ... Excuse me.

Bill Walton ([05:53](#)):

Diversity.

Frank Gaffney ([05:54](#)):

Diversity. Excuse me. Diversity, equity, inclusion. I always thought, "Why isn't it DIE?" Because that seems to be a better description, what they're doing to-

Bill Walton ([06:08](#)):

Let's kill all the companies.

Frank Gaffney ([06:09](#)):

Yeah, yeah. Get away from merit. Let's kill all the business executives. But those kinds of overarching themes are relevant of the agendas of this radical left. Whether it's taking out our energy sector or whether it's screwing up our businesses. It's not good for certainly the economy of the United States and arguably the people who own pieces of it.

Bill Walton ([06:39](#)):

Well, Frank, there are three or four or five big things you could do to turn America around. And one of them would be getting back to the notion of a meritocracy. The affirmative action and all the other ways that people are being measured doesn't reward talent. It rewards whether your skin color or your sexual orientation or whatever is the correct one. And if you put yourself in a position of a small business person running a company, maybe with 15, 20 people, you're not going to hire based on those metrics. You're going to hire based on what people can actually do in terms of helping you drive the business. Nice to hire people that are maybe different profiles. But the real thing is you got to run a business. And when you get into a big corporation or a university or any other institutions, that mission gets lost. And so we've got a lot of people on the job who are not the best people for the job.

Frank Gaffney ([07:39](#)):

And there's nothing to say that people who happen to have a different skin color or background or whatever, can't have merit.

Bill Walton ([07:44](#)):

Exactly.

Frank Gaffney ([07:45](#)):

But you have to be rewarding for the merit, not because-

Bill Walton ([07:47](#)):

Go with the merit first and then everything else will follow.

Frank Gaffney ([07:50](#)):

The content of their character and all that. We'll be right back with more with Bill Walton right after this.