Robert A.G. Monks - Standing Up to the Corpocracy

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Monks has literally “written the book” on corporate governance – in fact, his textbook Corporate Governance, co-written with Nell Minow, is used in MBA programs across the country. Monks has earned a reputation as a thought-provoking writer, having authored The Emperor’s Nightingale and Watching the Watchers: Corporate Governance for the 21st Century. Presciently, both of these books pre-date the exposure of the Enron, WorldCom and AOL Time Warner corporate frauds.

A scion of New England, Monks is the subject of a notable biography A Traitor to His Class. Given his pedigree, one would assume that Monks would have enjoyed a profitable career on Wall Street, perhaps defending the corporate class. Instead, Monks’ life path directed him toward shareholder activism, including the founding of Institutional Shareholder Services. A life-long Republican, Monks campaigned in Maine for a seat in the United States Senate three times, in 1972, 1976, and again in 1996. Serving under President Reagan, Monks directed the Pension and Welfare Benefits Administration (now called the Employee Benefits Security Administration), working with Senator Jacob Javits. A staunch defender of the Employee Retirement Income Security Act (ERISA), Monks writes about the law with passion: “There is clarity and beauty in the statutory language that the pensioners’ estate must be managed ‘for their exclusive benefit’ and that fiduciaries must consider ‘solely’ the interest of beneficiaries.” Many consider Monks a “Father of ERISA.”

Monks has long marched in the vanguard of the shareholder activism movement, never letting corporate America forget that shareholders are the true owners of a corporation and are responsible for acting in that capacity. Monks’ aggressive advocacy for shareholder rights and responsibility, particularly concerning large institutional investors, may not have won him popularity on Wall Street (or Pennsylvania Avenue), but quietly and surely gained him recognition in boardrooms and classrooms. In 2001, The Robert Monks Professorship of
Corporate Governance was endowed in his honor at Cambridge University.

As an investor and as manager of the LENS Fund (along with Richard Bennett, who currently oversees The Corporate Library; see Corporate Governance Bulletin, First Quarter 2006), Monks has urged shareholder owners to reform corporate boards using the proxy process and other means. Practicing what he preaches, Monks has served on a dozen boards and demonstrated that a well-governed corporation delivers greater long-term value. A rugged man at home on the rocky coast of Maine, Monks has been criticized as a gadfly by the Business Roundtable of the Wall Street elite. Institutional investors and students of the art of corporate governance take a different view.

In tribute, Nelson W. Aldrich, Jr., author of Old Money, writes, “Bob Monks is a truly rare creature, not only a businessman turned political activist, which is rare enough, but an activist in and on behalf of business, which makes him virtually unique.”