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Plutocratic leadership in the electoral arena: three Mitteleuropean cases of personal wealth in politics

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Abstract

Two of the most consequential trends in European politics over the past decade have been the rise of populism and the progressive personalization of elections. The present article seeks to link them by focusing on a third phenomenon: the entry of plutocrats (individuals with systemically relevant material resources, who can afford to finance their own campaigns and parties) into direct political competition. The phenomenon is analyzed with reference to the literature on new and entrepreneurial parties, stressing the strategic freedom financial independence affords. The weakening of the traditional mediation function of political parties is identified as the initial structural shock allowing for plutocratic entry. Plutocratic politicians' activities are studied with regard to party organization, ideological stance, communication style, and institutionalization chances. The theoretical framework is developed inductively from a close contextual analysis of three Mitteleuropean cases: Frank Stronach and Team Stronach in Austria, Andrej Babiš and ANO in the Czech Republic, and Christoph Blocher and the SVP in Switzerland.

Keywords Oligarchy · Personalism · Populism · Political elites · Political parties

There are two things that are important in politics.

The first is money — and I can't remember what the second one is.

– Mark Hanna

For the past generation, most countries with established democratic systems have experienced a steady rise in their level of income and wealth inequality. Have the economic elites that were empowered by this process changed their interactions with the political sphere? The present article claims that we can observe the first symptoms of a transformation in the political protagonism of plutocrats, that is, of those individuals who command sufficient individual wealth to finance a political career

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privately; the article aims to contribute to the search for a theoretical account of this shift and its implications. It does so through a close analysis of three cases of entry of extremely wealthy entrepreneurs, namely Christoph Blocher, Frank Stronach, and Andrej Babiš, into the elective arena of their respective countries (Switzerland, Austria, and the Czech Republic).

The prominent cases of Silvio Berlusconi in Italy and Donald Trump in the USA, which book-end this phenomenon chronologically, have received vast amounts of scholarly and journalistic attention. The present treatment emphasizes its breadth across a range of countries with different economic, cultural, and institutional characteristics. While it is conceived as a preliminary survey of a development that is still considerably rare, it is hoped that recognizing the phenomenon of plutocratic entry into active democratic politics as a broad transnational trend will also aid our understanding of the single instances of it, without having to resort to ad hoc explanations.

The architecture of the essay is conceived as follows. In the first section, I specify certain methodological criteria for the study of the phenomenon, I review the relevant literature, and I discuss the rationale for case selection. Subsequently, I focus on the activities of these new political entities, along the dimensions of their organizational structure, the issues they agitate, the style of political communication they adopt, and their success in institutionalizing themselves within the political landscape. I then offer a descriptive analysis of the case study evidence and size up theoretical hypotheses with the relevant case study data. The final section concludes.

Theory

The plutocratic difference

As an entrepreneur's business grows relative to the size of the economy in which it operates, it is reasonable to suppose it will reach a threshold of systemic relevance. At this point, the entrepreneur's desiderata from the political system will shift: while all economic agents share an interest in certain public policy decisions (e.g., on monetary policy, the rules of the labor market...), and each industry has specific concerns (e.g., differential taxation regimes, general regulatory practices, international trade agreements...), systemically relevant players typically bring highly individualized concerns to the table. They stand to benefit massively from specific decisions of public authorities (e.g., on licensing schemes for network monopolies, on adjudications of copyright...); at the same time, their own business decisions are highly consequent for outcomes the political sphere cares deeply about (e.g., capital investment, occupational levels...). Therefore, it is quite unsurprising that all economic elites should entertain a web of relations with political power (Best et al. 2018, chaps. 22 and 26).

Why, then, is plutocratic entry, or rather, the wholesale acquisition of political decision-making by the economic elite not the norm? Why is it instead that most political science treatments of the extremely wealthy portray them as policy-takers who keep a very low public political profile, rather than full-fledged political



subjects? Two reasons have traditionally been adduced. The first is that even when we conceive of the political realm by means of an economic analogy, as a market for votes, economic resources are imperfectly fungible within it. Political parties, the argument ran, are institutionalized, deeply entrenched within state institutions and boasting long-term relationships with their electorates, based on political culture and identity ties. Their specific expertise in vote collection translates into formidable barriers to entry in the political market. Very wealthy individuals may still participate in politics, if they so choose, and become active politicians, but on the political system's terms. They can stand for office, be elected, fill government posts, but they must abide by the internal rules of selection of the political sphere. Crucially, their ability to affect the policy preferences of their party or of the government on issues of immediate concern to them was severely limited by the preferences of all the other relevant political stakeholders. The second traditional reason mentioned above helps to explain why even this limited form of participation in politics was in practice significantly curtailed. The argument has to do with economic sociology and specifically with opportunity costs of time across different professions. In the classic Weberian formulation (Weber 2017 [1919]), capitalist entrepreneurs are not at leisure to abandon their businesses for extended periods of time as demanded by political activity; hence, as a class they are not available (*abkömmlich*) to provide political personnel on a regular basis, the way for instance the legal profession is.

As a consequence of these two constraints, the default understanding of the relationship between peak economic interests and the political realm has been as an exchange and has led to models of interest politics as a principal-agent problem: economic elites furnish material resources to political actors, who in turn produce regulatory outcomes desired by the economic elites. Despite the vagaries of the principal-agent relationship, the equilibrium is stable because it represents the optimal response of both sides.

Recent developments, however, call into question the empirical grounding of both mechanisms we have described. On the political side, since the end of the Cold War, there has been an unambiguous trend toward the erosion of traditional party systems (Mair 2008). Electorates have become more volatile and fluid, new entrants have multiplied, legislatures have become more fractionalized, and disaffected voters have depressed turnout rates. In short, established parties seem to exhibit less and less impressive advantages in terms of vote collection. On the business side, several contemporary practices appear to favor a much greater availability of economic elites for political activity. The shift in lifetime employment patterns implies that the transferal between separate fields is now much less costly. The growth in wealth management services, on the one hand (Harrington 2017), ad hoc corporate executive services, on the other, mean that it is easier for entrepreneurial elites to shift (even temporarily) into the social position of rentiers. Finally, the expansion of public relations services and political communication consulting, the ever-mounting cost of political campaigning, as well as the development, enabled *inter alia* by new media, of groups offering pop-up social mobilization (so-called *astroturfing*) allow a much greater fungibility of financial capital into political capital (Walker 2014).

The result of these separate pressures is to challenge the dominance of the principal-agent framework of division of labor between economic elites and the political



realm. Between the declining ability of political actors reliably to deliver results and the growing capacity of economic elites to replace them, alternatives to traditional interest politics begin to emerge.¹ Extremely wealthy individuals can take on the task of vote-gathering and governing directly, cutting out the political middlemen. They can do so by adopting the channel of a traditional political party, but in this case they are not coopted by the political system and do not participate in it on its terms. Rather, they take over the organization thanks to their external resources and use it as their own individual vehicle of policy preferences. Alternatively, they can elect to pursue a greenfields strategy, founding a political party *ex novo*. In either case, it is important to bear in mind that for the phenomenon we are considering the relevant locus of agency is at the individual level: the organizational outcome is a function of the choices of the plutocrat, subject to a certain background environment. In turn, what makes the choices of these individuals systemically consequential is their command of large-scale private material resources, which allow them to sidestep the “rules of the game” of party membership and candidate selection.

Relevant secondary literature

The direct political participation of economic elites is a rather underrepresented topic in the political science literature, especially regarding Europe. Indeed, it can be said that the issue has received much more attention in neighboring fields, such as political theory (Adams 2008; Green 2016; Domingues 2018), economics (Zucman 2013), geography (Dorling 2015), and in investigative journalism (Freeland 2013, Rothkopf 2009, 2012, Mayer 2017). Beyond such contributions as Winters (2011), attention has tended to focus on specific issues, like corruption (e.g., McMenamin 2013; Rothstein and Varraich 2017; Sharman 2017; You 2016), campaign contributions (e.g., Norris and Abel van Es 2016), taxation (e.g., Palan et al. 2010; Scheve and Stasavage 2016), and even philanthropy (e.g., Reich et al. 2016; Acs 2013; Reich 2018). In the USA, scholars have on balance tended not to consider personally wealthy politicians as a systemically important factor in politics (e.g., Steen 2009; but see West 2014 and, recently, Pierson 2017; Carnes 2018). Much greater attention has been paid to several aspects of the deinstitutionalization of established party systems. In particular, several typologies have been developed to describe the new political actors challenging the status quo. Scholars have discussed the characteristics of personalist parties (Calise 2015; McDonnell 2013; Hloušek 2015; Musella 2015; Pasquino 2014; Kostadinova and Levitt 2014), and of entrepreneurial parties (Hopkin and Paolucci 1999; Bolleyer 2014; Arter and Kestilä-Kekkonen 2014; Arter 2016; Hloušek and Kopeček 2017a). Many issues of relevance to the present topic emerge in these analyses, such as the conditions for institutionalization, the role of communication strategies in personalization, the organizational weakness of the party bond; many germane cases are also discussed, such as Silvio Berlusconi or the True Finn Party. What is lacking, however, is an appreciation of the independent

¹ I reserve the task of developing a formal model of this plutocratic entry choice problem as a future extension of the present research project.



effect of the founder's wealth on the shape, functioning, and fortunes of new parties.² In other words, within the framework of the entrepreneurial or personalist party it is impossible to distinguish between a billionaire and a "moral entrepreneur." Charismatic leaders may control personalist parties, but the political activity they can conduct differs substantially from what is available to plutocrats. The present contribution seeks to address this gap in the literature, by exploring the plutocratic difference. In doing so, it is also aiming to contribute to a possible material grounding of the debate on populism: while many characteristics of populism, especially in terms of style (Moffitt 2016), also feature in plutocratic politics, the debate on populism often tends to abstract from political economy factors and focus exclusively on ideational aspects (e.g., Rovira Kaltwasser et al. 2017). It would be desirable to explore the economic conditions of possibility for the enactment of populist politics.

Operationalization

Several difficulties confront the study of the phenomenon of plutocracy. Some are intrinsic in the scientific investigation of elites (Harrington, *cit.*: chap. 1, Best et al. 2018: chap. 26). More in general, political science has long incorporated an implicit bias against personalization: its preferred path has been to reify interests (e.g. 'business,' 'the 1%, 'the well-off' ...), often searching for a body that would provide unitary agency (e.g. peak employer organizations), with all the attendant problems of representation and principal-actor dynamics. In the case of plutocrats, however, the individual element is unavoidable: although this may produce a partially skewed portrait of the systemic forces that empower such figures (a criticism shared with other treatments of similar topics, cf. Winters 2011), an account of the idiosyncratic elements of their personalities is indispensable to understand their political activity. The level of analysis, therefore, cannot but be the individual.

A final difficulty, though, is the determination of the cutoff point: if plutocrats are those who control systemically-relevant wealth, how rich is rich enough to qualify? This question, of course, is fundamental for an evaluation of counterfactuals, i.e. the systemically rich who *do not* run in elections. By definition, plutocracy implies *kratos*, power. And as we mentioned above, beyond a certain scale, all the wealthy are inescapably absorbed into the sphere of political power. The classic literature on elites, whether the elite theory of the early twentieth century (e.g. Mosca 2015; Pareto 1966) or the American debate of the postwar years (e.g. Mills 1956) has detailed many forms of influence the few may exert on the decision-making process. Here, however, we are concerned with a particular sub-case: the historical phase in the trajectory of our political systems in which the super-rich are able, willing (perhaps even encouraged or obliged) to represent themselves on the political stage.

² One of the few exceptions is Heinisch and Saxonberg's contribution to the handbook on political populism (Heinisch et al. 2017), which discusses two of the three cases examined here. While I agree with much of their analysis, I remain unconvinced by their claim that by necessity an "entrepreneurial populist" must be a representative of the "radical center." I think a much more definitional characteristic is freedom of maneuver, both organizational and ideological.



Hence, in the midst of all the traditional opacity in studying ruling classes, we have the advantage that the global economic elite is hardly invisible. Indeed, the courting of public attention may figure as a typical group trait, connected to celebrity dynamics of wealth (cf. Giglioli and Baldini forthcoming) and symbiotically linked with voyeurist impulses in mass media.

Therefore, it appears reasonable to operationalize plutocrats as billionaires: in terms of visibility, this threshold has been thematized in the press (e.g. *Forbes* magazine's lists and other Who's Whos of the internationally wealthy) and has been adopted in previous studies (Morini 2017). While what counts analytically, as we have endeavored to discuss above, is the command of 'systemically relevant funds' (which implies detailed contextual knowledge of the size of the economy, concentration of wealth, cost of elections and of party setup, etc.), a billionaire cutoff represents a valid heuristic for a preliminary study that does not aim to reach systematic conclusions: if anything, it is expected to be an approximation by excess, at risk of type II errors.

Case selection

Cases of extremely wealthy individuals contesting general elections in European countries are still a fairly rare occurrence. As such, a random sampling strategy for data collection is evidently not practicable. With full awareness of the methodological limitations, a qualitative case study comparison has thus been adopted as a research framework to explore this emerging phenomenon.

In considering case selection, first of all it should be pointed out that focusing on Europe represents an *a fortiori* research strategy, given the importance and strength of traditional political parties in Europe throughout the past century, especially when compared with democratic systems in other continents. In this sense, the introduction of research questions that have flourished mostly in other political contexts (such as the analysis of 'oligarchs' in transition economies, cf. Dimitrova 2018) is a symptom of a broader, systemic shift.

For the purposes of this study, three contiguous countries in the same geographic area have been chosen: Switzerland, Austria, and the Czech Republic. The countries share more than propinquity, however: as illustrated by Tables 1 and 2, their commonalities allow certain confounders to be excluded from the analysis, while highlighting certain other national particularities. They have similar population and economy size, share some historical ties, are all OECD members, and are considered established democracies. Their political systems, however, differ in major ways both in terms of institutions and of political culture. Their relations with the EU, while a common theme for the three countries, take place at very different levels of integration. Within these countries, the three plutocratic politicians under discussion operated in fairly proximate time periods; they enjoyed similar levels of wealth. Most importantly, they all sought radically to reshape the political system in their respective countries. Inasmuch as comparative research between countries with different electoral and institutional systems can produce meaningful insights for party



Table 1 Country comparison (economics)

	Austria	Czech Republic	Switzerland
Population (2011)	8,401,940 ^a	10,496,672 ^b	7,870,134 ^c
GDP, US\$/capita (2005-2015 average) ^d	43,087	43,087	53,768
GDP growth (2005-2015 average) ^e	1.32%	2.51%	2.03%
FDI inward flows, millions of US\$ (2005-2015 average) ^f	7933.4	5728.2	26,804.6
Gini coefficient ^g	31.1 (2012) 30.5 (2014)	26.5 (2013) 25.9 (2014)	26.5 (2013) 25.9 (2014)
Neoliberalism (economic freedom index, 2005-2015 average) ^h	71.2	69.2	80.2
Perception of inequality of opportunity ⁱ	High	Medium	Low
Number of billionaires in 2016 ^j	6	5	32
Billionaire wealth as percentage of 2016 GDP ^k	6.4	4.8	16

^a http://www.statistik.at/web_en/statistics/PeopleSociety/population/population_censuses_register_based_census_register_based_labour_market_statistics/total_population/index.html

^b <https://vdb.czso.cz/vdbvo2/faces/en/index.jsf?page=statistiky#katalog=30261>

^c <https://www.bfs.admin.ch/bfs/en/home/statistics/population.html>

^d <https://data.oecd.org/gdp/gross-domestic-product-gdp.htm>

^e <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2015&locations=AT&start=2005>

^f <https://data.oecd.org/fdi/fdi-flows.htm>

^g Source: World Bank data

^h <https://www.heritage.org/index/explore?view=by-region-country-year>

ⁱ Source: European Survey on Income and Living Condition (EU-SILC, 2011) and International Social Survey Programme (ISSP, 2009), <https://inequalitiesblog.wordpress.com/2017/04/06/the-perception-of-inequality-ofopportunity-and-the-reality/>

^j <https://www.forbes.com/billionaires/list/>

^k Forbes + OECD data (above)

formation and behavior, the case studies discussed here come as close as possible to approximating a natural experiment for the phenomenon in question.

Finally, it may be argued that the three countries in question are relatively marginal in the broader scheme of European politics. This fact does not necessarily affect the present argument: the cases analyzed are interpreted as a symptom of a developing trend, still in its preliminary phases. As such, they are most meaningful for what they portend. Furthermore, inasmuch as small countries' political systems are considered more contestable, or at least more personalistic (cf. Corbett and Veenendaal 2018), they can be seen as akin to canaries in the coalmine.³

³ A parallel strategy for observing the phenomenon of plutocratic entry "at the edges" of the political system, pursued as part of the broader research project, involves different types of elections below the national party leadership level (for instance, 'overseas' seats in the Italian and French parliament). In such elections, structural constraints pertaining to the costs of electoral campaigns in such vast districts, together with lesser political salience, favor plutocratic candidate selection even by mainstream parties.



**Table 2** Country comparison (politics)

	Austria	Czech Republic	Switzerland
Relation with the EU	Member (since 1995) Member 77.4%	Member (since 2004) Not in eurozone	Non-member
Electoral turnout (parliamentary elections, 2005–2015 average, 3 elections) ^a		62.18%	48.76%
Number of effective parties (average, same three elections) ^b	Electoral: 4.55 Seats: 4.07	Electoral: 6.09 Seats: 4.58	Electoral: 5.93 Seats: 5.15
Party institutionalization index (0–1 scale, 2005–2015 average) ^c	0.95	0.92	0.92
Polarization (spread of parties on Left–Right scale, 1–10) ^d	2008: 3.96 2013: 2.88	2006: 5.84 2010: 5.15 2013: 4.77	2007: 4.00 2011: 4.04
Confidence in politics (DEREX anti-establishment attitudes index) ^e	2005: 14 2011: 14 2015: 19	2005: 26 2011: 28 2015: 20	2005: 5 2011: 7 2015: 6

^a <https://www.idea.int/data-tools/vt-advanced-search?country=c53&question=&country=c53&question=>^b https://www.tcd.ie/Political_Science/people/michael_gallagher/EISystems/Docts/ElectionIndices.pdf^c V-Dem variable *v2xps_party*, <https://www.v-dem.net/en/data/data-version-8/>^d <http://www.cses.org/datacenter/usercommunity3/usercommunity3.htm>^e <http://derexindex.eu/>

Activity

Organization

The initial distinction that must be made in this context is between cases of plutocratic takeover of previously existing parties vs. plutocratic founding of completely new political entities. In the latter instance, we expect the following organizational trends to manifest themselves more freely, while in the former we should at most be able to observe a shift in their direction with respect to previous party practice.⁴

Whatever the form of plutocratic entry, we anticipate certain organizational commonalities. First of all, it is reasonable to expect a significant level of centralization in decision-making, reflecting the pivotal weight of the material resources made available to the party by the plutocrat (this can be conceived of as a “political economy path to democratic centralism”). Second, we expect the party to be *light*, i.e., to invest its resources in heavily mediatized, short-term campaigns (the “air war”), which can capitalize on the personal appeal of the leader, rather than in longer-term strategies focusing on the establishment of durable ties with specific territories and populations (the “ground war”)—especially given the nature of its followers. Relatedly, it is likely that the organizational form will reflect the claims to newness that plutocratic entry aims to embody: the names of positions in the party hierarchy may be different than the ones usual in the political culture; the organizational chart may seek to resemble those in the master analogy of plutocratic legitimation, the business firm; the forms of engagement of militants may mirror novel cultural types. Whatever the manifestation, we would expect some visible marker of unconventionality. Finally, to a greater or lesser extent we expect that the plutocratic party will function as a conduit for a recycling of political personnel with legislative or government experience predating plutocratic entry. Such personnel may offer institutional know-how or a connection with local patronage networks, contributing to smooth the transition to the new political landscape generated by plutocratic entry.

Issues

Even in the cases in which the primary impulse for plutocratic entry is the ideological commitment of the plutocrat to a specific cause, one would expect the general

⁴ The actual micro-level mechanics of party creation/takeover are not the focus of the present study. In a related work in progress, I investigate (through a series of participant interviews) to what extent the penetration of U.S.-based political consultant companies in European politics has modified the calculus of participation, reducing the barriers to entry of actors with sufficient means to acquire an out-of-the-box campaign and party structure (see ‘The plutocratic difference’ section, above). The general point I endeavor to make for present purposes is that the bottom-line advantage of plutocratic entry is (to a certain extent) the removal from organization-building of the resource constraints that lead other parties to bargain on policy with special interests in exchange for funding. Hence, by comparison, plutocratic organizational creation can become a ‘pure’ logistics problem, benefiting from the ideological freedom of not having to accommodate the preferences of corps *intermédiaires*. Clearly, the nature and extent of voter mobilization in these endeavors will vary, based on the influence of the pre-existing political system and its culture, but this plutocratic advantage should hold *ceteris paribus*.



pattern of new parties to apply: new political entities will tend to have areas of indeterminacy in the policy mix they support. The broad values and *Weltanschauung* they stand for often do not dictate their position on very technical matters. Also, the ecosystem of policy expertise and its capture by special interests will be significantly underdeveloped at the outset. In the case of the takeover of an existing party, there will be a much more comprehensive spread of legacy policies, but by definition the party's commitment to them will be called into question as they are made available for plutocratic redefinition, if so desired. Beyond the inevitable part of confusion and chance that such processes of institutional creation, typically under intense time pressures, entail, it is not unreasonable to assume that the resolution of policy indeterminacy, and thus the adoption of new political issues and positions, is treated strategically. In contexts of large-scale voter disaffection, a policy mix orthogonal to the traditional cleavage structure will presumably stand a chance to appeal to a novel electoral coalition. The freedom to mix and match demographics over and above consolidated (and discredited) chains of interest alliances should provide a comparative advantage for the new party in "breaking the gridlock." For this reason, we would expect the plutocrat's party to stress its opposition to traditional cleavages and ideological confrontations.

Beyond these purely spatial considerations, two more substantive predictions may be made regarding issues. Both feature elective affinities with the plutocrat, from an anthropological as much as an organizational point of view. The first has to do with plutocrats' bedrock of legitimacy: business expertise. We would expect plutocrats to strike a broadly market-friendly stance, denouncing red tape and government interference in the economy. However, how this general attitude would translate in terms of the relationship with peak-level employers' associations, for instance, remains an open question. The second is populism. Across a spectrum of definitions of the term, we would expect plutocrats to behave as populists in politics, and thus agitate issues that are associated with populism within a given political context. Indeed, given their comparative freedom from resource constraints, they are in a position to flout the discursive "rules of the game," act "outrageously," thereby ideally embodying the representation of absolute popular sovereignty at the heart of the populist phenomenon, according to a recent interpretation (Blühdorn and Butzlaff 2018). This element, however, already shades into the issue of style.

Style

How plutocrats advocate the political issues they favor is as much if not more of a distinctive feature than which issues they favor to begin with. The general comportment of these new political actors in the public arena, their tactics of communication, and their methods of popular mobilization signal their discontinuity with professional politicians. These performance dynamics sum up to a recognizable political style, which in turn is predictably influenced by the structural and organizational factors discussed above. The main component of this style is its extreme reliance on the personality of the leader. We would expect the centralization tendency at work in the organizational sphere to be extolled as a virtue in the discursive sphere



as well: the plutocrat is in control of the party machine and holds the purse strings, thereby guaranteeing the accountability of party cadres and enforcing discipline. This decisiveness and unity of intent, mirroring the private firm, is presented to the electorate as a key political advantage. The plutocrat can speak credibly for the party as a whole. Furthermore, the logic of personalization implies direct communication. Plutocratic leaders exploit their name recognition, their business mystique to appeal directly to the public. This direct communication usually takes the form of a more or less ostentatious refusal to pay deference to the mediating role of print or broadcast journalism. The declared ideal is some form of unmediated communication, of direct rapport and communion between the leader and the electorate. In actual fact, typically very skillful and professionally directed media strategies are put in play, often compounded by the plutocrat's financial involvement in one or more media outlets.

Underwriting this personalistic style of politics is the understanding that the plutocrat's charisma is a resource to be exploited. In order to understand the workings of charisma in this context, however, it is helpful to employ a more nuanced theoretical position. Specifically, following a variant reading of Max Weber's seminal analysis of the phenomenon (Weber 1978²), it is helpful to move beyond a merely factual, objective view of charisma. Emphasis should instead be placed on its intersubjective aspect, according to which charisma is a shared belief. In this view, the notion of charismatic community, the group of believers surrounding the charismatic individual, takes center stage (Eisenstadt 1968). But what are the dynamics leading to the formation of a charismatic community, in this case? Weber insists on the importance of constantly confirming to the group the possession of charisma, so that that we should focus on the ongoing nature of the process. The possession of wealth on a very large scale and continuing business success are the material sanctions of the exceptional nature of the charismatic plutocrat: such facts, however, have strictly speaking nothing to do with qualities prized in the political realm, or the ability to gather a popular following around a set of issues. Undeniably, there are transference and symbolic representation issues at stake, since leaders are offered as a model, while at the same time benefiting precisely from their uniqueness, the projection of the unfulfillable desires of their following. But a successful role model must present at least some level of familiarity. How a series of personality quirks, characteristic figures of speech, deportment, dress, and so forth are turned into positively appealing markers of an inimitable personality is an issue pertaining to what might be termed a microphysics of the construction of charisma. What can be anticipated is that within the plutocrat's communication strategy significant resources will be expended, through public relations consultants and the like, to *make the leader memorable*, and that a reference to business prowess will always be central to such endeavors.

Institutionalization

Plutocratic participation undoubtedly brings an element of novelty into a political system. But how durable is this change? Is a plutocratic party much like any other



new party in being characterized by a very high rate of infantile mortality, indeed in being in most cases but a fad, a manifestation of political folklore of no import for systemic power equilibria? Or should we on the contrary expect the plutocrats' resources to guarantee their parties a better-than-average chance to persist and eventually achieve a reshaping of the national political landscape?

As a preliminary matter, it should be remarked that the conditions favoring plutocratic entry include an increased volatility in party identification in general in the political system, which would seem to militate against the institutionalization chances of the new plutocratic party. Furthermore, the decisive element may well be contextual, i.e., the identity and behavior of competitor parties, including other new entrants: spatial considerations in the ideological sphere, and specifically issue ownership, for instance, in the case of strongly mobilizing populist causes, may dominate any financial, organizational, or communication advantages the plutocrat may bring to bear. This said, the institutionalization of a plutocratic party is not necessarily the only way for a plutocrat to achieve political goals; therefore, organizational survival is not the existential issue that we take it to be in most political contexts. The plutocrat plays on a wider field, and may trade off between political and personal goals (continued commercial success⁵, dynastic considerations, conflicts of interest, relations with regulatory or judicial bodies, changing the overall business climate, and so forth).

In fact, it is conceivable that plutocrats may operate politically, if not within a framework of planned obsolescence, at least within one in which organizations are ultimately expendable (Kefford and McDonnell 2018). A pragmatism with regard to any actual instantiation of their political movements, once again analogous to business practice, may prevail. An extreme form of periodic rebranding is, after all, functional to the "spot" nature of political communication and organization preferred by plutocrats, campaign-centric as it typically is. A low level of symbolic and emotional investment in any given party form allows attention to be focused fully on the charismatic and potentially iconoclastic role of the leader. In turn, since plutocrats by definition are not career politicians, their involvement in politics is not necessarily coextensive with their active life; hence, they cannot credibly commit to an indefinite time horizon of support for the plutocratic party. And clearly, the survival chances of a plutocratic party once the plutocrat withdraws active participation (or *a fortiori* material backing) are exceedingly meager. The ease and speed with which the plutocratic party's post-fordist model of organization allows it to be set up is mirrored by the ease and speed with which it can be liquidated.

Therefore, while the question of institutionalization may be an interesting one in specific cases (such as in Italy), the broader theoretical point this article endeavors to make does not hinge decisively on it. What matters, I would claim, is inception, outbreak: insofar as plutocratic entry is a symptom of a wider deconstruction of the party system (Hopkin and Blyth 2018), a signal that power is contestable outside of the traditional party order, it matters little whether it consolidates or it gives rise to a churn, akin to the Eastern European populist one (Stanley 2017). In both cases, it

⁵ On the link between public office and business success, see the recent study by Szakonyi (2018).



portends a general weakening of the political establishment, whose denouement will depend on many other factors beyond the scope of the present research.

Evidence

Case studies

Frank Stronach was born in Austria, but his rags-to-riches story of economic achievement was set in Canada, where he emigrated in his twenties. There he founded Magna International, an automotive parts company that eventually grew to become the largest firm in North America in its industry. As in many cases of successful entrepreneurial activity, Stronach eventually diversified into real estate, as well as into the rather more flamboyant field of purebred horse racing (and attendant gambling). He also held high-visibility positions within his native country, such as presiding over the Austrian Bundesliga soccer federation.

His initial encounter with politics occurred in Canada, where he unsuccessfully stood for parliament in the federal elections of 1988 with the mainstream-left opposition Liberal Party.⁶ The events that concern us, however, transpired more than 2 decades later. In 2011, at the age of 79,⁷ Stronach announced his intention of entering Austrian politics; in September of the following year, his political party, Team Stronach, was founded (Jenny 2013: 28). The Stronach family had already left the helm of Magna International in 2010, and in 2012, Frank Stronach divested himself of all equity in the company. In that year, Stronach's net worth was estimated to be US\$1.2bn, which was roughly 0.3% of Austria's GDP at the time.⁸ As a point of comparison, that figure is roughly equivalent to the current ratio of Mark Zuckerberg's personal fortune to the size of the US economy. When Donald Trump declared his candidacy in 2015, his net worth was one order of magnitude smaller. As for Austria, in 2016 Forbes listed six billionaires⁹ in the country, whose combined net worth was approximately equivalent to 6.4% of GDP.

Team Stronach cleared the initial procedural hurdle for participation in the 2013 general election by coopting four MPs originally elected with the governing Social Democrats and Jörg Haider's BZÖ, itself a splinter party of the right-wing populist FPÖ (Dolezal and Zeglovits 2014: 645). Their endorsement exempted Team Stronach from collecting signatures in order to be placed on the ballot. At

⁶ His daughter, Belinda, who succeeded him at the helm of Magna International, was herself involved in Canadian politics, as an MP elected in 2004 with the mainstream-right opposition Conservative Party, then crossing the floor to become a cabinet minister in the Liberal minority government in 2005, then re-elected once more with the Liberals, now in opposition, in 2006–2008.

⁷ As a point of comparison, Donald Trump was a decade younger when he entered the presidential race, and Silvio Berlusconi was more than 20 years younger when he created *Forza Italia*.

⁸ All such calculations performed by the author on the basis of data from Forbes (<https://www.forbes.com/billionaires/list/>) and the OECD (<https://data.oecd.org/gdp/gross-domestic-product-gdp.htm>).

⁹ A group that comprises less than 500 people throughout Europe, a continent with more than 500 million inhabitants.



the party's founding, opinion polls credited it with 10% of the vote nationally. It achieved encouraging results in local elections in Carinthia and Lower Austria in March 2013. During the general election campaign in August and September, its support fluctuated between six and nine percent. The final results attributed to Team Stronach 5.73% of the popular vote, enough to clear the four percent threshold for parliamentary representation and obtain 11 of the 183 seats in the National Council. With six parties represented in the assembly, Team Stronach was the first of the new parties, behind the establishment Social Democrats and People's Party, the FPÖ, and the Greens. The party's best result, 10%, was in the conservative state of Styria, where Stronach also benefited from a native-son dynamic, while their worst (3.9%) was in urban Vienna. The party's fortunes declined nearly as rapidly as they had risen. Frank Stronach himself soon decided to curtail his participation in daily political activity. Team Stronach did not contest the European elections in 2014 and was plagued by defections in parliament the following year. It was dissolved ahead of the 2017 general elections.

Andrej Babiš's entrepreneurial career developed in the context of his country's transition to a market economy in the 1990s. Born into a Slovak family of the *nomenklatura* (his father was a diplomat), Babiš studied in Paris and Geneva. He became a member of the Czechoslovakian Communist Party in 1980, shortly after beginning to work for the State-controlled international trade company PetrimeX, headquartered in Bratislava. In the second half of the Eighties, he was appointed its representative in Morocco. He returned from North Africa shortly after the Velvet Revolution of 1991 and elected to remain in the Czech Republic after the breakup of Czechoslovakia. In 1993, he became the managing director of Agrofert, the recently created subsidiary of PetrimeX in Prague, and gradually assumed full control of the new company.¹⁰ Babiš shifted Agrofert's core business away from wholesale trading toward agriculture, food processing, and chemicals, ultimately creating an international conglomerate with tens of thousands of employees. At the time of Babiš's entry into political life in 2011, at 57, he was understood to be worth US\$1.1bn, equivalent to roughly 0.3% of the Czech economy.¹¹ Two years later, Agrofert acquired the media holding Mafra, which controls *inter alia* the storied and prestigious newspaper *Lidové noviny*, one of the largest-circulation popular dailies, *MF DNES*, as well as the most-visited internet news portal in Czech, iDNES. Babiš left day-to-day management of the conglomerate upon entering government and was compelled to place his Agrofert assets in trust in early 2017 by the so-called Babiš law (a conflict-of-interests provision enacted by the Czech parliament).

¹⁰ Although the provenance of the initial capital that enabled the acquisition has remained secret, and a matter of intense political controversy.

¹¹ In the intervening half-decade, his financial prospects have increased even more spectacularly: in late 2017, his net worth was estimated at around US\$4bn. Babiš is often chided with faint praise as the second-wealthiest man in the Czech Republic, well behind investment and insurance tycoon Petr Kellner. The Czech Republic in general has comparatively low levels of income inequality (its Gini index in the first half of this decade hovered around 26%, one of the world's lowest). In 2016, it numbered three other billionaires apart from Babiš and Kellner: their combined wealth was approximately equal to 4.8% of the country's GDP.



Andrej Babiš began his political engagement by founding a movement, ANO, which is the Czech word for “yes” as well as an acronym for “Action of dissatisfied citizens.” While originally an anti-corruption civic association, it was quickly transformed into a political party in mid-2012 and contested the general elections in October 2013 (Havlík and Voda 2016: 125; Brunclík and Kubát 2016: n29). With no previous governing experience or media exposure, ANO garnered a remarkable 18.6% of the vote and 47 out of 200 seats in the Chamber of Deputies, exceeding polling forecasts and making it the second-largest party in the country, close behind the mainstream-left Czech Social Democratic Party (ČSSD). As a consequence, Andrej Babiš became the kingmaker of the new government, which he entered in coalition with the ČSSD and the smaller Christian-Democrat party as Deputy Prime Minister and Finance Minister. The government was riven by conflict between the coalition partners and destabilized by recurrent accusations of conflict of interest, fraud, and tax evasion against Babiš, leading to no-confidence motions in parliament, a criminal investigation, and ultimately his dismissal by the Prime Minister in May 2017. In the subsequent general elections in October, ANO won a decisive victory, securing nearly 30% of the popular vote and 78 seats in the Chamber of Deputies, leading to the formation of an ANO minority government with Babiš as Prime Minister.

Christoph Blocher’s profile both as an entrepreneur and as a politician differs from the two preceding cases, and his political engagement predates them, making Blocher a transitional figure from the standpoint of plutocratic politics, and therefore a useful term of comparison. Blocher’s professional career developed within one firm, the chemical concern EMS-Chemie, one of the largest businesses in the country (Bühlmann et al. 2012; David et al. 2015), which he joined at the end of his studies, in 1969. He rapidly rose through the ranks, becoming its CEO in 1972, and acquiring a controlling share in the company from its founding family, the Oswalds, in the early 1980s. When, upon election to the Swiss federal executive (*Bundesrat*), he was obliged to divest his holdings in 2003, at age 63, his fortune was valued at US\$1.4bn, which was equal to about 0.5% of Switzerland’s GDP at the time. Blocher’s divestment benefited his children, as one of his daughters succeeded him at the helm of EMS-Chemie. By 2016, all three of his daughters were billionaires; even in a country characterized by concentrated wealth,¹² two of the three were among the ten richest individuals in Switzerland.

Blocher’s political engagement dates back to his student years, during which he was involved with groups opposing the Left-wing student protests of the late Sixties. In the early Seventies, he became a member of the Zürich branch of the *Schweizerische Volkspartei* (SVP). At the time, the party was identified as a German-language, Protestant, and agrarian force, and was the fourth party in the Federal parliament (*Nationalrat*), the junior partner awarded only one councilor under the “magic formula” for the apportionment of the seven seats on the *Bundesrat*. Blocher gained

¹² Switzerland has had historically high Gini index levels among Western countries (World Bank data available at <https://data.worldbank.org/indicator/SI.POV.GINI>). In 2016, Forbes counted 32 billionaires with Swiss nationality, whose combined wealth exceeded 16% of the country’s GDP.



a seat in the *Nationalrat* in 1979, which he retained up to 2003. Within the party, he progressively leveraged his control of the Zürich branch into a broader assertion of centralized leadership over the national party, going against the strong localist traditions of Swiss party politics. This centralization in turn was instrumental in a fundamental rebranding of the party image and goals (Bailer and Bütikofer 2015: 559): Blocher molded the SVP into a pan-Swiss, a-confessional right-wing populist party advocating a severe curb of immigration, the refusal of any entanglement with international organizations (such as the EU), and the defense of traditional family values (Bornschier 2015: 683). This transformation paid handsome electoral dividends: while in the Seventies and Eighties the party consistently hovered around 10% of the vote, by 1999 it had become the largest party in Switzerland, and in 2007 it almost tripled its vote share of the pre-Blocher era, to 28.9%.

Blocher's election to the *Bundesrat* in 2003 was a contentious affair: he broke the magic formula, in place since 1959, by obtaining a second seat for the SVP. In the process, the parliament failed to confirm in office a sitting member of the executive, something which had not occurred in Swiss politics for over 130 years, but which would happen once again 4 years later, when Blocher in turn lost his seat. In the general elections of 2007, the SVP chose to run a personalist campaign focused on Blocher: the results were a success at the ballot box, with the party obtaining its largest-ever share of the vote; however, in parliament a split within the SVP led to the election of fellow-party member Eveline Widmer-Schlumpf to the *Bundesrat* over Blocher's candidacy (Traber 2015). Since then, he has retreated into the position of the elder statesman, leaving the *Nationalrat* after a final stint in 2011–2014, and holding no official position in the SVP hierarchy since 2016.

Comparison

How do the hypotheses on plutocratic politics formulated above fare in the three case studies? Let us consider them in turn.

From an organizational point of view, Team Stronach, ANO, and the SVP conform with our theoretical expectations. All three parties can be described as centralized. The two greenfield cases, Team Stronach and ANO, were especially conceived as vehicles corresponding to an entrepreneurial organizational logic, and therefore with little room for internal dissent. Babiš was more successful than Stronach in enforcing this initial blueprint (Hloušek and Kopeček 2017b), and thus surviving splits and mutinies, but both intended to run an entrepreneurial-style party. In the case of the SVP, powerful strides were made in the direction of centralization, considering the very low baseline of party discipline traditionally enforced by the center in Swiss politics. Nonetheless, the SVP remained much less of a personal vehicle than our two other cases, as demonstrated most clearly in the events that ended Blocher's tenure in the *Bundesrat*. In terms of the unconventional nature of their organizational structure, a significant disparity can once again be noted between the Swiss case and the others: while the SVP retained many of the characteristics of a traditional party, including a yearly party retreat, the *Albisgüetlitagung* (but see Milic 2009: 1126), the two new formations even refuse to include "party" in their



official name (Jenny 2014: 30). Beyond overreliance on screen media (as discussed below), further evidence and specific studies would be extremely welcome regarding the organizational “lightness” of the parties in relation to territory. As for recycled personnel, the SVP naturally included a raft of legacy cadres. More interesting is the comparison between Team Stronach and ANO (Jenny 2013: 28, Cirhan and Kopecký 2017: 132–135). While Stronach relied heavily on “refugees” from other parties, whose loyalty ultimately proved lukewarm, ANO recruited some candidates with previous political experience, especially at the municipal level, but the “commanding heights” within the party were occupied by individuals who had worked for Babiš at Agrofert, and whose personal loyalty to the leader was therefore pre-political.

From the standpoint of ideology, all the cases conformed to the prediction of eschewing established cleavages (Hardmeier 2004: 1151; Roberts 2016: 38; Linek 2015: 83), and the new parties exhibited marked ambiguities and under-specification in their party platforms. Frank Stronach claimed he was out to destroy the traditional arrangement by which the Austrian political class perpetuated itself in power, beyond superficial rhetorical antagonisms. Andrej Babiš claimed that what the Czech Republic needed most was an end to the corruption of the political class, which should be made to operate instead according to the efficiency and productivity parameters of the open market. Both claimed that their political projects were “beyond Left and Right.” Both ANO and Team Stronach retained margins of maneuver on very salient issues, such as the relation to the Euro, which permitted them to win over the Euroskeptic electorate without committing themselves to specific policies. In the case of the SVP, things stand differently, as a consequence of the longer time span and less direct form of plutocratic engagement. Though there was significantly less issue ambiguity, in terms of cleavages the party was indeed refashioned by Blocher precisely to distance itself from previous linguistic and confessional characterizations. All three parties have been described as populist, a label they generally refuse as implying negative connotations, despite endorsing many of populism’s main characteristics, from representing the unmediated will of the people, to opposing institutional checks and balances, to defending a collective cultural identity against foreign encroachment, and so forth (Vatter 2016: 68, Linek 2014: 95–96, Kudrnáč et al. 2016: 73, Jenny 2014: 30). All three leaders, however, have described themselves as “men of the people.” Finally, all have adopted pro-business stances (Cirhan and Kopecký 2017), whether dogmatically, in Stronach’s case, in a more ad hoc and potentially self-serving manner, in Babiš’s, or implicitly, as in the SVP’s recurrent campaigns against unemployment insurance (Afonso and Papadopoulos 2015).

In communication style, strong similarities emerge among the three cases, in accordance with theoretical expectations. All three leaders have favored direct forms of political communication (Schlögl and Maireder 2014) and have often adopted adversarial relations with the press. Especially notable are the pugilistic early performances of Frank Stronach on Austrian public broadcasting. A partial exception that hardly contradicts the rationale of the argument is the very cordial relationship in place between Andrej Babiš and the media he controls through Mafra. Personalized leadership was the *raison d’être* of Team Stronach and ANO, who made it the



centerpiece of their media strategy, and at least in a certain phase it was adopted by the SVP, as well (Kriesi 2012; Milic 2008: 1150). The nature of charisma exhibited by the three politicians, however, differs according to temperament and local circumstances. Frank Stronach attempted to run a show-business oriented, North American-style campaign, which to some extent backfired (for instance, his heavy Canadian accent in German became a matter of jest). He was more successful in establishing himself in an avuncular role, his occasional temper or ideological doggedness subsumed by a generally jovial affect. Christoph Blocher, on the contrary, presented himself as an ideological leader and father-figure, an embodiment of traditional Swiss virtues. Andrej Babiš insisted most on the identification with the everyman, especially through well-publicized propaganda stunts. Lastly, while emphasizing their own business competence is a major aspect of Babiš and Stronach's public persona, in Blocher's case the element is not omnipresent, perhaps reflecting the length of time his name has been associated with politics in the public's perception.

Finally, with regard to the drivers of institutionalization (or the lack of it) some interesting findings emerged. General volatility was not a particularly good explanation of the obsolescence of Team Stronach compared to the other cases. The lack of commitment of the leader, the relative acceptability of failure, fit the Austrian case better, for instance in comparison with the Czech one (Jenny 2014: 35; 2015: 28). The presence of close ideological and "stylistic" competitors, however, did not decrease the viability of ANO (Havlík and Voda 2016). As for the SVP, its dominance in Swiss politics appears to be the result of a fundamental long-term realignment in the preferences of the electorate (McGann and Kitschelt 2005).

Conclusions

The article has endeavored to show what effect the entry of extremely wealthy individuals into the electoral arena had for the political system of the affected country. It proposed a theoretical framework to develop expectations concerning the behavior of such new political actors. The hypotheses were then compared with the empirical evidence drawn from three case studies: Austria, the Czech Republic, and Switzerland. In the case of the SVP, plutocratic intervention succeeded in seizing power (albeit by means of the transitional form of coopting an existing political party) and durably reshaping the political agenda of Switzerland, including the behavior and strategies of competing parties. In Austria, on the contrary, the plutocratic party failed to institutionalize and disappeared almost as quickly as it had been born, leaving no lasting trace in political culture. In the case of ANO, finally, early successes were compounded by even more significant breakthroughs recently, but whether Andrej Babiš will survive the many personal and political obstacles on his path in the months to come remains an open question.

The evidence is still too fragmentary, and the confounding factors too numerous, to attempt to generalize from these cases a series of factors affecting the chances of success of plutocratic entry. This will be a task for future stages in the developing research agenda on plutocracy.



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