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## Why is Elon Musk starting the America Party? What social science tells us about why billionaires run for office



*Following a well-publicized split with President Trump, tech billionaire Elon Musk has announced that he is launching a new political party. Nikhil Kalyanpur writes that there is nothing new about businesspeople going into politics: elected office can increase their businesses' value and profits. What is new is that billionaires like Musk are now more likely to enter politics in autocratic settings, which America is increasingly resembling.*

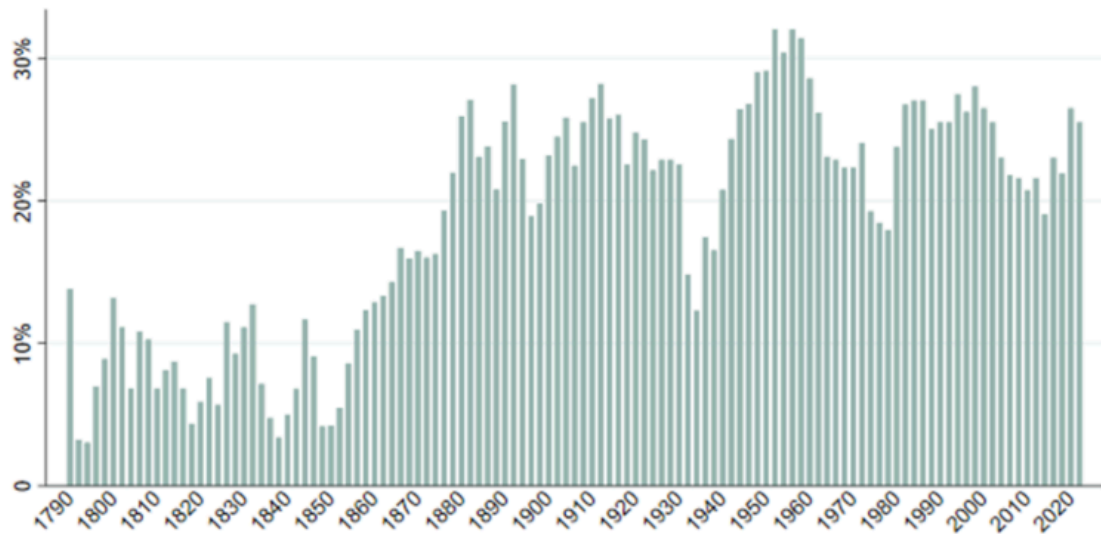
It was only a matter of time. Shut out of the political process. Openly fighting with the President. Elon Musk is **launching the America Party**: the richest man in the world nominally fighting for the little guy(/bro).

On the surface, this is could be the most credible recent outside challenge to America's two-party stranglehold. Musk's got what matters most in modern politics: a hyper-recognizable personal brand and comfortably more money than either party. Plus, he's the Lord of the Memes of Production.

But this isn't the break from political tradition it appears to be. Businesspeople have been entering electoral politics at a growing rate—not just as donors, but as candidates. We're in what might be called America's third wave of business-politicians. I explore that rise in more detail in this **longer breakdown** at the home of **Price of Power**, but here are the key insights to understand Elon's new attempted power grab.

## How prevalent are business-politicians?

As Figure 1 shows, nearly **30 percent of the US Senate** now comes from business backgrounds.



Source: *Keena and Knight-Finley (2025)*

Roughly **32 percent** of US mayors have similar experience. In **Russia**, businesspeople ran in 35 percent of mayoral elections between 2007 and 2016—and won nearly a quarter.

But Musk isn't just a businessperson. He's a billionaire. And billionaires are in a league of their own when it comes to politics.

**11.7 percent of billionaires globally have run for or held formal office.** When you add informal roles—think affiliated but unofficial advisors a la DOGE—that number climbs above 15 percent. And they're not just running; they're winning. Only eight out of 242 billionaire candidates lost. Interestingly, six of those eight were American. But the aggregate numbers don't tell the full story – billionaires are far more likely to directly enter politics in autocratic settings, which America is increasingly resembling.

## Why would the richest people on earth enter one of the least efficient professions?

The answer, across contexts, is protection and profit.

In China, Yue Hou of Hong Kong University of Science and Technology **documents** that gaining office can act as an insurance policy. Legislator status sends a signal to overzealous regulators or commercial rivals: I'm connected. In Russia, **businesspeople are more likely to run in regions with weaker institutions**—where oversight is light and corruption harder to track.



*“Elon Musk” (CC BY-SA 2.0) by Gage Skidmore*

We know political parties see business leaders as useful funders but that extends beyond donations. For example, in Zambia, being a business owner increases the likelihood of **party recruitment by 56 percent**. It’s not philanthropy or ideology—it’s mutual gain.

Once they run, they often self-finance. **24 percent of US business candidates for federal office put at least \$1 million of their own money into their campaigns**. That’s compared to just four percent of non-business candidates. We also know that these individuals can out fundraise conventional politicians particularly in early parts of their campaigns, which political science sees as one of the keys to electoral success. It helps to have a rolodex of CEO friends.

And their firms get involved too. Companies associated with business-candidates spend **six times more** supporting them than they do for typical politicians.

## Electoral office is profitable even for an already wealthy businessperson

In the US, the average stock bump for a company tied to a newly elected business-candidate is 1.4 percent—**roughly \$200 million in value**. Peer firms in the same sector see gains too, as markets bet on favorable regulation. In Russia, business-connected firms that win office **grow revenues by 60 percent and profit margins by 15 percent**. They also become 40 percent more likely to win state contracts.

The logic is clear: for business elites, politics isn’t a new game—it’s a continuation of the same game. Elected office can be part of the toolkit to increase your business value.

There’s one major caveat to this playbook: it often doesn’t end well. For every tycoon-president, there’s an oligarch who overreached. Elon just needs to pray that he doesn’t turn into the **next example of a billionaire taken down** by a leader with autocratic ambitions. The markets seem to think so – **Tesla’s stock price dropped** after Elon announced his new ambitions.

Musk launching a party isn't surprising. It's statistically predictable. The question is whether voters recognize the underlying incentives.

- *This blog post is based on an [article](#) at Nikhil Kalyanpur's Substack, [The Price of Power](#).*
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