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Linking Wealth and Power

Direct Political Action of Corporate Elites and the Wealthiest Capitalist Families
in the United States and Germany

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1. Introduction¹

Do individuals with power in the economy translate it into political power in capitalist democracies? And if yes, what do these individuals want to achieve? Are they just pragmatically using access to influence economic policy, maximizing their own profits? Or do they use their economic power to advocate for an ideological agenda that might be different from the rest of the voters? The question of what power “business” has is a classic one in the social sciences and already had a prominent place in Marx’s (1887) chapter on the working day from 1867. Some recent developments attribute special relevance to it once again. As Piketty (2014) argued, wealth concentration at the top of the distribution in many economically developed countries might lead to continuous concentration of large fortunes among a few super-rich families. At the same time, what he calls “superstar managers” receive astronomical salaries. Critical observers warn that such concentration could lead to the concentration of political power and the potential for oligarchy (Winters and Page 2009).

Money in the bank does not necessarily enable people to buy relevant influence in functioning democracies. Mechanisms by which forms of owned assets can be used to influence politics are not easily specified. The richest families, for example, own business wealth to a significant extent (Keister, Li, and Lee 2021). This not only provides them with a continuous share of profits and capital gains, but also with potential power over future investments and jobs. The latter is the case only if they can also control the behavior of the firms to which their business assets belong. Firms with dispersed ownership may also be controlled by hired executives who may control the power deriving from the firm and its assets, investments, and divest-

1. I am thankful to Olivier Godechot and Cornelia Woll for helpful discussions of this project during my stay at Sciences Po Paris. Further thanks go to Jens Beckert, Mark Mizruchi, and Joshua Murray for comments on previous versions of this manuscript. This project benefitted greatly from comments and feedback received at the MaxPo closing conference in Paris on October 21, 2022, and the workshop on top wealth at the Leibniz Centre for Contemporary History on November 10 and 11, 2022 in Potsdam.

ments. Specifying such mechanisms today therefore raises old questions of ownership and control over capital, which have been discussed since the genesis of the joint stock company (cf. Dahrendorf 1959:21–23; Scott 1990). Another way to frame the problem is to ask who the individuals are who controlling capital, and therefore have the potential to leverage it for political power? Are the owners back or does the separation of ownership and control still hold and corporate executives are in control of capital through the firms that hired them (Berle and Means 1991; Burnham 1975; Mizruchi 2004)? Is there (still) an inner-circle corporate elite recruited from the two groups that feels responsible for taking instrumental political action in favor of capital in general (Chu and Davis 2016; Heerwig and Murray 2019; Mizruchi 2013; Useem 1984)?

In this article I approach this question by empirically examining three avenues of influence that individuals and “their” corporations can pursue in two of the largest democratic capitalist economies, namely the United States and Germany. Following the work of Bonica (2016), these avenues of influence are individual party contributions, firm party contributions, and firm lobbying. The focus of the study is to differentiate between the countries’ corporate elites, and national super-rich capitalist families as instrumental political actors. In addition to the question of how these groups might take direct political action, I also study what they are trying to achieve in terms of support for conservative or liberal parties. Three research questions are asked in relation to the two countries: *How relevant is the magnitude of super-rich and corporate elite money in the political process? What explains which of the three avenues of influence are used by the super-rich and the corporate elite? How do the super-rich and the corporate elite lean ideologically?* I exploit three types of data sources to examine these questions. First, a rich list stemming from journalistic and other public sources. It includes names and firm names of 3,250 families with an estimated family net worth of 250 million USD or EUR in recent years (Bornefeld 2019). The study focusses on capitalist individuals and families only, defined as having at least one family member somehow involved in a company as either manager or shareholder. Second, a large sample of 4 million firms including financial, ownership, and management data from the Bureau van Dijk ORBIS database (Bureau van Dijk

2020). Third, multiple sources on individual and firm party contributions, as well as lobbying expenditure of firms in Germany and the United States provided by official sources and NGOs (Deutscher Bundestag 2022; Lobbycontrol 2022a; OpenSecrets 2022). The article is structured as follows. Section 2 briefly presents the literature and derives hypotheses from it. Section 3 discusses relevant country differences that need to be kept in mind to evaluate the results. Next, section 4 presents data sources and data preparation, variables, used samples, and methods. Section 5 presents results followed by a discussion and conclusion in section 6.

2. Existing literature and hypotheses

To locate the three research questions outlined above, it is necessary to briefly recapitulate the existing literature. I present three different strands of literature for the present study. The first concerns the question of who holds economic power or who governs the corporations; the second asks whether there is any unity or coordination within and between these groups of powerful individuals; and the third concerns what we can expect members of these groups to want from the political process ideologically. The three strands and related hypotheses are presented in what follows.

Especially in Marxist thought, the question of who controls the corporation has been long debated (cf. Mizruchi 2004; Scott 1990). During Marx's lifetime, individual capitalists controlling single companies were the rule. However, this configuration of ownership changed in the historical development of capitalism. In the 1930s, Berle and Means (1991) diagnosed a widespread separation of firm ownership from firm control. They found that the largest share of US companies were not run by their owners anymore, but rather by hired managers. This challenged Marxist conceptions of a clearly defined ruling class which required a powerful group that owned and controlled the means of production, and to leverage this power to "rule". Theoretically this implied that ownership of, and control over, capital had to be seen as two different things that can but do not have to be present simultaneously. It was widely regarded as evident that independent managers with interests separate from those of the owners seemed to have taken over (Allen 1981; Berle and Means 1991; Burnham

1975; Chandler 1977), and were from then on analyzed as separate groups (e.g. Gourevitch and Shinn 2005; James and Soref 1981; Jensen and Meckling 1976). An underlying question when analyzing the political action of individuals with economic power is how to understand this group conceptually: Should they be seen as a capitalist class advocating for some general interest of capital? Or is the empirical reality better described in terms of looser networks of elite managers whose motivation is to maximize profits by realizing the interests of the specific fractions of capital that hired them, for example, sectors or single corporations? A central question therefore is whether the corporate elite and (super-rich) firm owners are connected with one another, have the same interests, and therefore act in the same way. This is the starting point for a first set of hypotheses.

In terms of political action, I expect those individuals who own businesses to a significant extent (and most often have founded them) to be more deeply and in more ways devoted to their firms. This is because they are often not only economically related to them, but emotionally, as they or their ancestors built them up. They therefore also have value beyond the economic. Their relationship to their firms is also often deeply intertwined with their family relations (Stamm 2016). They can therefore be regarded as having more at stake in emotional, status, and personal wealth terms than hired managers. For the latter group, economic success is more about their individual occupational performance but less tied to ownership interests or loyalty towards specific capital. Economic success also translates less directly into individual gains for managers, only mediated by their employment contracts through negotiated bonuses and so on. Their incentives to influence politics to secure firm interests should therefore be lower than for owners. In comparison with families owning smaller or less valuable firms, they can be expected to receive more attention and possibly also more political responsiveness. This is because of their relative importance and structural power in representing a relatively large block of capital personified in one family or even one individual. I therefore expect that, because of this concurrence of incentives (controlling family having much at stake) and opportunities (being more likely heard),

H1: Firms in which the super-rich are involved are more likely to be politically active.

In line with this, I would also expect the extent of this effect to be related to the degree of control super-rich families have. If they hold only a controlling share but are not otherwise involved in management, they only have some occasions on which to raise issues that are important to them to be implemented by management. If they are at least on a firm's supervisory board, they should have more frequent and institutionalized opportunities to influence firm behavior and strategy. If they are themselves members of the executive management, they have the largest degree of control and opportunities to establish a political action strategy or more short-term political action, such as party contributions. I therefore expect:

H2: The more control a super-rich family has over a firm (controlling share ◀ supervisory position ◀ executive position), the more likely the firm is to take political action.

The second relevant preposition is based on a strand of literature that addresses the question of whether there is any unity between individuals that have control over different firms. This is important because business has long been shown to coordinate and act in a unified way as a critical number of businesspeople, as Lindblom put it. The larger the share of capital acting together, the more critical I expect its representatives to be. Ideas about the cohesion of a capitalist class were formulated long ago in Marxist thought (Hilferding 1955; Mosca 1939; Sweezy 1951), and later for example by Zeitlin (1989) or Domhoff (1967). It was argued in one way or another that a central elite group of owners and managers of large corporations represent a capitalist class, that is, a group that pursues the interests of capital by influencing politics. In the 1980s, Useem (1984) suggested that a highly interlocked circle of managers controlling firms at the center of national economies take action in the name of business in general. It can only be noted here briefly that in distinction to previous Marxist ideas, the issue is now an elite of hired managers, not a class of rich owning families (cf. Mizruchi and Bey 2003; Scott 2008). Cohesion among individuals from both

groups was long analyzed by looking at interlocking directorates, or shared board memberships that indicated coordination. While it has been argued that the inner circle has been fractured in the United States since about the 2000s, and no longer exists today (Chu and Davis 2016; Mizruchi 2013), others maintain that an inner circle persists at least in terms of direct political action in the United States and other countries (e.g. Banerjee and Murray 2020; Comet 2019; Heerwig and Murray 2019; Larsen and Ellersgaard 2018). From my reading, the common suggested mechanism in most of these versions is still what Mizruchi (2013:129) describes the former functions of networks of interlocking directorates as being:

“First, they served as centers through which information of relevance to the entire corporate community was exchanged and transmitted. Second, they served as a source of normative consensus and stability among the leaders of the largest corporations, in part by helping to forge similar world-views and behavior and in part by sanctioning deviant and/or irresponsible actors. And third, they served as a source of cognitive range—or breadth in outlook—in terms of concern for the larger business community as well as the larger society. These roles—information, normative consensus, and cognitive range—were accomplished largely, although not exclusively, through bank boards of directors.”

Murray (2017:1622–26) remarks that coordination keeps happening, not necessarily only through bank boards but also boards of other firms. I follow Murray's (2017) suggestion and results, and assume as a working hypothesis that the inner circle still exists. In line with previous research (Broyles 1993; Burrell 2005; Goerres and Höpner 2014; Heerwig and Murray 2019), the inner circle is more likely to take political action². I expect this group to act on behalf of business in general because they have the most central access to information, and this still has the effects described by Mizruchi above. If a member of a super-rich family is also a member of this inner circle, I would expect them to have an even higher chance of taking political action, not only for their

2. Some contrary evidence, however, was also reported in the past (Clawson and Neustadtl 1989).

own economic interests but also for the broader economic interest of business in general. This is also in line with previous research on party contributions of wealthy families in the United States in the 1970s (Allen and Broyles 1989). I therefore expect that:

H3a: Firms with inner circle members in management are more likely than other firms to take political action.

H3b: Firms with super-rich inner circle members in management are more likely than firms with other inner circle involvement, and more likely than other firms to take political action.

In terms of individual party contributions, previous US evidence shows that wealthy donors are an important and generous group in financing PACs. Heerwig (2018:1005), for example, highlights that “approximately 70% of super PAC funds have come from mega-wealthy individual donors”. I expect some variation within the super-rich. First, and along with the current set of hypotheses, I expect super-rich inner circle members to be more likely than other super-rich family members to make individual party contributions for the reasons just mentioned:

H3c: Super-rich inner circle members are more likely than other super-rich individuals to make party contributions.

A famous differentiation among large fortunes furthermore is the idea of “old money”, that is, durable wealth that was generated in the past and transmitted to successive generations (Beckert 2022a). Burris (2000) discusses a longstanding debate in US social science assuming that “new money”—more recently generated fortunes—is related to more conservative political views and action. However, his empirical findings analyzing the political activities of those on the 1995–1997 Forbes 400 rich list shows that the groups do not differ much in terms of political action but there is a tendency of old wealth families to be more conservative. The author explains this in terms of the probability that old wealth is more likely to socialize in the more conservative upper classes and be more densely connected to a social network of this class, fostering more conservative views.

For the wealth distribution more broadly, Arndt (2019) also finds that if a German receives an inheritance, a prize or a gift, they tend to put themselves more to the left on a left–right scale. In addition, Allen and Broyles (1989) found that old wealth donated more than newer wealth in the United States. Following these findings, I expect that:

H4: Individuals from “old wealth” families are more likely to take political action.

As discussed above, I expect the size of a fortune to be related to the incentives to take political action. The larger the fortune, the more is at stake and the more individuals and families are part of the public discourse and may be the target of political claims to introduce redistributive measures such as a wealth tax, inheritance taxes, or even expropriations. These of course are rather backed by left-leaning parties than conservative ones. In line with this, Allen and Broyles (1989) showed that more visible wealthy families occurring in the elite directory *Who's Who?* were more likely to make a party donation. I therefore expect more wealthy families to have higher odds of making individual party contributions, and more conservative contributions.

H5: Estimated family net wealth increases the odds of someone making any party donation.

As a final hypothesis concerning the question *What explains which of the three avenues of influence the super-rich and the corporate elite use?*, I speculate about the strategic use of the three avenues of influence complementarily. One could expect “two faces of capital” (Burris 2001) and that political action by individuals differs from firm political action. Alternatively, one could expect super-rich families to engage in strategies of exploiting multiple avenues of influence complementarily. I would expect a combination of both. On one hand, I expect individual contributions to be more ideological than firm contributions in line with previous findings (Bonica 2016; Burris 2001):

H6a: Individual contributions of super-rich family members are more conservative than their firms’ contributions.

On the other hand, I also expect some families to act politically through multiple channels complementarily as part of more complex political strategies in line with recent findings on firm party contributions (Kim, Stuckatz, and Wolters 2020).

H6b: If a family made a party contribution, their firms are also more likely to make a contribution.

H6c: If a firm made a party contribution, their controlling family is also more likely to make a party contribution.

The third research question asks how the corporate elite and the super-rich lean ideologically. A multitude of previous empirical evidence provides us with an opportunity to produce hypotheses on this question. Several analyses of individual and corporate contributions of the super-rich, as well as corporate elites in the United States have shown this group's remarkable conservatism (Allen and Broyles 1989; Bonica and Rosenthal 2015; Burriss 2000). Studies on wealth more generally also show that wealth possession is related to more conservative views in the United States, as well as in Germany (Arndt 2019; Page, Bartels, and Seawright 2013). As already mentioned, several authors have suggested that individuals with economic power can act either individually or through their firms, and that action might differ depending on the channel used (Bonica 2016; Burriss 2001). Their contributions show that individual political action, such as direct individual contributions, are on average more ideological than political action by firms and support candidates also on non-economic issues (Bonica 2016; Burriss 2001). Firm political action, on the other hand, is better explained as being more pragmatic and is more strongly related to a firm's profit interests and therefore, for example, involves donating to candidates who are most likely to win (Burriss 2001). Kim, Stuckatz and Wolters (2020) show how firms make party contributions to candidates in the hope that they will be more responsive to later lobbying activities. This is already suggested by studies from past decades (Bonica 2016: 370).

When it comes to the ideology of the two groups, some studies find that inner circle members are more conservative than other executives (Broyles 1993; Burriss 1991; Clawson and Neustadt 1989),

while others find that inner circle members are actually rather pragmatic than ideologically driven in their political action (Heerwig and Murray 2019). Differentiating between individual and firm political action, I expect the inner circle to be more conservative than other corporate managers when acting as individuals, and their firms to act more pragmatically (Bonica 2016; Burriss 2001):

H7a: Inner circle members make more conservative individual contributions than managers who are non-members.

I assume an ordinal rank of the strength of correlation of being super-rich and being a member of the inner circle corporate elite. Because the super-rich have more at stake and will be more closely targeted and affected by potential left-wing policies and campaigns, I expect them to be even more conservative than the inner circle:

H7b: Super-rich family members make more conservative individual contributions than the inner circle, and more conservative than other managers.

For firms controlled by the super-rich or connected to the inner circle, I expect more pragmatic political action than for individuals from these groups, in other words, leaning less towards conservative parties. This is because of the profit motive dominating the institutional context of the firm and their need for access to successful politicians of all colors:

H8a: Firms in which inner circle members are involved take pragmatic political action, not leaning towards conservative parties.

H8b: Firms controlled by the super-rich take pragmatic political action, not leaning towards conservative parties.

The next section presents the case selection of Germany and the United States and the rationale behind choosing these cases to test the developed hypotheses.

3. Case selection and differences between United States and Germany

This study and its hypotheses are framed as investigations of similarities in the political action of the super-rich and the corporate elite as powerful groups in the economy. The United States and Germany were selected for several reasons. First, both are among the largest global economies under democratic rule, in which the question of the political action of rich individuals is given normative importance. Second, in 2022 the United States was still the country with the most billionaires and the most ultra high net worth individuals (UHNWs)³ in the world, followed, after China and India, by Germany in fourth place in terms of billionaires (Forbes 2022), and third in terms of ultra high net worth individuals (Wealth-X 2022:13). Third, both selected countries are nation-states (in contrast to the EU). Fourth, both are capitalist democracies (in contrast to China), and fifth, both have decent data availability and quality of individual and firm political action (to my knowledge in contrast to India). Furthermore, sixth, there were recent federal elections in both countries (US: 2020; Germany: 2021), which also makes the timing of political action more comparable. Despite these similarities, however, a number of important country differences need to be considered when comparing the United States and Germany. I will briefly discuss three of those differences, which are especially relevant for the study at hand. First, there are differences of corporate governance, such as the ownership structure and shareholder concentration, as well as management positions; second, differences in party financing systems; and third, general differences in the legitimacy of affluence in both countries.

Ownership of companies is much more dispersed in the United States compared with Germany (for example, De La Cruz, Medina, and Tang 2019). This implies that companies less frequently have a controlling shareholder, which is relevant for our purposes because I assume that groups of individuals are able to exert control over firms. The German “Mittelstand”, or mid-size family-led companies, is famous for comprising many world market leaders in niche markets, and an important reason why Germany has

so many super-rich families (Berghoff 2006; Lehrer and Celo 2016). The phenomenon of super-rich families controlling firms of a particular size is therefore more prevalent in Germany. However, the most valuable family-controlled firms in terms of market capitalization with super-rich involvement are the US firms of billionaires such as Jeff Bezos, Elon Musk or Warren Buffett. As a final point to be mentioned here, management boards, especially of listed companies, are organized very differently in the United States and Germany. In the United States, a single board system dominates in which most of the power is concentrated, with a chairman and other executives. In Germany, a dual-board system dominates in which the executive board of managers is supervised by a supervisory board (*Aufsichtsrat*). These boards are often very large and may include professional trade unionists and sometimes even professional politicians. This also implies that an inner circle or the core of the corporate elite may include such trade unionists and not only managers. I circumvent this by only taking into account members of the *Aufsichtsrat* who also hold an executive position in some company.

There are relevant differences in the financing of political parties between the United States and Germany. Cagé (2020) describes these differences for several countries. Three differences seem especially relevant. First, party financing systems work very differently in the United States. As possibly the most relevant consequence, party contributions are much more important to parties and candidates in the United States, while German parties finance themselves much more through membership fees and public financing (Cagé 2020:135–61; Fink 2017:222–23). It might therefore be that German parties simply do not need the money from private donations – or at least to a lesser extent. In both countries, there is no maximum contribution an individual can contribute to a party⁴. In Germany, only donations above €10,000, from individuals or from firms, have to be reported, with the identity of the donor. Smaller donations of up to €3,300 are incentivized by because they are doubled with public funding, but only up to this threshold. In the United States, there is an identifying name for

3. Wealth-X defines UHNWs as owning 30 million USD or more.

4. This has de facto been the case in the United States as well since the introduction of super-PACs in 2010 (Cagé 2020:39).

almost all individual contributions. For individual contributions of \$200 and more, it is legally required to state the donor's employer. The second difference is that while German firms can make direct contributions to parties, in the United States so-called political action committees (PACs) must be set up and are well regulated. PACs are different from direct contributions. A firm can set up a PAC and collect contributions of up to \$5,000 from employees (or other individuals) and other stakeholders. The collected sum is then distributed to political parties and candidates at the discretion of the firm, such as the government affairs department, in line with the firm's interests. It is clear that PACs have an ideological component. The PAC of Koch Industries, the main firm of the famous Republican supporters Charles and David Koch, donated 97.14 percent of the amount collected to Republicans in the 2020 election cycle. At the same time, Soros Fund Management, the firm of Democrat supporter George Soros, overwhelmingly collected contributions for Democratic candidates (OpenSecrets 2022). US PACs have been studied massively in an effort to understand firms' political action (Burriss 1991, 2001; Clawson and Neustadtl 1989; Mizruchi 1992; Murray 2014), but also donations by individuals to PACs (Burriss 2001; Heerwig 2018; Heerwig and Murray 2019). Firm contributions in Germany are far more direct political engagements on the part of organizations, but have been studied far less (Cagé 2020; Fink 2017; Goerres and Höpner 2014).

Wealth concentration and affluence can be expected to vary in many ways by culture and institutional context. One important dimension of this is the legitimacy of wealth, which influences whether the rich tend to show-off their wealth or whether they behave more humbly and are more secretive about their lifestyles and even how they look. While there will obviously be variations within these groups and within countries, the German super-rich on average tend towards the latter approach. Several of the richest Germans actively suppress publication of pictures of them, including Lidl founder Dieter Schwartz (Würzler 2019), and Aldi founders Theo and Karl Albrecht (Rühle 2010). There might also be generational differences and younger members of super-rich families are much more present in the German media, be it in interviews as young entrepreneurs, such as the

cookie heiress Verena Bahlsen (Kapalschinski 2019) or the drug store chain heirs Christoph Werner and Raoul Rossmann (Gnirke, Kühn, and Salden 2021); or be it as philanthropists such as Marlene Engelhorn (Bubola 2021) or Antonis Schwarz (Frieze 2021). In other words, especially the older and first-generation richest Germans do not seem to want public attention, which is obviously relevant for the study of publicly visible political action. Gajek (2016) shows that this "dialectic of visibility and invisibility" for the richest Germans was already historically relevant in the 1960s. But what is the difference from the United States? First of all, the richest Americans are less concerned about being secretive and almost socially invisible, as already suggested by Veblen's (1899) concept of "conspicuous consumption". It is easy to find contemporary images, interviews as well as political interventions by the richest among the US Forbes 400. Page, Seawright, and Lacombe (2018) find that while the majority of US billionaires do not speak about politics publicly, at least a handful frequently do – and these are among the most wealthy. What I suggest is that there might be different cultures of legitimacy of wealth in both countries, which makes for example conspicuous consumption but also political attitudes and involvement by the super-rich more acceptable or even appreciated in the United States. Cagé (2020:22–23) rejects the idea that cultural differences could be responsible for country differences in the political action of the wealthy. But the empirical reality is hardly explained by differences in institutional settings alone, in my view. However, despite this anecdotal evidence and journalistic sources, a systematic explanation of these differences is so far absent and comparative wealth research with a focus on them seems to be developing only now (cf. e.g. Beckert 2022b). One might mention here therefore only that the possession of large fortunes underlies norms that should be expected to vary by culture, which might be relevant also for how publicly those who possess large fortunes engage in politics. Although further research is necessary on this, the idea will also be included in the discussion of the results below.

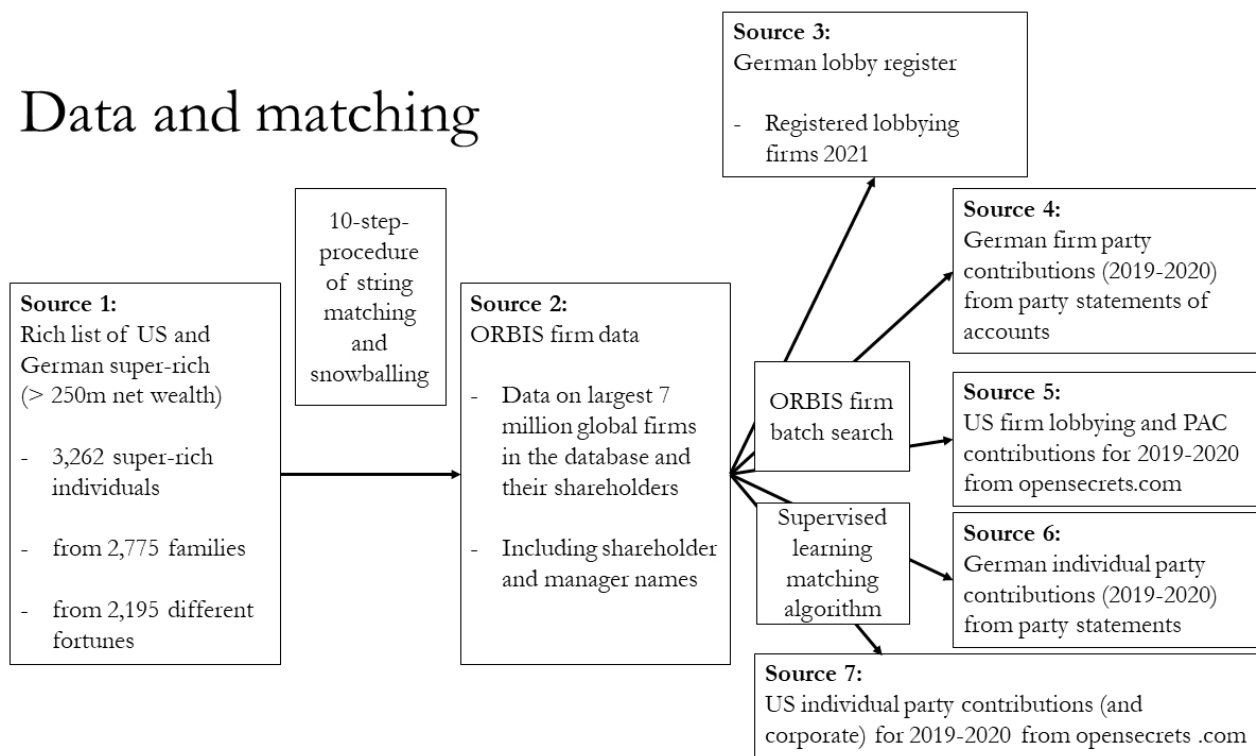
4. Data and Methods

Data sources

This section describes the data sources and firm samples used, and the matching procedures that were applied, first, to identify super-rich family members in the firm data and, second, to match ORBIS individual and firm data to political contribution data. Figure 1 visualizes all data sources to give a quick overview of the multiple sources and connections of the database used to test the developed hypotheses.

This rich list is then matched to a second data source: a sample from the ORBIS firm database, the largest database with global coverage including data on 400 million firms (Bureau van Dijk 2020). I scraped and downloaded a sample each from the database at two different time points: one in early 2020, and a second in the first half of 2022. Together these samples comprise financial data, shareholder data (including names of shareholders), and data on management, including individual names for the largest 3 million global firms and their shareholders. The super-rich

Figure 1: Data sources and an illustration of the matching processes applied



Source 1 is a compilation of global rich lists, supplemented with public data on the richest global families. It was provided by a private researcher in Cologne who is also involved in research on the German rich list published by *Manager Magazin* (Bornefeld 2019; Neßhöver and Bornefeld 2018). The list includes family names, in some cases individual names, firm names, estimated net wealth, and in some cases founding years for 10,831 of the global wealthiest families with an estimated net worth of 250 million euros or US dollars⁵. For the present study, only the 3,250 German and US families are considered.

5. More details are presented in Appendix 1. <https://data.sciencespo.fr/dataset.xhtml?persistentId=doi:10.21410/7E4/HIVNAJ>

individuals and families from source 1 were then matched to shareholders and managers in the ORBIS sample with a 10-step rule-based string-matching procedure⁶. A total of 1,854 (57 percent) of the US and German individuals and families known from the list could be identified with enough confidence in the ORBIS data. Table 1 presents numbers for the US and German families before and after matching and different forms of selection. This combined data source of the largest global firms and super-rich involvement among them was then matched to four other data sources with information on firm and individual political action.

6. For details, see Appendix 2.

Table 1. Findings and sample composition of super-rich families and individuals in ORBIS

Selection	Cases					
	US		DE		Total	
	Absolute	Percent	Absolute	Percent	Absolute	Percent
Families						
Total number of families known from the original rich list ¹	1,978	100	1,272	100	3,250	100
Identified in ORBIS with at least one shareholder and/or director/senior manager	1,081	54	773	60	1,854	57
Identified in ORBIS with at least one shareholder and/or director/senior manager and matched individual donation ²	421	21	33	3	454	14
Identified in ORBIS with at least one managed or controlled firm which made a party contribution or lobbied	381	19	111	9	390	12
Individuals			Absolute			
Total number of individuals known in the original rich list	2,311 individual members of the 1,978 known families		1,499 individual members of the 1,272 known families		3,810 individual members of the 3,250 known families	
Identified in ORBIS as a shareholder and/or director/senior manager	2,592 individual members of the 1,081 identified families		3,635 individual members of the 773 identified families		6,227 individual members of the 1,854 identified families	
Identified in ORBIS with at least one shareholder and/or director/senior manager and matched individual donation	563 (21%) individual members of the 2,592 identified families		37 (1%) of the 3,635 identified individuals		600 (10%) of the 6,227 identified individuals	

1. Also individuals not identified in ORBIS were matched to individual donation data and included in the analysis of the individual sample.

2 Only firms controlled by these families could be identified as such in the analysis here. Firms controlled by families that could not be matched might therefore be misclassified as not controlled by a super-rich family.

For firm political action, three sources were used⁷. First, the novel German lobby register introduced in 2022, which includes data on individuals and firms. Registration is required by law for all lobbying organizations that intend to contact members of the Bundestag or the German government to lobby for their interests. It also includes information on estimated expenditures (Deutscher Bundestag 2022). Second, party contributions made by firms stem from publications of the Bundestag for donations of more than €50,000, and from party statements of accounts for donations between €10,000 and €50,000. They were gathered by German NGO Lobbycontrol (Lobbycontrol 2022a). The third source contains information on firm political action in the United States and

is provided as bulk data by the independent research group OpenSecrets (OpenSecrets 2022). Firm political action committee (PAC) party-contribution data is based on Federal Election Commission data, while lobbying data comes from the Senate Office of Public Records. Firm names from these three sources are matched to firm names from the ORBIS data with the batch search tool provided in the ORBIS portal. It uses firm names, aliases, and firm location to find the best match of a firm name among firms in the ORBIS database.

Individual party contributions stem from similar sources. For Germany, individual party contributions also come from Lobbypedia (Lobbycontrol 2022a); for the United States they are provided by OpenSecrets, including data on more than 4.8 million indi-

7. Matching of these sources to ORBIS is presented in more detail in Appendix 3.

vidual contributions (OpenSecrets 2022). However, individual names had to be matched to several million names of individual shareholders and managers from ORBIS. This was done by training a supervised learning matching algorithm with the Dedupe library using Python (Dedupe.io 2022). For Germany, matching was based on names, how common a name is, and cities of donors and firms. For the US data, employer's name was also provided and used, which should lead to increased accuracy for matching of the US data. On the other hand, the US matching task is much more challenging because the number of individual donors is more than 4.8 million compared with only 2,071 in Germany. Based on these data consolidation and preparation steps, the next section presents the independent variables used and their distributions.

Variables

To test the hypotheses developed in Section 2, three main independent variables are operationalized using the generated database. First, an indicator of the exact management position and whether it is a supervisory or an executive position. Second, an indicator of corporate control, showing whether all members of a super-rich family together own 20 percent of a company, as one of several common thresholds for control, or more. Third, an indicator of whether a member of the inner circle is involved in a firm's management.

Supervisory positions are defined as those positions that have a supervisory or advisory role in a firm's management (cf. Stokman, Ziegler, and Scott 1985:17; Windolf 2002:67–76). Supervisory boards can also be expected to have a say in firms' long-term strategy making, under which political action strategies such as opening a lobbying office are also likely to fall. Executive positions are defined as management positions with actual decision-making power over operations and virtually all processes in a firm. This includes senior management such as the “C-Suite” of CEOs, CFOs and so on. While the two roles differ, both are expected to have an influence on decisions over firm political action in the short term and long term, and they are therefore used to test how super-rich family members may influence these decisions.

Exerting control over a corporation can be seen as indicating success in the competition over influence on decisions about the allocation of resources within a company. Groups that compete over such influence include financiers, management, and owners (Scott 1997). Before the genesis of the joint stock company, firms were often led by owner-managers who owned a factory and thereby had full ownership and control over a firm. Since the separation of ownership and control, owners' remaining control depends on the size of their shareholdings versus those of other owners. In the study of corporate governance, several thresholds are commonly used to assume control on the part of one owning individual or group over a firm (e.g. Gourevitch and Shinn 2005:17). I use the threshold of 20 percent as necessary to exert control over a firm. If an individual or a family own 20 percent or more of a firm, they are assumed to have an influence at least over long-term strategic decisions, including firm political strategies. Therefore, I sum up all shares held in a firm that could be matched to one of the known super-rich families, be it direct holdings or holdings through other companies, foundations, trusts or the like. If a family owns 20 percent or more of a firm, the independent variable is set to 1, if not, it is 0.

The idea of an inner circle of highly interlocked managers is operationalized here following the procedure suggested by Larsen and Ellersgaard (2017; see also Huijzer and Heemskerk 2021). In short, this can be summarized as follows. I map the network of interlocking directorates between all heads of corporate groups in the sample. An interlocking directorate is defined as a manager who is involved in the management of more than one company and thereby forms a tie between these companies. I include not only the board of directors in the analysis, but also senior management, in line with previous work (Berle and Means 1991; Heemskerk and Takes 2016). Only heads of corporate groups are considered because otherwise too many highly clustered subsidiaries would falsely be identified as dense elites, although ties actually reflect only bureaucratic ties and board memberships (Heemskerk and Takes 2016:98). The procedure according to Larsen and Ellersgaard (2017) then is to prune this network based on weighted edges and a measure of the minimum absolute number of individuals to whom an individual

and their direct neighbors are connected. In other words, it is the number of other individuals an individual is connected to either directly or through their first-degree neighbors. Interlocks are weighted with measures approximating tie strength. The weighting procedure suggested by the authors considers board size, as well as the absolute number of ties between pairs of individuals. In short, ties in large boards with more than 14 members are weighted less and redundant interlocks between the same individuals decrease in strength logarithmically (for details cf. Larsen and Ellersgaard 2017). I use the calculated

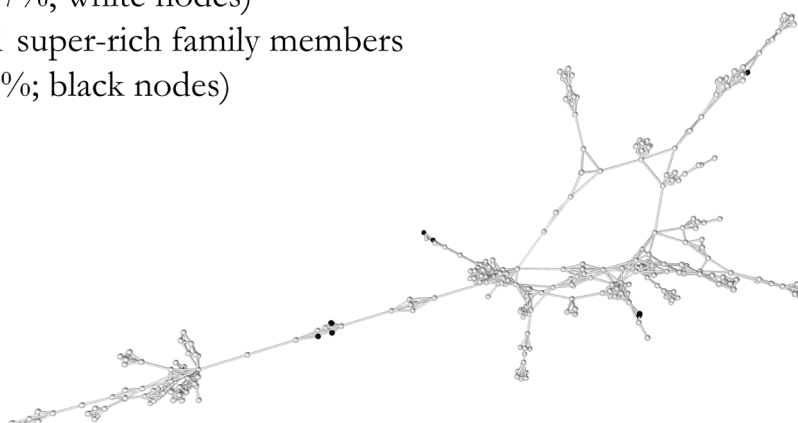
coreness score as indicating closeness to the inner circle. I inspected the networks visually and defined inner circles for the two countries as groups that are reasonably closely connected and not implausibly too large to be connected to each other. Therefore, I define the German inner circle as all interlockers with a coreness score of 4, and the US inner circle as all members with a coreness score of 10. Furthermore, for the German case I only keep those managers who are executive managers in at least one firm. This way I include only managers and not the many other kinds of members of *Aufsichtsräte*, such as trade unionists

Figure 2. Inner circles of the interlocking directorate networks of individuals in the United States and Germany in 2020

a) German inner circle

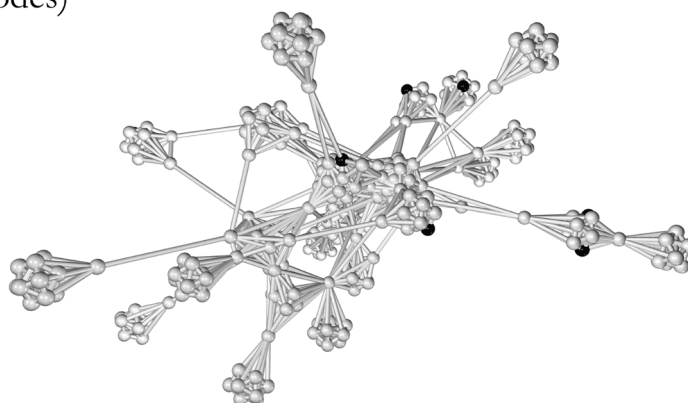
329 other managers
(97%, white nodes)
11 super-rich family members
(3%; black nodes)

Inner circles were identified applying the procedure suggested by Larsen and Ellersgaard (2017) for Germany (a) and the US (b). Super-rich family members are denoted in black and other managers in grey. Networks are visualized with Graphia (Freeman et al. 2022)



b) US inner circle

346 other directors
(97%, white nodes)
13 super-rich family members
(3%; black nodes)



or politicians. Figure 2 shows the full 2020 inner circles, as well as super-rich involvement in both countries in comparison.

In addition to these independent variables, several control variables are included in the regression analyses. These are separated between the sample of families and the sample of firms. For the sample of families, mainly data provided in the original rich list was used. Family wealth estimates were simply used from the original sources without adjustment for inflation. They should be seen as a noisy signal of the wealth category they belong to (for example, owning several billion versus owning 300 million) rather than exact values. The number of family members is determined in the matching process. Because family members are identified when they have the same last name, it is equal to the number of family members who are either shareholders or managers in the same companies as other members of super-rich families with the same last name. The more family members are involved in a company, the older I assume the fortune to be. This is because families grow over time, and entrepreneurs are assumed to include other family members subsequently and not from the start of a business endeavor. Finally, a variable is included indicating whether a firm in which a super-rich family is involved in either with a controlling share or in management has made a party contribution and/or lobbied.

For the firm sample, revenue, number of employees, firm founding year, global ultimate owner, and whether it is a listed firm or not is simply used as provided in the ORBIS database. In addition to that, the degree was added as a variable indicating the sum of interlocks of all managers in a firm's management. If there was no data on management, no interlocks were assumed. The two samples and the distribution of variables is described in the next section.

The largest global firms were selected from the ORBIS database in the following way. First, firms were selected that ORBIS classifies as large or very large (the two largest categories) in their database. This is equal to all companies with any of the following criteria: revenue of 13 million USD or more, total assets of 26 million USD or more, or 150 or more employees. In early 2022, the ORBIS database included

3,081,589 firms fulfilling these criteria. In addition to that, all shareholders were added to the samples to be able to find shareholding individuals and more complex corporate structures higher up in corporate hierarchies. Therefore 1,365,322 firms that held shares in the 3 million largest firms were added. From these, only the 347,242 German and 743,909 US firms were kept. This includes firms with holding companies in other countries but German or US subsidiaries or branches. In general, it is important to note that the sample includes subsidiaries. Firms are structured into corporate groups based on their global ultimate owning entity (GUO). The GUO is a variable provided by ORBIS which denotes the ultimately owning entity, which can be any form of entity such as a holding company, an individual or family, or a state. If no GUO was provided, it was assumed that a firm is independent and is its own GUO. In Germany, the 347,242 firms are subsidiaries of 72,753 distinct corporate groups. In the United States, the 743,909 firms belong to 262,611 distinct corporate groups. Table 2 presents descriptive statistics for the sample of individuals and the variables used, separated by country. Table 3 presents the same for the sample of firms.

Table 2. Descriptive statistics of used variables in the sample of super-rich families

Germany **USA**

Variable	N	Complete	Missing	Mean	SD	95% Conf. Interval		Variable	N	Complete	Missing	Mean	SD	95% Conf. Interval	
						Low	High							Low	High
Est. family net wealth	1,272	998	274	1,991	5,010	1,679	2,302	Est. family net wealth	1,978	1,368	610	4,559	13,346	3,851	5,267
Family members	1,272	739	533	4.95	4.59	4.62	5.28	Family members	1,978	1,005	973	1.71	1.56	1.62	1.81
Founding year	1,272	936	336	1,945	70	1,941	1,950	Founding year	1,978	1,223	755	1967	50	1964	1969
Variable	Count		Percent		Variable	Count		Percent							
<i>Inner circle</i>															
Not in inner circle		1,270		99.45		Not in inner circle		1,958		98.89					
Inner circle		7		0.55		Inner circle		22		1.11					
<i>Family donated</i>															
False		1,237		96.87		False		1,513		76.41					
True		40		3.13		True		467		23.59					
<i>Firm political action</i>															
No firm acted		1,165		91.23		No firm acted		1,598		80.71					
Related firms lobbied and contributed		81		6.34		Related firms lobbied and contributed		191		9.65					
Related firm lobbied		16		1.25		Related firm lobbied		170		8.59					
Related firm made party contribution		15		1.17		Related firm made party contribution		21		1.06					

Table 3. Descriptive statistics of used variables in the firm sample

	Country	Complete cases	Binary variable = 1 (yes)	Firms	Missing values	Min	Max	Mean	q50	q90
Founding year	DE	204,364	–	347,242	142,878	1197	2022	1998.21	2018	2018
	US	538,963	–	743,909	204,946	1622	2022	1968.92	2010	2010
Revenue in thousands of US\$	DE	72,123	–	347,242	275,119	–96,437	283,756,896	219,633	199,765	199,765
	US	185,740	–	743,909	558,169	–1,186,516	523,964,000	250,652	138,000	138,000
No. of employees	DE	172,376	–	347,242	174,866	1	662,575	311	306	306
	US	175,275	–	743,909	568,634	0	2,200,000	735	673	673
No. of interlocks	DE	347,242	–	347,242	–	0	32	0.024	0	0
	US	743,909	–	743,909	–	0	196	0.058	0	0
Firm is listed?	DE	347,242	1,155	347,242	–	0	1	0.003	0	0
	US	743,909	16,408	743,909	–	0	1	0.022	0	0
Firm is controlled by super-rich family?	DE	347,242	27,451	347,242	–	0	1	0.079	0	0
	US	743,909	28,095	743,909	–	0	1	0.038	0	0
Firm made party contribution to German party?	DE	347,242	181	347,242	–	0	1	0.001	0	0
	US	743,909	1,290	743,909	–	0	1	0.002	0	0
Firm made party contribution to US party?	DE	347,242	1,495	347,242	–	0	1	0.004	0	0
	US	743,909	16,858	743,909	–	0	1	0.023	0	0
Controlling family donated?	DE	347,242	985	347,242	–	0	1	0.003	0	0
	US	743,909	3,523	743,909	–	0	1	0.005	0	0

Logistic regression models are estimated to test the developed hypotheses, and some additional descriptive findings are presented to put results in context. I estimated multiple imputation models, but results deviated from complete case analysis and there is not enough reason to be confident in the missing-at-random assumption. Therefore, single imputation by the mean was applied for continuous variables, and mode imputation for categorical variables. Complete case analysis is provided in Appendix 4b. It shows that results are consistent between these two methods. Standard errors are clustered at the corporate group level for the firm analysis, and at the level of original fortunes for the family analysis⁸. There is reason to believe that some of the independent variables may be causally related and therefore their simultaneous inclusion in some of the regression models may mitigate their individual effects and lead to wrong conclusions. For example, including a variable for whether a controlling family made a party contribution and whether the firm made a party contribution in the model to estimate lobbying efforts of a firm may lead to an underestimation of the two independent variables' coefficients. To get an impression of how severe such biases might be, I present separate regressions in which I introduce the independent variables consecutively in Appendix 4c. Results of these separate analyses show that none of the coefficients show a relevant change in strength or direction when including each independent variable separately. I am therefore confident that the analyses, as well as results and conclusions, should not be biased in this way, at least not to a large extent.

8. Original fortunes refer to all families whose wealth originates from the same company. For example, the Koch brothers and their families are counted as one fortune, but Warren Buffett and Bill Gates and their families are counted as two fortunes.

5. Results

In what follows, results are presented that are relevant for the three research questions: *How relevant is the magnitude of super-rich and corporate elite money in the political process? What explains which of the three avenues of influence the super-rich and the corporate elite use? How do the super-rich and the corporate elite lean ideologically?*

They are answered subsequently in tandem with the derived hypotheses.

The first research question sets the context for the subsequent two and puts into perspective the relative magnitude of money spent by the super-rich and the corporate elite in the United States and Germany: *How relevant is the magnitude of super-rich and corporate elite money in the political process?* I present some descriptive explorative evidence to evaluate it. To begin, Table 4 shows the share of identified super-rich family members and inner circle members who engaged at all in any of the three avenues of influence. Quite strikingly, the political action of both groups is much lower in Germany than in the United States. A first finding is therefore that the number of known and matched super-rich individuals who engage in direct political action at all is very low in Germany, with 6 percent either donating individually or being involved with firms that act politically. It is moderate in the United States, with 49.4% pursuing any of the three avenues of influence.

Table 4. Share of individuals from super-rich families and the corporate elite that could be matched to the three avenues of influence

	Sample	Donated individually		Related to a firm which donated or lobbied	
		Absolute	Percent	Absolute	Percent
Germany					
Known super-rich families	2,311	40	1.7	112	4.8
Inner circle*	138	0	0	9	2.6
US					
Known super-rich families	1,979	827	55.1	382	10.2
Inner circle	359	146	40.6	285	79.3

* This includes only the 138 inner circle members who are also executives in any company. The used database only includes the family level for the super-rich and not for the inner circle. This is because the super-rich were matched from a separate source, while the inner circle is determined deductively from the ORBIS data.

Note: The basis is all families included in the original list. *Donated individually* is the number of individuals to which an individual party contribution could be matched. *Related to a firm which donated or lobbied* is the number of firms that could be matched to a super-rich family as shareholder or in management, and either lobbied and/or made a party contribution.

Figure 3. The relative sums of firm party contributions in Germany (a) and the US (b), firm lobbying expenditures in Germany (c) and the US (d), and individual party contributions in Germany (e) and the US (f).

Inner circle firms are firms with at least one member of the inner circle in their management

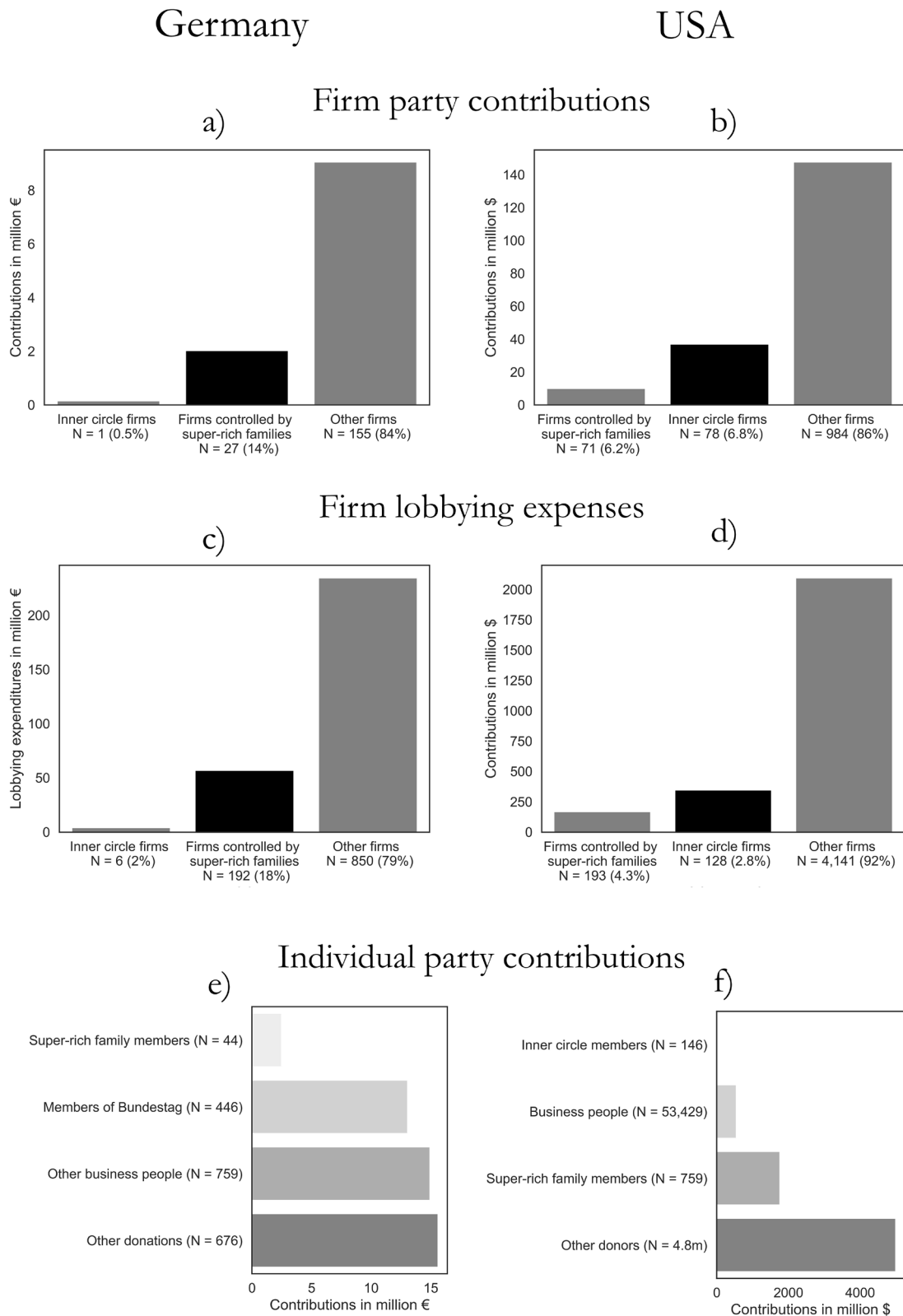


Figure 3 shows the relative sum of money that was spent by corporations on party contributions and by firms on lobbying, as well as money donated by individuals in the two countries. Several interesting patterns of differences between countries and between the three avenues emerge. First, the relative amounts spent by the super-rich or by the corporate elite are much lower than money spent by other firms. It does not seem to be the case that money controlled by either of the two groups is dominant in any of the three avenues of influence.

Second, at the level of corporate political action, money mobilized by the corporate elite is more relevant in the United States, while money mobilized by the super-rich is more relevant in Germany. This is a first interesting and very relevant difference that helps us to understand the structure of business power exercised by individuals in the two countries. Third, in terms of individual contributions to political parties, the inner circle is significantly negligible in Germany, while the super-rich seem to be important especially in the United States. In the former case, only a tiny minority of 44 individuals contribute at all. The total value of their contributions is large, given their small number, but in fact tiny compared with all money donated by other groups, such as members of the Bundestag themselves. While there is a bias due to donations from the super-rich, who each donate much more than individual members of other groups, the total amount is still low. In the US case, the 827 identified super-rich family members contribute about one-third the amount the 4.8 million other individual contributors donate. Even when excluding the top outliers, Michael Bloomberg and Tom Steyer, who financed their own candidacies with – together – about 1 billion USD, it is still about one-fifth of all other donations. Therefore, a clear overrepresentation of super-rich money in comparison with all other individuals is visible in the United States.

With these figures in mind, I now turn to the more explanatory second research question: *What explains which of the three avenues of influence the super-rich and the corporate elite use?* The first set of hypotheses concerning this question suggests that firms controlled by super-rich families are more likely to take political action. Table 5 presents odds ratios estimated from logistic regressions. Three different variants of control were suggested above: Having a controlling share,

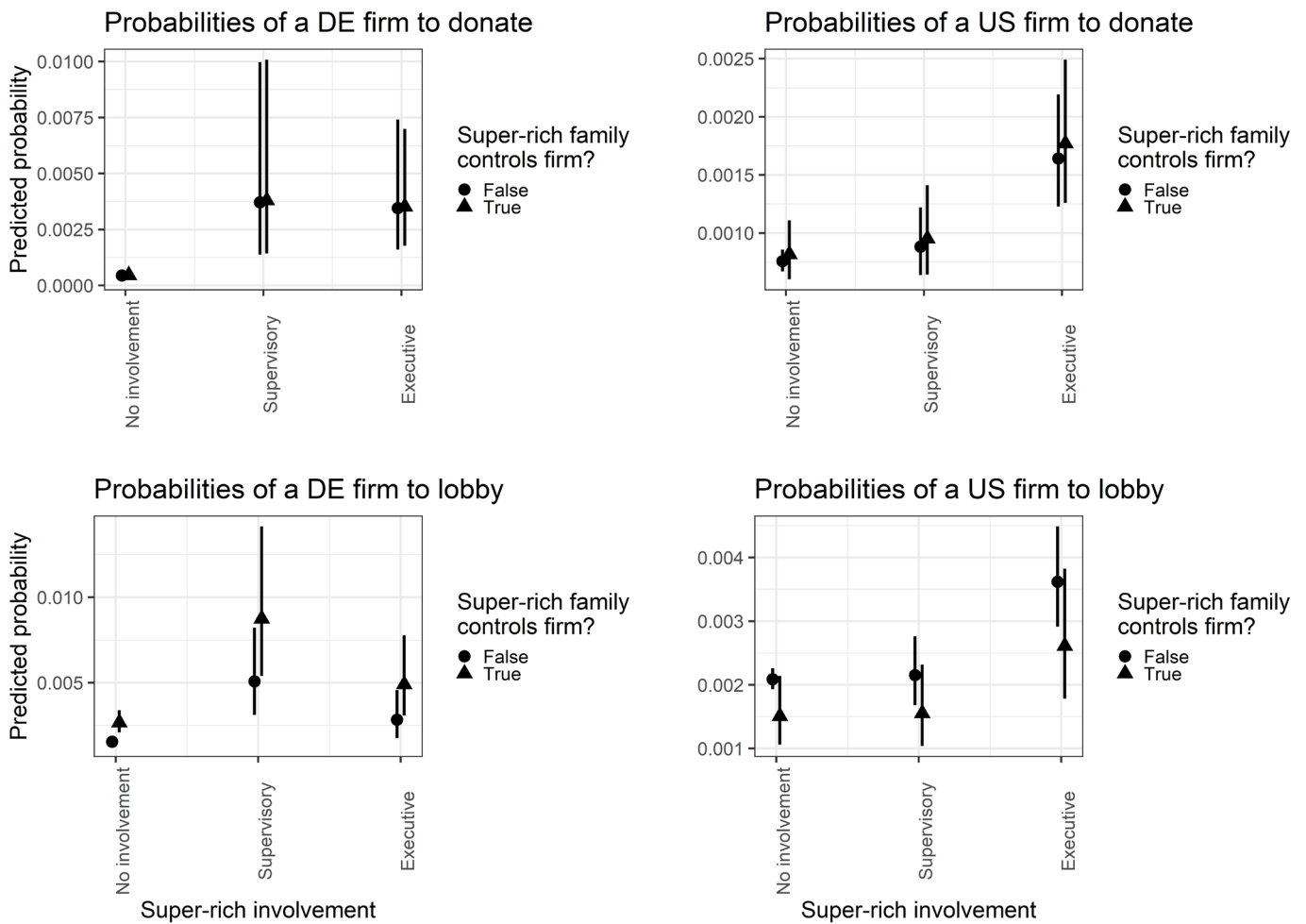
being a member of a supervisory board, or being in executive management of a firm. Neither in Germany nor in the United States are firms in which super-rich families have a controlling share more likely to make a party contribution or to set up a PAC. This part of the results speaks against hypothesis H1. However, when it comes to firm lobbying, firms in which super-rich families have a controlling share are 1.732 times more likely to lobby in Germany. This coefficient is highly significant at the 99.9% confidence level. US firms controlled by the super-rich in contrast do not have higher odds of lobbying. Hypothesis H1 therefore finds support for Germany, but not the United States. As regards management involvement, the story is different. If a member of a super-rich family is either in an executive or a supervisory position, the firm has significantly higher odds of making party contributions and lobbying in both countries. The only exception is lobbying in the United States when a super-rich member only sits on an advisory board. In more detail, the correlation seems to be much stronger for Germany than for the United States. Party contributions in Germany are more than seven times more likely if a super-rich family member is involved in any type of management role. The odds ratios are higher in all cases for Germany than the United States. In summary, therefore, H1 finds good support in both countries. However, it depends on the avenue of influence and there are relevant country differences as regards which avenues are affected by super-rich involvement.

Table 5. Odds ratios estimated from logistic regressions

	Germany		USA	
	Dependent variable		Dependent variable	
	Firm made party contribution?	Firm lobbied?	Firm has PAC?	Firm lobbied?
Log (Closeness to inner circle)	.772	.699	1.819***	1.597***
Firm made a party contribution?		21.075***		80.635***
Firm is controlled by super-rich family?	1.022	1.731***	1.079	.721
Controlling family made a party contribution?		.974		.935
Member of a super-rich family is on a supervisory board?	8.377***	3.301***	1.164	1.031
Member of a super-rich family is on executive board?	7.776***	1.841**	2.171***	1.735***
Constant	334.032**	0.000	326.631***	0.000***
Observations (Firms)	346,655	346,655	733,175	733,175

Notes: Standard errors were clustered at the corporate group level. Control variables are included as suggested by Bayesian Information Criterion (BIC). For full regression tables see Appendix 4a. *p<0.05; **p<0.01; ***p<0.001.

Figure 4: Predicted probabilities of different forms of super-rich involvement in a firm. The plot shows predicted probabilities of interactions between super-rich involvement in management and holding a controlling share of 20% or more



Hypothesis H2 suggested that the more direct control super-rich family members have over firm decisions, the more likely a firm is to take political action. To evaluate this hypothesis, Figure 4 plots predicted probabilities of taking firm political action for interactions between super-rich involvement in management, and the family holding a controlling share in the firm. While the relationships are less linear than expected, overall the results show that a firm has higher odds of taking political action when a super-rich family member is in management than simply holding a controlling share. In some cases, such as lobbying in Germany, it seems that being on the supervisory board increases the predicted probabilities by more than being an executive. But because the differences between the two forms of management are not significantly different, while those between being involved in management or not are, I conclude that the hypothesis finds some support: the more control the

super-rich have over a firm, the more likely it is to take political action.

The third set of hypotheses focuses on the corporate elite inner circle. Results show that in Germany, the inner circle as operationalized here does not play any relevant role for firm political action through the channels analyzed here. Firms in which they are involved are neither more likely to make a party contribution, nor more likely to lobby. Hypothesis H3 can therefore be rejected for the German case. This is also very much in line with the findings presented in Figure 3, that only one firm from the inner circle made a party contribution in Germany, and only six of those firms lobbied. For the United States, the results are very different: The closer the board of a firm is to the core of the US inner circle network, the higher the odds of having a PAC, as well as lobbying. This gives good support to hypothesis H3 in the United States.

The next set of results relates to individual party contributions by super-rich families and individuals. Table 6 presents odds ratios estimated from logistic regressions for the sample of super-rich families, and for the sample of matched super-rich individuals. For Germany, the independent variable of whether a family is in the inner circle does not show a statistically significant effect on whether a family member donated or whether an individual donated. H3c is therefore rejected for the German case, which provides further evidence against the relevance of an inner circle in Germany. In the United States, families in which at least one member is part of the inner circle show four times the odds of making a party contribution than members of other families. This correlation is not found at the individual level, however. There is therefore mixed evidence for hypothesis H3c in the United States.

Neither in the United States, nor in Germany, larger super-rich capitalist families are related to higher odds of a family making a party contribution. Controlling for individual level factors, however, the coefficient of family size is negative in the US. I conclude that H4a is therefore not supported in either country. In contrast, I do find evidence for the relevance of old versus new money when it comes to making party contributions in the US: if anything, individuals from old money families have lower odds to make a contribution. The size of a fortune does only increase the odds of making a party contribution in Germany at the family level. Higher estimated family net wealth increases the odds of a family contributing. When also controlling for individual factors, family wealth does not seem to explain much variation. The coefficient is also not significant in the United States. H5 must therefore be rejected here.

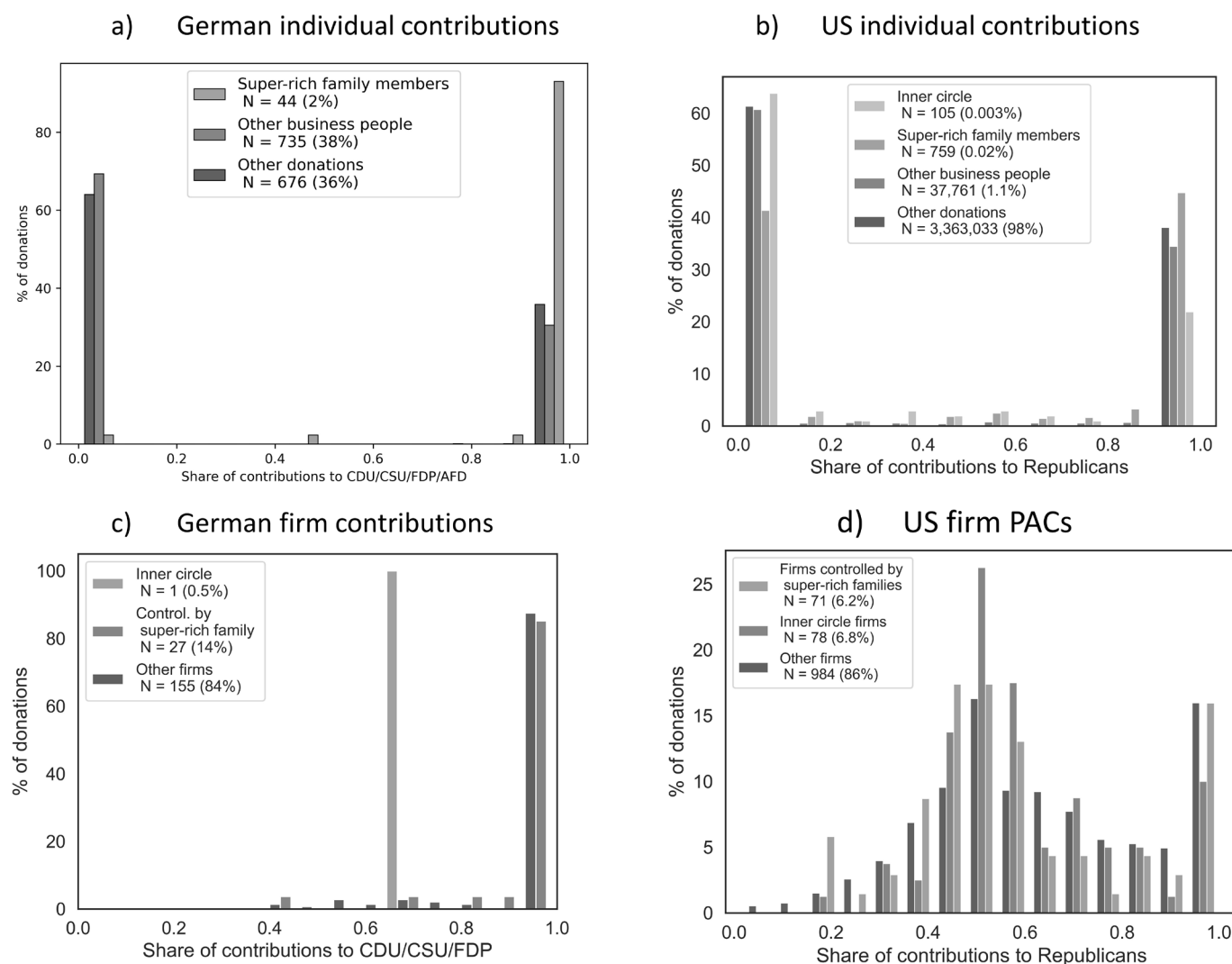
Table 6: Odds ratios estimated from logistic regressions based on the sample of individuals

	Dependent variable:			
	Made a party contribution?			
	Germany		USA	
	Family	Individual	Family	Individual
Family level				
Log (estimated family net wealth)	1.337*	.902	0.980	1.054
Log (number of family members)	1.121	.975	1.170	.837*
Family member is in the inner circle?	3.524	4.500	4.330*	2.174
Individual level				
Female (reference = Male)		.084*		.560**
Age		1.035		1.007
Involvement of individual (reference=Only shareholder)				
Supervisory board of non-owned firm		.575		2.580**
Executive of non-owned firm		0.000		3.616***
Supervisory board of owned firm		1.647		1.943**
Executive of owned firm		1.085		3.633***
Firm level				
Firm political action (reference=No firm took political action)				
Related firm lobbied	2.235	.656	6.470***	1.083
Related firm made party contribution	2.204	0.000	7.690***	1.783
Related firms lobbied and contributed	3.224	5.299**	11.080***	1.598**
Constant	.003***	.015***	.173***	.195***
Observations	1,277	3,464	1,980	1,795

When it comes to political strategies of the super-rich, one can see that, especially in the United States, a family is clearly more likely to donate if any of the firms they are involved in as controlling shareholders or managers has taken any firm political action. This is strong support for hypothesis H6c in the United States. For Germany, the effect is weaker because there is only a significant coefficient if any of their firms lobbied and made a party contribution at the individual level. Nevertheless, this shows that there is some relation between the different channels, and H6c also finds some support in the German case. In the reverse direction, however, the relationship does not seem to hold. Table 5 shows that the coefficient for a family having contributed to a party does not significantly increase the odds of a firm making a party contribution. H6b is therefore not supported in both countries.

How do the super-rich and the corporate elite lean ideologically? To evaluate polarization and the ideology of individual and firm party contributions, distributions of the share of donations going to conservative or liberal parties are commonly used in the literature (Bonica 2016; Heerwig 2018). Figure 5 presents the distribution of contributions according to the share donated to conservative or liberal parties in the United States and Germany. As a first impression, it seems that, except for US PAC contributions, all contributions seem very polarized, donating to either liberal or conservative parties only and not splitting between them. For the German case, the inner circle and its political contributions can be neglected. Only one firm with an inner circle member on the board could be matched to party contributions. The only result for the political action of the German inner circle therefore is that it overwhelmingly does not

Figure 5: Partisan giving by individuals and firms in Germany (left) and the United States (right)



pursue any of the analyzed avenues of influence to a relevant extent. For the German case therefore H7a and H8a are rejected. In the United States, the inner circle seems to be the most pragmatic group in terms of individual donations. While the overwhelming majority of more than 60 percent of the 146 identified inner circle members seems to be donating to Democrats only, several members of this group also split donations between the two parties. If anything, inner circle members are less conservative than other businesspeople who could be identified as donors. H7a must therefore be rejected.

The super-rich as individual donors are an overwhelmingly conservative group, judging by their party donations in the United States and Germany. In Germany, 40 of the 44 super-rich individuals who donated gave 100 percent of their donations to conservative parties⁹. In the United States, the super-rich are the only one among the differentiated groups within which a higher share (around 45 percent) gave 100 percent to Republicans than the share that gave 100 percent to Democrats (around 40 percent). Mean donations of these groups in both countries also clearly lean towards conservative parties. The super-rich seem more polarized between liberal and conservative in the United States than in Germany, where they clearly almost exclusively give to conservative parties. H7b is therefore supported for both countries, but more emphasized for Germany. However, it must not be forgotten that with 40 super-rich individuals only a fraction of the super-rich give anything at all in Germany, in contrast to 827 matched super-rich individuals in the United States. In both countries, donations by super-rich individuals also seem more conservative than their firms, which lends support to Hypothesis 6a. But surprisingly, the difference especially in Germany is smaller than some of the previous findings for the United States would suggest.

Firms in which members of the corporate elite are involved seem to behave more pragmatically than other firms. More than 25 percent of firms with inner circle involvement – the largest share – split their donations equally between Republicans and Democrats in the United States. While there is also a substantial share that donate to conservative parties,

9. The four others gave 95%, 88%, 46%, and 0% to conservative parties.

contributions from firms with inner circle involvement are on average more pragmatic than those of individuals in this group. H8a therefore finds support here. When it comes to firms in which the super-rich hold a controlling share, US PACs actually seem rather normally distributed, at 15 percent, but while an important share donated 100 percent to Republicans almost no super-rich controlled firm donated 100 percent to Democrats. While it is not easy to evaluate, overall, PAC contributions of super-rich firms can be regarded as less conservative than individual contributions because a lower share donated 50 percent or more to Democrats. The picture is similar

but more emphasized in Germany: Firms clearly donate mostly to conservative parties and only very few give less than 100 percent to them – although some do. All in all, this speaks against hypothesis H8b that super-rich controlled firms are politically pragmatic: They clearly give more support to conservative parties than to liberal ones.

6. Discussion

In summary, what do these results tell us about super-rich and corporate-elite direct political action in the United States and Germany? This section first gives brief answers to the three research questions, and then discusses alternative avenues of influence, as well as shortcomings, and paths for future research.

How relevant is the magnitude of super-rich and corporate elite money in the political process? The magnitude of super-rich and corporate elite money is moderate to low in both countries, but more significant in the United States than in Germany. The super-rich in Germany hardly make any individual party donations, and the overall amount is small in relation to all other donations. The inner circle does not make any party donations in this country at all. It can therefore hardly be said that any of these groups exert substantial influence through this channel in Germany. While the sum of firm party contributions and lobbying expenditures of firms influenced by these groups is more significant than individual donations, the total amount contributed or spent on lobbying by firms controlled by these groups is still much smaller than that of other firms. It does seem that the German super-rich are less hesitant to take political action through their

firms than in their individual names, but the overall amount is not disproportionately high. In the United States, the amount donated and spent on lobbying of firms controlled by the super-rich is quite low. This may well be due to the discussed country difference that shareholdings are more dispersed and there are fewer controlled firms in the United States. Firms in which the inner circle is involved play a much more significant role compared with super-rich controlled firms and compared with the inner circle in Germany. The corporate elite therefore is a significant group in the United States. However, the absolute amount is far outweighed by the political action of other firms. The most significant of all avenues of influence in the two countries is probably the individual contributions of the richest Americans. As about one-fifth of all contributions come from 827 super-rich individuals their weight is extraordinary. Taken together with the fact that individual party contributions are the most important source of financing for US parties, the biggest impact of all those analyzed here can be found in this channel in the United States.

What explains which of the three avenues of influence the super-rich and the corporate elite use? Both groups use all three avenues of influence as part of their political strategies. If a super-rich family member or a member of the inner circle is in executive management at a firm, this firm is much more likely to make a party contribution and to lobby, in both countries. This is possibly the most striking and clearest finding concerning this question. Weaker forms of control, such as holding a controlling share, show only weaker or insignificant correlations. The super-rich are therefore more likely to use their firms to influence the political process the more control they have over it. That is especially the case if they are involved in a firm's management. The corporate elite is very important in the United States, but negligible in Germany from this standpoint. Political inhibition and disengagement of a corporate elite in politics therefore seems to be even more prevalent in Germany than has been diagnosed for the United States in recent years (Mizruchi 2013). The fact that both groups use the three avenues as part of their political strategies is underlined by the fact that individual families are more likely to make a party contribution if their firms have also lobbied and made a party contribution. In the United States, there is some evidence that the in-

teraction of being super-rich and being in the inner circle increases the odds that a rich family will donate. Differences between the two groups and the two countries also underline that it is much more useful to think of the corporate elite and capitalist owners as two distinct groups who act differently, and not as one capitalist class. On top of that, there is variation within these groups in both countries, but there is much more significant variation in the United States because more individuals donate. Also in the United States, evidence at the family level suggests that old wealth is more likely to make party contributions.

How do the super-rich and the corporate elite lean ideologically?

The super-rich are an overwhelmingly conservative group in both countries; by comparison the corporate elite seems much more pragmatic. In Germany, almost all party donations made by the super-rich exclusively go to the conservative parties, the FDP and the CDU. The vast majority of super-rich controlled firms donate more to conservative parties than to liberal (in the US sense) parties. It must not be forgotten that we can only say something about a small share of the German super-rich. This group is likely to be most partisan. However, it seems clear that those of the super-rich who take direct political action in this way in Germany are a very conservative group. The inner circle does not take political action through these channels in Germany, and we can therefore not say anything about their ideology based on the analysis presented here. In the United States also, the super-rich clearly lean towards Republicans and therefore conservatism. While there is also a fraction that donates more to Democrats, indicating more polarization than in Germany, the tendency is nevertheless clear. The magnitude of individual contributions and their importance for party financing, together with the clear conservative tendency suggests that the super-rich are an important group pushing financially for the Republicans' political success. In contrast, the inner circle in the United States seems a lot more liberal in terms of their individual contributions, and far more pragmatic in giving equal shares to both parties, in terms of firm political action. The corporate elite therefore already seems somewhat to play the role of a balanced and responsible corporate elite, which some observers would like them to play more (Mizruchi 2013). One way to interpret this divergent behavior of the two groups in the United States

could also be that the super-rich constitute a class-in-itself, in the Marxist sense, that only realizes and acts individually in their own narrow interests. Hence conservative politics is more beneficial to them. The inner circle, on the other hand, is more connected, for example, through shared board memberships and therefore realizes a broader class interest through the mechanisms discussed above. This might make them more pragmatic and politically active, aiming towards reducing polarization and more sustainable and balanced business policies¹⁰. This points to interesting hypotheses for future research. One would be why and how the US inner circle forms a class for-itself while in Germany they seem to be completely absent politically from the channels analyzed.

The results presented here shed light on a few important questions about powerful individuals and groups with power in the economy. However, they also raise some interesting questions. Possibly most pressing is the question of how we can interpret the fact that the magnitude of super-rich and corporate elite money deployed in politics is moderate to low in both countries. While this question cannot be addressed based on the presented analysis, it is possible to speculate as a basis for future research. First of all, it is helpful to state that the super-rich and the corporate elite are groups made up of individuals who can be seen as personifications of capital. They represent large fractions of capital by ownership, by control or by both. Their material interests are intertwined with those of capital accumulation. Why would these groups not seek to influence politics directly?

I see two likely interpretations of the results presented here. The first is that the super-rich are politically inactive. This could again be for two reasons. First, because they do not feel responsible and are disconnected from the political elite, as argued by Mizruchi (2013) or framed as “stealth politics” (Kantola and Vesa 2022; Page et al. 2018). Second, they could also be inactive because they do not have to be active. We know from the literature and classic debates that sometimes “business” does not even need to take political action because it is structurally clear that their economic success is important for the economy of a country, and therefore also for politicians

10. Credit goes to Joshua Murray for pointing out this alternative explanation.

who want to be re-elected (Block 1977; Lindblom 1982). It might therefore be that politicians simply act in the interest of capital – and thereby the interest of the super-rich and corporate elite whose material interests are tied up with it – without capital taking direct action. This could also be the case at this point in history after capital won significant battles in the 1970s, as argued by Mizruchi (2013).

The second interpretation is that there might also be other institutionalized avenues through which coordination between politics and business takes place, or through which the super-rich can exert influence. Policy boards, for example, are a common and well-studied example of another avenue of influence that was not studied here (e.g. Comet 2019; Domhoff 2013; Luther-Davies et al. 2022). There will also be exclusive social clubs (Cousin and Chauvin 2014; Domhoff 1975), elite meetings such as the Bilderberg conference (Richardson, Kakabadse, and Kakabadse 2011), the World Economic Forum or other venues at which coordination takes place. Similarly, lawmakers interested in realizing the interests of individual firms or business groups may simply assimilate the opinions of interest groups (Pagliari and Young 2020; Yackee and Yackee 2006). A final example of a way business interests may simply be taken over into politics is the classic channel of ‘revolving doors’ between the corporate elite and politics, with former politicians using their contacts and social capital to lobby for business interests in exchange for high salaries (Carboni 2017; Lobbycontrol 2022b).

To assess the relevance of these channels, it is of course crucial to identify the relevant level at which agency takes place. Results presented here suggest that at least direct action by groups of the super-rich and the corporate elite does have some, albeit limited explanatory power for the influence of business. It might, however, be that business is simply organized in a different way. Another relevant perspective could be further differentiation between sectors, instead of individuals with economic power in general. Some of the literature that already does this focuses on the political action of business associations and think tanks. These may make substantial efforts to foster ideas favoring business in the public discourse, to enable politicians to act on behalf of it. For Germany, this was shown for example for the *Initiative Neue So-*

ziale Marktwirtschaft (Kinderman 2017). In the United States, there are also well known cases including the direct involvement of very conservative super-rich families (Leonard 2019; Skocpol and Hertel-Fernandez 2016). Finally, there can of course be more hidden channels through which the corporate elite and super-rich coordinate with politics or simply try to exert influence. These can likely only be discovered with more in-depth and qualitative methods. One anecdotal example is the hidden party contributions to the right-wing extremist AfD by German billionaire August von Finck, which was only uncovered by investigative journalists (Amann, Becker, and Röbel 2018). It becomes clear that there are numerous alternative avenues of influence. Although this would entail a lot of work, a systematic overview of all avenues, and importantly also a theoretical structuration of different levels and of which groups and actors are relevant at which levels is much needed in the literature.

Finally, some shortcomings of the present analysis need to be disclosed to evaluate the results presented here. First, the group of the super-rich analyzed is not the full population and there are multiple steps in the genesis of the database used at which attrition takes place. According to Credit Suisse (2021), the population of individuals with 100 million USD net financial wealth 2020 totaled roughly 4,000 individuals in Germany and 34,000 in the United States. Of this population, which is larger than the population with 250 million USD targeted here, 7,193 individuals (18 percent) were known from the original list and snowballed from ORBIS. While it is hard to state exact numbers, it is likely that especially for the United States, a relevant share of the super-rich are not known by name and could therefore not be analyzed. Also, in later stages of the data generation process, individuals and their firms could possibly not be matched in ORBIS or they are not included in the data. It could therefore be that the numbers presented are lower bounds and coefficients could be biased due to selection. In addition to selection and data issues, only three avenues of influence could be analyzed here. There will also be other channels of influence that matter and therefore results and conclusions concerning the power of the super-rich and the corporate elite refer only to these three avenues. As a final limitation to be discussed here, the inference of individual political attitudes from firm action might be problematic, as

raised by Burriss and Staples (2012:326), and defended by Murray (2017:1633). However, because I am using both individual and firm action and comparing the two, I think this objection needs to be kept in mind to evaluate the presented results, although it is not so pressing.

Lay wisdom tells us that the rich have more power than other citizens. It often remains unclear, however, how this larger influence is supposed to unfold and how it can be measured. At least when looking at direct political action taken by these groups, there is clearly some influence, but its magnitude does not seem sufficient to amount to a clear overrepresentation – or even oligarchy – of the super-rich, and the corporate elite. The single exception may be party contributions of the richest Americans. The fact that so many firms unrelated to these two groups spend so much more on political action also speaks against the idea that business acts in a coordinated way, or that many firms are free riders, but rather suggests that firms act independently and likely for their own specific interests. Explaining the power of business might therefore require looking deeper into the interrelations between politics and capital, those that do not require direct action by individuals with power in the economy.

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Abstract

This study inquires whether two groups of individuals with power in the economy directly translate it into political power in capitalist democracies: The corporate elite and super-rich capitalist families. It does so by analyzing three potential "avenues of influence": Lobbying or party donations through controlled firms, and individual party donations. Shareholders and managers of the largest 1,091,151 German and US firms (from the ORBIS database) are analyzed. First, 6,227 members of 1,854 US and German families with an estimated family net worth of at least 250 million USD or EUR are identified. Second, the national corporate elites are identified. Individual and firm data is then used to predict lobbying and party contribution in 2019-2021 with logistic regressions. Results suggest that direct political action on the part of the super-rich and the corporate elite is much more prevalent and more ideological in the United States than in Germany. If they engage at all, the super-rich tend to be a very conservative group who use all three avenues of influence complementarily. However, the magnitude of super-rich and elite money does not favor the idea of an "oligarchy" in either of the two countries, at least not through these direct and visible channels.

Appendix

Available online: <https://data.sciencespo.fr/dataset.xhtml?persistentId=doi:10.21410/7E4/HIVNAJ>

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