

# Beyond Elites: How Oligarchs Shape Politics Without Consent

A conversation with *Jeffrey A. Winters*

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**Are oligarchs an elite group like other elites, capable of shaping politics? If not, what sets them apart in terms of political influence? How did oligarchs emerge historically?**

All societies, including democracies, have some members who are far more powerful than others. There are two questions we should always ask about this phenomenon: how unequal is the distribution of power in society (meaning the scale or degree of inequality), and what is the basis of the power inequalities? Both of these things matter a lot.

As a first point, we should not be too worried about relatively minor imbalances of power. This is normal and probably healthy for society because not everyone is identical. But huge inequalities of power mean that a few people will be able to dominate everyone else. And history tells us that rarely do they do so for us rather than for themselves. They work hard to make sure they prosper, and it does not matter if everyone else has a much harder life. The injustice of this is obvious, and people have fought against it for thousands of years. It has always been a noble and honorable struggle.

The second thing that matters is the basis of power inequalities, and that brings us to the difference between oligarchs and elites. Many people who are super-powerful enjoy their position because others put them there, such as when voters elect officials to lead them or when union members choose their union leaders.

Figures like Gandhi or Martin Luther King were far more powerful than average citizens, and therefore must be understood to be elites (even if they don't want to be called this). But their power was based on the admiration of tens of millions of people. When elites are empowered by us to lead us and move us forward, it is a good thing. We give them the power to do so, and if they abuse that power and work for their own self-interest, we will replace them.

There is another type of elite who is super-powerful compared to ordinary citizens, but we did not put them there or they did not earn their status based on excellence in their field. A dictator is an elite, the head of a drug cartel is an elite, a warlord dominating a region is an elite. The differences between these types of elites are clear. But there are also murky categories of elites. For example, a demagogue in society or a fascist influencer on social media can generate a lot of support and be quite powerful. These people are elites also. Elites refer to a minority of people who are much more powerful than average citizens. There are many pathways to elite status.

But what about oligarchs? Why are they different and actually outside the category of "elites"? Oligarchs are a small group of people in society who are empowered by wealth—which is a material basis. It is the very different basis of their power that puts them in a special category. Depending on its form (with finance and money being the most versatile), wealth can be used in endless ways to shape a society's politics and direction. No one voted for these people to have this power. They did not get rich because masses of people admire them. And they do not have to respond to anyone but themselves. In fact, being as self-interested as possible is the fundamental logic for oligarchs. Increasing their wealth increases their power in a constant cycle.

An oligarch can become an elite. We see wealthy people around the world fund their own parties and campaigns and win positions like mayor, senator, president, or prime minister. When they gain office, they are both an elite and an oligarch. It can go in the other direction also. Someone can reach an elite position of great influence and then use that position to become super-rich. That's how some elites become oligarchs at the same time. But there are many elites who are not oligarchs and many oligarchs who are not elites.

The basis of being an oligarch is concentrated wealth, and this definition goes

back thousands of years to writers like Aristotle. In human history, there were no oligarchs before concentrated wealth appeared on a significant scale. The main goal of oligarchs is wealth defense. They want to protect their fortunes against any threats of redistribution. All oligarchs share this political goal, even when they disagree about other policies. The whole point of Aristotle's *The Politics* is to try to figure out if oligarchy and democracy can coexist, and how to do it.

**Do oligarchs always engage in politics? What motivates their political participation? Has this motivation changed over time?**

Not all oligarchs engage directly or visibly in politics. Some are quite passive and allow other oligarchs to spend their resources and time to defend society's wealth pyramid. A lot of the political influence of oligarchs is not visible. And historically, most oligarchs understand that high visibility can be risky. People never like being dominated and excluded. But their response is different when they think "the system" (an impersonal market, etc.) is holding them down rather than actual people in society. When oligarchs are openly and visibly dominating politics and society, they risk becoming a target of frustration. When an impersonal "system" oppresses you, it is overwhelming and hard to respond. There's no one to get angry at. But oppression by oligarchs is very different.

**Is the political influence of oligarchs inherently damaging to society? Under what circumstances does it become rampant? Under what conditions is it restrained?**

It is not easy to find any oligarchs in any country who have used their political influence to reduce the power of oligarchs. Sometimes they talk in vague terms about strengthening democracy and the rule of law. But if we start from the most fundamental and meaningful definition of democracy—which is power shared equally—oligarchs are not interested in this because it would mean the end of oligarchy itself. The kinds of democracy they support are all blended with oligarchic power. The people get to have a vote and freedom of expression, and oligarchs get to use their wealth power in politics and society with few limitations.

Democracies in the modern era are carefully designed to combine participation

power and wealth power in a delicate balance. We have seen in Latin America what happens when that balance is challenged and the people use democracy to threaten oligarchs. Democracy itself is usually the first casualty. Democracy is shut down until oligarchs feel safe again. And then “redemocratization” happens.

**Do political systems with strong property rights durably and beneficially appease oligarchs? What conditions enable such systems, and what factors might undermine them?**

Property rights are a fundamental pillar of oligarchic power. But we need to be clear about what we mean by this. The problem is not that individual citizens own their own little share of property in society—a house, a car, maybe a small shop or restaurant. Property in this sense does not give them, as individuals, great wealth power in addition to their political power of voting and voice. For oligarchs, we are talking about property on a scale so massive that it gives them extra political power others don’t have. The problem is not property. It is concentrated political power based on concentrated wealth. If that concentrated wealth power were used to increase equality in society, no one would complain. But it is used for the opposite goal.

**What poses the greatest threat to contemporary oligarchs in states with strong property rights? What strategies do they employ to neutralize these threats?**

It is quite common for democracies to try to redistribute wealth through things like progressive taxation. The idea is that those with much greater resources pay a much higher taxation rate, and those who are very poor pay almost zero. The large taxes paid by oligarchs are supposed to fund greater access to education, health care, housing, and so on. And the belief is that redistribution through taxes will reduce inequality—both in real time, when annual taxes are paid, and through high estate taxes at death, so oligarchs cannot pass on their fortunes and create endless dynasties.

This is not what happens in reality. Oligarchs are very focused on wealth defense, and even if democracies decide there should be progressive taxation, they

use their wealth power to defeat this democratic agenda. Unlike most citizens, they are able to hide their wealth and income. They move it into offshore secrecy jurisdictions. They hire very skilled professionals in what I have called the “Wealth Defense Industry” to evade paying taxes. I am referring to armies of lawyers, accountants, wealth management specialists, and lobbyists who influence democratic governments to create exceptions and loopholes in the laws. Oligarchs use their wealth power to hire these services. Indeed, this entire multi-billion-dollar global industry only exists to defend oligarchs and their money from democratic policies like progressive taxation. The industry has no other purpose.

Estimates are that between \$30 and \$40 trillion is held in the secretive offshore world where oligarchs do not pay taxes. Governments cannot tax or collect that which they cannot see. Of course, it is fair to ask: if governments around the world lose many hundreds of billions of dollars in tax revenues, why are these tiny and defenseless offshore tax havens able to exist? If powerful nations wanted to shut down these places, they would do so. But they do not. The very fact that they continue to exist is an expression of oligarchic power. There is no other logical explanation.

**Have there been historical cases where large private fortunes were abolished, ending oligarchy? If so, could these experiences serve as models for reducing or ending wealth stratification?**

For oligarchs to exist, there must be empowerment through concentrated wealth. There are many examples in history where concentrated wealth was absent, and oligarchs were absent as well.

**Can democratic processes alone resolve wealth stratification? What structural obstacles prevent success? Are there limits to what can be achieved?**

In confronting oligarchy, we must understand that oligarchic power is not stable or constant. It can fluctuate greatly, and there are moments when the power of oligarchs is greatly reduced. Oligarchs are most powerful during what I call “the politics of the ordinary.” This is everyday politics—day to day, year to year—

when the institutions of politics are operating in a stable way. Yes, there are ups and downs during these periods, but they are within a limited range of disturbance that is fairly easily managed by government leaders. Oligarchs have deeply infiltrated institutions of governance in all branches and often have close relationships with political leaders.

And then there is “the politics of crisis.” These are very deep ruptures that can be caused by many things—an economic collapse, major mobilizations in society, war, natural disasters, epidemics. These are moments of great oligarchic vulnerability. Their ordinary levers of power are disrupted, and political leaders facing crises are suddenly willing to consider policies and changes that would otherwise be unimaginable.

In democracies, you must have a dual strategy. You must fight against oligarchy during the politics of the ordinary. This means fighting each policy battle to limit oligarchic power in politics, increase taxes on oligarchs, close loopholes, and fight for programs that help the non-rich. But there must also be an active and deliberate process of preparation for much deeper changes that are only possible during crises. I am referring to major changes in institutions, representation, and confronting oligarchic power directly. These are all major changes that are unthinkable during ordinary times (and often laughed at as unrealistic), but which become possible during times of deep crisis.

The strategy is to prepare these ideas, debate them, refine them, and develop them into an advanced and mature form so that, when the opportunity comes (and it surely will), a full set of changes has been prepared for implementation. These changes should be smart, effective, and well-planned. They are not reckless.

When there is no preparation, the alternative is a “politics of the last minute,” and it is not effective against oligarchy. If this preparation is not done in advance, it will be too late when a major opening occurs and oligarchic power is temporarily weak. That weakness will not last long. When the crisis is over, oligarchs will regroup and reestablish their influence. Regrettably, what happens in most cases is that very little of this preparation is ever done, and the window of opportunity passes with minimal change, which is usually rolled back easily.

Democracies are fully capable of pursuing both of these strategies—work hard on incremental policies and reforms (these really matter), while also preparing

for much larger changes when the timing is right.

What has not worked well is when democracies have attempted major changes to tame oligarchy while oligarchs are at maximum power. This is very dangerous for democracy itself.