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Why is so much big business leaning left – and what will it mean for jobs and growth?

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One of the truly remarkable developments over the past half-century is the reversal and the relative flows of [electoral funding](#) going to parties of the right and parties of the left.

Fifty years ago, parties of the right had a colossal advantage tempered only by support of the left by unions. In the recent United States election, the Democrats outraised and outspent the Republicans almost to two to one. Open Secrets adds, “Even when excluding the money spent by billionaire presidential candidates [Michael](#)

[Bloomberg](#) and [Tom Steyer](#), Democratic candidates and groups have spent \$5.5 billion compared to Republicans' \$3.8 billion." But that is also remarkable in so far as two billionaire candidates were seeking to represent the Democrats, which is not only the leftist party but is far more to the left on a vast range of issues than it has ever been in the past.

The left-right dichotomy has seldom been watertight. Crossovers remain, for example, with free trade versus protection, but the right traditionally represented business large and small and the professions. These supporters were concerned to avoid large government, keep taxes — and hence spending — low (especially on welfare) and generally sought to avoid regulation. That said, the avoidance of regulation was always tempered with a welcoming of political favours. In medieval times, this meant guild protections, in later periods protection from competition of railroads, pipelines, ports and so on, as well as the more legitimate protection of copyright, patents, and other trade secrets.

But in general, rich men resisted government intervention -- especially nationalisation. Engels' support of Karl Marx was an anomaly. Indeed, until recently successful businessmen (there were no women) strove to buttress capitalism from their graves. The Fords, Rockefellers, Mellons, MacArthurs, Carnegies and others, like Australia's Myer family, established foundations that sought to promote free enterprise and make it more inclusive, while helping some of its casualties. All have been taken over by socialistically inclined management. There is no case of a foundation moving in the opposite direction.

Unlike in Europe, the two major US parties had only marginal differences on free enterprise until Obama personified an abrupt left-wing turn by the Democrats. This was welcomed by the oligopoly that controls the media: Facebook, Apple, Twitter, Google , Amazon (FATGA to [Niall Ferguson](#)) plus Microsoft, Netflix, YouTube, SnapChat, Stripe, Shopify and others. Those giants have not only refused to allow their communications networks to be used by Trump-aligned Republicans but also blocked the access of Parler, a rival service to Twitter with a conservative following. [Political leaders](#) including those on the left in Norway and Mexico have expressed horror that a group of private businesses can exercise such control over the political airwaves. Russia's opposition leader, Alexey Navalny, spoke for many in saying "Don't tell me he was banned for violating Twitter rules. I get death threats every day for many years, and Twitter doesn't ban anyone."

The social media giants have showed an almost total tolerance for [left wing violence](#) – even provided funding for some of it. [Jon Miltimore](#) traces its unbalanced approach back to the summer of 2016 with a ban on Milo Yiannopoulos, who had got into an argument with comedian Leslie Jones who claimed (which he denied) he was being racist and sexist in criticising a movie series in which she was involved. Alex Jones a "far right conspiracy theorist" was banned by Twitter and Facebook two years later and from then we progressed to Twitter's warnings regarding the truth of President Trump's political claims, to making it difficult to retweet those claims and finally deplatforming him and 70,000 other users.

Though the world's richest man, [Elon Musk](#), has expressed opposition to the social media platforms, Microsoft, Google, Apple, Facebook, Amazon, Twitter and Netflix have a market value of \$7,100

billion. Today, they occupy first, third, fourth and fifth places in the market cap league table. The Koch Brothers (one of whom has died) are the political left's bêtes noirs due to their support of Republican candidates. But they are not among the top 10 wealthy US families and declined to support President Trump in 2016. Their net worth may be about \$100 billion.

So, what accounts for business shifting its political support to the left, a transformation that has actually – at least in the US – taken place when the moderate left has all but disappeared?

The traditional rationale for businesses in promoting policies, general and particular, has been the pursuit of profit which motivates all decisions of firms in competitive environments. How have profitable opportunities changed in ways that might explain business's political re-alignment?

The rise of governmental share of GDP to 40 per cent and more, coupled with an incessant increase in regulation, gives all businesses stronger incentives to offer support and seek favours from government. But it is not clear why a leftist government offers better prospects – and in the case of Trump, media organisations gained considerable revenues from his prominence. Trump also, in the face of Democrat opposition, eradicated many regulations, some irksome, and reduced corporate taxation as well as taxes on high income earners. (The saving is identified in tax returns and one affluent Californian acquaintance had great pleasure in diverting his own savings to anti-Trump political causes!)

Trump's somewhat xenophobic protectionism had its detractors among many free market economists (including me) and among

libertarians but these policies were common ground with the Democrats.

While Black Lives Matter and other insurgencies were important in polarising views, Trump's credentials on race are impeccable – more so than Biden's. Similarly, many concocted a spurious anti-female agenda for Trump when some vintage “pussy grabbing” remarks were unearthed.

Some corporations took issue with Trump's hostility towards immigration (a matter behind the Koch Brothers refusal to support Trump). But this, as an economics issue is hardly likely to have been crucial, especially since the all-important high-tech firms could readily circumvent it for their own specialist employees. Similarly, the Democrats' promotion of a high minimum wage could surely not be a policy of preference for business organisations – and the tech and sporting goods firms are certain not to apply it voluntarily to their Asian manufacturing plants!

The environment is a key policy area that distinguishes Trump from the Democrats, especially national parks, treatment of chemicals and the all-important fabricated climate change crisis. There are major economic interests involved in this issue – the renewable agenda that is the corollary of climate change is dependent on government regulations and subsidies which Trump, as revealed in his leaving the Paris Accord, was intent on eradicating. But every such subsidy that benefits some business is at the expense of users and the most vociferous opponents of overturning the Obama position on climate change were the high-tech businesses that (excluding Elon Musk) have much to lose from the resultant higher power prices.

Assuredly, much of the business courting of the left is down to “wokegeld”. Firms are vulnerable to attacks from consumers and shareholder activist groups which can depress sales, reduce share prices and make recruitment more difficult. As a result, PR, grants to fashionable causes and shareholder relations have become elevated in importance and take much of CEOs’ time.

But there is something far deeper at play. The most valuable American firms are in the technology and communications sectors and, as [Niall Ferguson](#) writes, the network platforms long ago abandoned any pretence of being neutral. Even before Charlottesville, their senior executives and many of their employees had made it clear that they were appalled by Trump’s election victory. When the *New York Post* broke the story of Biden’s son Hunter’s dubious business dealings in China, Twitter and Facebook immediately prevented users from posting links to the article — something they had never done with stories damaging to Trump.

The policy preferences of major firms and their employees cannot be attributed to their economic interests in the way that regulatory measures have often been assessed. The people, senior and junior, in the semi-collectives that comprise the major tech companies and the thousands of companies that play important roles as subcontractors see themselves as something akin to previous revolutionaries’ self-depiction as the vanguard who would form the righteous dictatorship canalizing the unconscious and sometimes not fully formed wishes of the common people.

The phenomenal success in this cohort’s rise to dominance in business (Apple, Amazon, Facebook and Twitter were relatively small 20 years ago) has led their leadership and other employees to

claim the “master of the universe” title. And they are now exercising greater power than any politician outside of totalitarian states has ever controlled.

Having overturned the Trump Presidency, they are seeking to prevent such raw anti-establishment power ever arising again. With the Biden Presidency they have reached first base. But that victory carries the seeds of their ultimate defeat. The horror at what has occurred among politicians globally will bring about countermoves.

Such moves will be accelerated in the US with an economy undermined by a Biden Administration that is unencumbered by moderate voices or a Republican Senate. Biden has already signalled an increase in the top income tax rate from 37 per cent to 39.6 per cent and the corporate tax rate from 21 per cent to 28 per cent. He plans to increase the \$7.25 an hour minimum wage to \$15. Such measures and his opposition to fracking and introduction of more subsidies to renewables will, after a rebound from COVID 19, bring an economic downturn and bringing a loss of the Democrat Senate and House of Representatives majorities in 2022 and measures to curtail the power of the tech oligarchy. In the interim, considerable turmoil is certain.