

WHY POLITICALLY ACTIVE BILLIONAIRES THREATEN THE HEALTH OF DEMOCRACY

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The richest one percent own about one-third of all assets in America and about four-fifths of assets around the world – and wealth concentration is growing. Sharply skewed financial resources lead not only to lives of luxury amid want; they also afford the ultra-rich extraordinary influence over elections, public policy, and governance. In my new book *Billionaires*, I take a close look at the growing political clout of billionaires and the ways in which they have pioneered activist forms of politics and philanthropy. What does billionaire political activism mean for the health of democracy – here in the United States and across the globe?

The Super-Rich Know that Politics Matters

Unusual political clout at the top starts with the fact that wealthy men and women are much more politically active than the general public. In a path breaking survey of “economically successful Americans” funded by the Russell Sage Foundation, political scientists Benjamin Page, Larry Bartels, and Jason Seawright measured the activism and beliefs of the very rich. An extraordinary 99% of their wealthy respondents said they voted in presidential elections – almost double the voting rate of the general U.S. electorate. Two-thirds of the wealthy also reported making campaign contributions – compared to only 14 percent of voters overall.

Wealthy Americans participate so much more than most of their fellow citizens because they know that political engagement yields benefits and enables them to influence results. Many ordinary Americans are cynical about politics, believing there is no difference between Republicans and Democrats and doubting that politics can produce change. But affluent people know better – they believe that political engagement affects national and international affairs.

The Wealthy Want Distinctive Policies

Wealthy respondents were also asked about their views on a range of policy issues, and the researchers found that top wealth holders “differ rather sharply from the American public on a number of important policies... such as taxation, economic regulation, and social welfare programs.” Fifty-eight percent of the wealthy favor cuts in Medicare and education that are supported by only 27% of all Americans. And while 71% of Americans agree that government has a role to play in regulating the market, only 55% of the wealthy agree.

Overall, according to this research, the wealthiest Americans are far more conservative than the public on a range of issues related to social opportunity, education, and health care. The very affluent tend not to support a major role for the public sector, even when government actions are necessary to further opportunities for most Americans. Very rich people are much more likely than Americans overall to favor cuts in social benefits and programs that benefit less fortunate members of society. Indeed, the super-rich prefer tax cuts even when they reduce the financial

resources to invest in education and health care; and they place more emphasis than their fellow citizens on deficit reduction rather than government expenditures to stimulate economic growth.

Given that politically active affluent Americans prefer tax cuts and austerity measures, it is not surprising that it has been difficult to generate political support for programs to promote economic growth and expand opportunities for low and middle-income Americans.

The Toxic Threat of Secret Influence

Of course, rich people like all other citizens have every right to express their views, lobby Congress, and attempt to influence elections. But the overall health of democracy in an era of rising wealth concentration may depend on whether the general public is aware of what the very rich are doing in politics. Even if the wealthy spend more money on politics than others, transparency could allow the public to assess the actions of the wealthy and organize in response. Unfortunately, however, much political influence exercised by the super-affluent is moving behind the scenes. The U.S. federal judiciary has recently decided to treat “freedom to spend” as an equivalent to “freedom of speech” and Congress has not passed laws requiring transparency. Big political spending in America is becoming much more secretive.

Unequal wealth combined with secrecy can be quite toxic to democracy, because the messenger counts as much as the message in political argument. Voters need to know who is behind particular messages so that they can assess the reliability of information and the quality of arguments. But that is not possible when donors to expensive campaigns are not disclosed.

Is it really so bad? Some observers claim that countervailing forces are bound to place limits on plutocracy. Optimists insist that investigative journalists will track the super-rich and reveal instances of undue influence-peddling. If the majority sees threats to its interests, they argue, party organizations and advocates can mobilize large numbers of voters. This sounds good, yet there is considerable doubt about the ability of such forces to counter the rising political clout of America’s super-rich:

- On pivotal matters like public revenues, most liberal and conservative billionaires demand lower taxes, at least for themselves – and research shows that politicians (who must raise money for expensive campaigns) cater to the rich when they disagree with the majority.
- In the new digital era, the U.S. news media are under severe economic stress and, according to the Pew Research Center, are sharply reducing the quality and the quantity of their public affairs coverage – leaving voters often in the dark on key developments.

Globally, moreover, billionaires have purchased major news organizations in countries such as Australia, the Czech Republic, France, Georgia, Italy, Russia, the United Kingdom – as well as the United States. The ultra-rich now own leading newspapers, magazines, television stations, and Internet portals and use them to shape media coverage and promote political messages.

In short, political influence by billionaires can indeed undermine the health of democracy, when combined with rules that allow secrecy and furthered by media transformations creating “watchdogs that don’t bark” (in the apt phrase of journalist Dean Starkman). The worrisome result is bound to be a short-circuiting of the transparency vital to democratic accountability.

Read more in Darrell M. West, *Billionaires: Reflections on the Upper Crust* (Brookings Institution Press, 2014).