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Lobbying and Business Power in Corporate Governance Politics

Corporate governance offers an instructive case study on how business groups use lobbying to achieve political goals. The success of business lobbying in corporate governance is largely a function of political salience. When the public is unconcerned with an issue, the deference of politicians to business raises the effectiveness of managerial lobbying and tilts the playing field against other interests. Using expert opinions often expressed in informal policymaking arenas, managerial elites are able to reach their preferred outcomes more easily. When the public cares enduringly about an issue, however, business groups must attract other allies to win policy fights. This is not to say that organized business always loses under high salience. Sometimes it does not, particularly when the structural power of capital comes into play. Yet political salience is one factor that limits the ability of business lobbying to confer a systematic political advantage over these other interest groups.

Corporate governance, long neglected by scholars of political economy as falling under the disciplinary purview of lawyers or historians, has enjoyed a renaissance in recent years. This is long overdue. How shareholders control managers, and the extent to which companies themselves can be treated as commodities – that is, whether they can be bought and sold like pork belly futures – are questions on which the political organization of capitalism depends. The firm is a primary locus of many of the battles that structure capitalist politics: how dependent employees are on the labor market, what their collective organizational rights are, and the extent to which welfare-distributional deals can be struck between different classes of workers. The rules under which these firms themselves can be traded freely have broad political implications.

Yet if scholars largely agree that corporate governance is a central institutional

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feature of modern capitalism, they disagree substantially over how to understand its politics. On the one hand, first generation scholarship on the politics of corporate governance emphasized that these institutions were intertwined with the larger political battles in society, which were fought in legislatures by political parties and interest groups. In this perspective, represented in different variants by the work of Peter Gourevitch and James Shinn,[1] on the one hand, and Mark Roe,[2] on the other, the politics of corporate governance was more or less like any other highly contested political issue: interest groups and political parties made laws to favor their preferred institutional arrangements, and the institutions that endured reflected the underlying power balance in those societies. When reforms were passed, this could only mean that a new democratic balance had been reached in society, with political parties being central actors in the passage of formal political changes to corporate governance regulation.[3]

More recent scholarship has tended to put less emphasis on the *democratic* character of corporate governance regulation in the capitalist democracies, and more emphasis instead on the *capitalist* character of the politics of corporate governance. Much of my own research has been in this vein, emphasizing that the rules of corporate governance are often the product of dominant groups of managers and owners, who dictate the major outcomes in corporate governance, without respect to what the rest of society wants.[4] Informal institutions confer significant power on institutional incumbents to protect their preferred arrangements, without recourse to a vote in parliament or a regulatory decision.[5] Under most conditions, these dominant managers and owners do not need interest group allies to win. How could such an electorally minute group have such an important role in a capitalist democracy? Voting publics are indeed extremely important, because what they care about determines what political parties care about. Yet much of the policy-specific literature in political science acts as though voters care about every issue, and as a result that parties do too. This assumption badly misunderstands the dynamics of policymaking in the capitalist democracies. When voters care,

1 Peter A. Gourevitch, James Shinn, Political Power and Corporate Control. The New Global Politics of Corporate Governance, Princeton (NJ) 2005.

2 Mark J. Roe, Political Determinants of Corporate Governance. Political Context, Corporate Impact, New York 2003.

3 John W. Cioffi, Martin Höpner, The Political Paradox of Finance Capitalism. Interests, Preferences, and Center-Left Party Politics in Corporate Governance Reform, in: Politics & Society 34/4 (2006), p. 463–502; Pablo M. Pinto, Stephen Weymouth, Peter Gourevitch, The Politics of Stock Market Development, in: Review of International Political Economy 17/2 (2010), p. 378–409.

4 Pepper D. Culpepper, Institutional Change in Contemporary Capitalism. Coordinated Financial Systems since 1990, in: World Politics 57/2 (2005), p. 173–199; Pepper D. Culpepper, Quiet Politics and Business Power. Corporate Control in Europe and Japan, New York 2011.

5 Pepper D. Culpepper, Eppure, non si muove. Legal Change, Institutional Stability, and Italian Corporate Governance, in: West European Politics 30/4 (2007), p. 784–802.

parties respond, and we are indeed in the world of policymaking depicted by Roe, Cioffi, and Höpner. But the broad public does not care much about many of the issues involved in corporate governance, to which scholars attribute decisive force in shaping the institutional variations in modern capitalism. I argue that variations in political salience are often decisive in the politics of corporate control. Only when the public cares and holds politicians to account are we in a world in which the median voter plays a potentially important role.

When we are not in that world – as we usually are not in the area of corporate governance – business influence is far more likely to be the dynamic of interest. However, the coalitional world portrayed by Gourevitch and Shinn suggests that this world is indeterminate, depending on the cross-class coalitions that emerge. I argue instead that the interests of organized managers are far more likely to prevail in this context than are those of institutional investors, who have defined interests but lack the ear of politicians, or of unions, who have no sharply defined interests with respect to corporate control, and who in many countries of southern Europe no longer even have the ears of politicians.[6]

To understand the power of business lobbying in corporate governance, we need to understand the variable of political salience. When the public is relatively unconcerned with an issue, this allows the characteristic deference of politicians to business expertise to triumph. By acting through what I call quiet politics – presenting expert opinions in informal policymaking arenas – managerial elites are able to impose their preferred outcomes against even the most dogged opposition combining other interest group and political party elites.[7]

When, in contrast, the public cares enduringly about an issue, democracy reasserts a measure of its supremacy over capitalism. This is not to say that organized business always loses under high salience – sometimes it does not, particularly when the structural power of capital comes into play.[8] However, in terms of lobbying, which the literature on business power classifies as instrumental (as opposed to structural) power, the rise in salience transforms organized managers into an interest group like any other: they have to attract the support of political parties not merely by deference to their expertise, but with an eye to how the public views a given political issue. Thus, the *volume* of politics results in a fundamentally different context for lobbying influence. Quiet politics, where managerial expertise and political deference to it are dominant, is the domain of high instrumental business

6 Pepper D. Culpepper, Aidan Regan, Why Don't Governments Need Trade Unions Anymore? The Death of Social Pacts in Ireland and Italy, in: Socio-Economic Review 12/4 (2014), p. 723–745.

7 These claims about quiet politics are elaborated at much greater length in Culpepper, Quiet Politics (see note 4), on which the analysis of this article draws.

8 Pepper D. Culpepper, Raphael Reinke, Structural Power and Bank Bailouts in the United Kingdom and the United States, in: Politics & Society 42/4 (2014), p. 427–454.

power. It is only when the public dials the noise level up by caring about an issue that the character of its resolution depends on the distribution of preferences in the wider polity.

Salience, Politics, and the Governance Space

Corporate governance comprises the rules governing the distribution of control over companies listed on the stock market – how owners control managers, and the power that different sorts of stakeholders can exercise within the firm. Among different aspects of corporate governance, scholars of comparative political economy focus in particular on the market for corporate control.[9] The market for corporate control refers to the way in which the effective power over companies – that is, the ability to replace a senior management team – changes hands. Who has strong interest in the structure of systems of corporate control? Senior managers do, because how easily a company can be taken over is a good indicator of how easy it is to replace that company's senior managers. Large shareholders, known as blockholders, own enough shares in the company that they have good reason to ensure that management does not stray too far from their preferred strategy. In this, blockholders are very different from minority shareholders, whose investment in a company is not generally of such a material size that it makes economic sense for them to pay close attention to the rules of corporate control. This is not true for minority shareholders collectively, of course, but they face the typical problems of collective action in coordinating their actions.[10] Institutional minority shareholders, such as mutual funds, *do* care about the rules of corporate control, and they often oppose the political positions taken by managers. Unlike these groups with a clear stake in corporate governance outcomes, most of the public does not have a clearly articulated preference with respect to corporate governance outcomes. As a result, hostile takeover regimes are generally of low political salience: that is, they are an issue that the voting public considers of low importance in comparison with other political issues about which preferences are more clearly defined. Scholars of corporate governance get terribly worked up about differences between various sorts of mechanisms by which managers can protect their firms from takeover, but scholars of corporate governance are an even smaller group than senior managers. It is a rare event when such issues come to acquire high political salience among a large part of the general public. It is this characteristic

9 Peter A. Hall, David Soskice (ed.), Varieties of Capitalism. The Institutional Foundations of Comparative Advantage, New York 2001; Bruno Amable, The Diversity of Modern Capitalism, New York 2003; Gourevitch/Shinn (see note 1).

10 Mancur Olson, The Logic of Collective Action. Public Goods and the Theory of Groups, Cambridge 1965.

of structurally low political salience that is most fundamental to understanding the dynamics of lobbying and the politics of corporate governance reform.

This claim of characteristically low political salience for corporate governance immediately raises a question about why any political party would invest substantially in developing a position on the politics of corporate governance. And I argue that they do not. Political parties sometimes develop policies about corporate control, and these ideas sometimes influence actual reform programs. Political parties, however, care about winning elections. When an issue is of little interest to most voters, the press has little incentive to cover it and ambitious politicians gain little by acquiring expertise and staking out a position on it. This creates an ideal political terrain for interest groups with a concentrated interest in the outcomes of the political process.[11] Managerial lobbies have a great advantage in such issue areas, because managers run companies; companies employ people; and keeping companies employing people is the best way for a political party to get itself reelected.[12] What this creates is a tendency for politicians to defer to managerial groups when that deference has no political cost.

Yet managerial groups lose political arguments all the time. Why? In short, business interests lose political battles when the general public pays attention to them. When the public pivots its attention to issues, then political parties start taking account of the opinion of the median voter and stop heeding powerful interest groups, at least on these particular issues.[13] There are some issues to which voters will almost always be attentive – taxes, pensions, et cetera – and these are issues on which politicians develop their own sources of expertise. Thus when a business lobby says that raising marginal tax rates will cost jobs, the politician has her own source of research to check whether or not this is true. However, developing expertise is costly. Politicians will only invest in the development of expertise when they expect a return from this investment. In issue areas that are characteristically of low salience with the general public, therefore, managerial groups are likely to have the best information at the bargaining table. And this informational advantage is a powerful resource in the hands of business lobbies.

Beyond questions of high and low salience, the relative power of business lobbies is also determined by the forum in which rules are decided. Shaping legislation in parliament is an excellent way to exercise influence, so long as other interest groups are insufficiently resourceful to countervail your power over law-making. But in the formal arena of parliament, a set of rules and veto points often provides for close

11 Ibid.

12 Charles E. Lindblom, Politics and Markets. The World's Political-Economic Systems, New York 1977.

13 Elmer E. Schattschneider, The Semisovereign People. A Realist's View of Democracy in America, New York 1960.

Table 1: *The Governance Space*

Salience	Informal Rules Primary	Formal Rules Primary
High	Social partner bargaining	Partisan contestation
Low	Private interest governance	Bureaucratic network negotiation

Source: Culpepper (2011), p. 181.

scrutiny of the attempts of business lobbyists to get every amendment they want. Managers can exercise influence relatively more easily if politicians and regulators set-up informal bodies for them to develop policy. For example, the Conservative Government established the British Cadbury Committee in 1990, with a mandate to elucidate best practices in corporate governance. By 2001, such codes had been drawn up in almost every member country of the European Union.[14] Following the structure of the Cadbury Committee, such informal codes were developed in private, "expert committees", where managerial interests were heavily represented. Obviously, such working groups are more likely to produce recommendations close to the ideal point of organized managers than is a legislative committee. The existence of such private committees allows business to forum-shop: when a legislature looks unfavorable for passing a law that does what business want (or looks set to pass a law managerial interests oppose), the best strategy is often to lobby for a decision to let a committee of wise people think over the matter. In economic affairs, business is almost always very well represented in such bodies. Thus, as I have argued in previous work, the role of overt business influence in politics can best be represented with respect to two dimensions: political salience and institutional formality. These two dimensions are represented graphically in what I call the governance space, shown here in table 1.

The governance space allows for a better understanding of how the political power of business organizations rises and falls. To illustrate these dynamics, I show how use of the governance space illuminates evolution in the politics of corporate governance in two different countries and issue areas: executive pay regulation in the UK and hostile takeover regulation in Japan.

14 Susanne Lütz, Dagmar Eberle, Dorothee Lauter, Varieties of Private Self-Regulation in European Capitalism. Corporate Governance Codes in the United Kingdom and Germany, in: Socio-Economic Review 9/2 (2011), p. 315–338.

Table 2: *The Governance Space of British Executive Pay Regulation*

Salience	Informal Rules Primary	Formal Rules Primary
High	1995–2001 Employers fighting to keep informal, vs. institutional investors	2002–present Legal regulation debated in parliament
Low	–1994 Pay-setting a private matter	

Executive Pay in the UK

Executive compensation is one of the few policy areas within corporate governance that has become salient with the voting public across many advanced industrial countries. Britain was the first country to adopt the regulatory measure known as "say on pay", which requires that companies put the compensation of the chief executives to a non-binding shareholder vote. The adoption of this rule, in 2002, was the culmination of a movement that began in the UK in 1995, when the area was governed entirely informally and when it did not enjoy high political salience with the public. The passage of say on pay was a defeat for the major British business organizations, both on the immediate issue and because it created a precedent for the possibility of more restrictive legislation later. In what follows I briefly discuss how the power resources of relevant actors changed vis-à-vis business as the issue migrated through three different quadrants of the governance space (table 2).[15]

Prior to 1994, executive pay was a subject that did not attract much public scrutiny, and it was a product of private rule-setting by individual firms. In 1995, the large pay package of the CEO of a formerly public utility drew public attention to the issue in a widespread way. It was at this point that "fat cat" became a trope in British newspapers. The transformation of the issue of the issue to one of high salience immediately drew the attention of political parties. The ruling Conservative government pushed organized employers to devise a more rigorous code of self-governance, while the opposition Labour Party used the issue as a club to pound the Conservatives as the toadies of business.

15 The following paragraphs draw on information from Pepper D. Culpepper, The Politics of Executive Pay in the United Kingdom and the United States, Manuscript, European University Institute, Florence 2013.

The principal social partners of organized employers in this area of informal governance were not unions, but institutional investors, who have a strong interest in aligning chief executive pay with performance.[16] Together with employers, they were the key actors in agreeing not to regulate executive pay-setting in 1995 and following years, preferring to maintain informal governance arrangements. The two major institutional investor groups – the National Association of Pensions Funds (NAPF) and the Association of British Insurers (ABI) – eventually changed their position in the late-1990s, after the election of a Labour government under Tony Blair and after the dissatisfaction of the NAPF and the ABI with the results of continued self-governance of executive pay. Yet the left in government had dropped the issue of executive pay once it was elected, because the immediate salience of the issue had declined. At the end of the 1990s, the policy area drifted back toward the low salience/informal rulemaking quadrant.

It was only the eruption of new pay scandal – this time after the CEO of Marconi earned a handsome pay package despite the poor performance of his company – that allowed the issue of executive pay regulation to force its way back onto the political agenda in 2001, pushed especially by the active lobbying of the NAPF and ABI, linking governance reform to the failures observed in the Marconi pay scandal.[17] The Labour government then reversed its position, adopting a "say on pay" measure effective as of 2002. Thus did the UK become the international leader in executive pay regulation – a measure passed by the left, but only under the pressure of high salience and the lobbying of interest groups that had formerly allied with organized business against public regulation.

Analyzing this case of institutional change using the governance space highlights an important background assumption: if no voters are paying attention to an issue of great concern to business leaders, then business leaders will almost always get their way in capitalist democracies. Rising salience is not a sufficient condition to lead to institutional change, however, as the agreement of a government of the right and of large institutional investors succeeded in limiting the effect of public outrage on legislative output in 1995. But the fact of salience change shifted the battle into a space in which business had to work with institutional investors, at least temporarily. A simple partisan change in government in 1997 was not enough to effect institutional change in this area, given the deference of the Labour government to business as salience of the issue declined. It required interest group action and government electoral concern together to move the issue into one that is governed by formal rules.

16 Gourevitch/Shinn (see note 1)

17 Press coverage of the issue in the *Guardian* nearly doubled in 2001/02, compared with coverage of the issue in the two previous years.

Table 3: *The Governance Space of Japanese Hostile Takeover Regulation*

Salience	Informal Rules Primary	Formal Rules Primary
High		2005–2006 Court Supremacy, based on CVSG Report
Low	–2003 Takeovers tacitly regulated via stable shareholding	2004 METI asserts control through Corporate Value Study Group (CVSG)

Japanese Hostile Takeover Regulation

Managers of large companies generally dominate the making of rules governing hostile takeovers, because these rules rarely acquire high public salience. In my study of this policy area in France, Germany, Japan, and the Netherlands, I found that hostile takeovers rules only acquired durable salience in Japan in 2005 and 2006.[18] During this time, a new set of rules was devised to replace the old system of stable- and cross-shareholding, in which banks and companies held enough shares to protect each other from hostile takeover. Yet, unlike in Britain, the story of governance space movement in Japan is not one of business defeat. Instead, it is one of bureaucratic intervention – in favor of organized managers – in what turned out to be a critical juncture for the development of new rules of the game for takeovers in Japan. The governance space usefully allows us to examine the dynamics of this institutional change (table 3).[19]

Prior to 2004, there were no hostile takeover attempts of large Japanese companies, even though the stable shareholdings that provided a buffer against such attacks had unwound in a largely uncoordinated response to other regulatory changes in Japan starting in the late 1990s. Managers of most large companies only became aware of their vulnerability after the mid-2004 takeover battle between the large financial groups UFJ, Mitsubishi, and Sumitomo.[20] The use of novel legal techniques to conduct this battle raised the concern of the major business association, the Keidanren, which for the first time publicly expressed concerns about the

18 Culpepper, Quiet Politics (see note 4).

19 The following paragraphs draw from Culpepper, Quiet Politics (see note 4).

20 Curtis J. Milhaupt, In the Shadow of Delaware? The Rise of Hostile Takeovers in Japan (Columbia Law and Economics Working Paper 278), New York 2005.

takeover market in late 2004, while the issue was still one of low public salience in Japan. Yet the political game had begun to shift from the lower left to the lower right quadrant of the governance space already in the spring of 2004, before the UFJ/Sumitomo case and the switch in position of the Keidanren. An entrepreneurial bureaucrat from the Ministry of Trade, Economy, and Industry (METI) had identified the absence of a set of rules to govern hostile takeovers in Japan as an opportunity for his ministry to seize the leading role in an emerging area.[21] To devise such rules, he established the Corporate Value Study Group (CVSG). Because this was an area not governed by formal rules, he was free to constitute the committee however he liked. Its membership included representatives of non-financial firms, mergers and acquisitions lawyers and investment bankers, and legal experts, but no representatives of institutional investors or labor unions. It was a committee clearly based on expertise, not on any of the distributive issues raised by takeover rules, on which institutional investors often oppose managers. Because METI saw the issue as one of expertise, the expertise of business was ‹naturally› heavily represented, while its political opponents were not.

Takeover regulation erupted into Japanese popular awareness in January 2005, when the upstart media company Livedoor attempted to take over Nippon Broadcasting, the parent company of the giant company Fuji TV. Press articles featuring takeover regulation increased more than fivefold between 2004 and 2005, and this high press coverage continued well into 2006. The rise in salience came at an awkward time for the CVSG, as the chair of the group told me: "When Livedoor happened we went from being a quiet study group, producing something like a research report, a dissertation, to being very well-known, even famous. Livedoor was an unfortunate case for us: at that time, Livedoor was considered the good guy. What Nippon Broadcasting did to defend itself was bad. We were designing takeover defenses, but not of the sort they were using."[22]

Representatives of institutional investors began to lobby the government not to adopt the poison pill rules devised by the CVSG as a way to allow manager-friendly takeover protection.[23] Given the salience of the issue and the tenor of the Livedoor fight, a move into the legislature would very likely have resulted in less manager-friendly regulation, as happened in the case of UK executive pay.

But the issue was never debated in parliament. In May 2005, METI released

21 Unlike some other bureaucracies in Japan, notably the Ministry of Justice (responsible for corporate law) and the Financial Services Agency (responsible for securities regulation and takeover bids), METI lacks jurisdiction for a specific body of law. Its bureaucratic power is a product of its own attempts to make itself relevant.

22 Interview with Hideki Kanda, Chair, Corporate Value Study Group, and Professor of Law at the University of Tokyo, 5. 6. 2007.

23 Milhaupt (see note 20).

its report with a set of accompanying guidelines for acceptable legal takeovers. Absent any other existing institutions, these guidelines became the de facto rules for allowable takeover defenses (poison pills) in Japan. Four months later, METI surveyed Japanese companies on the report, and top executives in 96% of those companies said they would employ the guidelines in the case of a hostile attack. A legal standard had been established without framework legislation, and it is one that Japanese courts acknowledge. Thus can an informal standard acquire formal status and preempt legislation.

The emergence of new takeover institutions in Japan was not a product of intentional business action and lobbying. Yet its content was determined in a business-friendly group in which expertise – not representativeness of the different groups in society – was the dominant currency. The fact that a senior bureaucrat constituted the group meant that business could not write its own rules. But even after the outbreak of the Livedoor episode, the forum of a study group shielded business from the pressure of public opinion, which would have had a stronger impact in a legislative forum. Thus, the formation of the Corporate Value Study Group, by setting up a certain institutional structure that could not be undone in the short term, allowed a new set of informal guidelines to be adopted by companies and later acknowledged by courts. An analytical approach using the governance space allows for simultaneous consideration of how the tools of business power in politics (lobbying and expertise), the role of institutional structure, and the importance of contingency and timing all played a role in this institutional change in Japan.

Conclusion

Lobbying is a formidable weapon in the armory of organized business. Yet the ability of lobbying to win the day for business groups depends on the political salience of issues. Politics varies between issue areas of characteristically high salience, such as tax or pension policies, and those of characteristically low political salience, such as corporate governance regulation. When it comes to analyzing the influence of lobbying in low salience areas such as corporate control, models of politics that focus attention on how political parties position themselves in policymaking so as to attract voter support in subsequent elections are wrongheaded. Regardless of whether they are from the left or the right, political parties are rarely central actors in the politics of corporate control,[24] because they have

24 Gerhard Schnyder, Revisiting the Party Paradox of Finance Capitalism. Social Democratic Preferences and Corporate Governance Reforms in Switzerland, Sweden, and the Netherlands, in: Comparative Political Studies 44/2 (2011), p. 184–210.

little incentive to deviate from what business wants. This incentive structure derives from the fact that managers are more likely to understand the effects of legal changes on their companies than are politicians or their advisors. Politicians know this. Institutional investor groups are extremely well informed about the effects of laws. But institutional investors don't have to meet payroll each month, and politically they are not ever likely to receive the same degree of deference extended to organizations representing senior managers. Politicians will revoke this deference when the public is paying attention to an issue, because it is at that point that the electoral survival mechanism kicks in. On issues where politicians know voters are likely to be paying attention, they have a reason to develop their own sources of technical information about the effects of policy change. But on issues such as corporate control, where the public very rarely pays attention, an investment like this is rarely worth it.

This is an institutional feature of capitalist politics. As we saw in the Japanese case discussed in this chapter, the logical extension of the deference extended to business is to develop an informal policy advisory body in which business leaders are able to develop codes of conduct or other such non-binding regulations. The case of the Corporate Value Study Group is unusual, in that this informal group produced a dramatic change in the regime of takeover protection in Japan merely by producing a set of recommendations, which became the new standard measure without a law ever having been passed. Yet the general idea of forum-shopping – moving between different modes of policymaking, in which different interest groups have different sorts of comparative advantage – is surprisingly absent in most literature on comparative politics. While it is true that the biggest democratic battles take place in legislatures, much policymaking with distributive consequences takes place outside this venue. To the extent that such policymaking bodies appoint actors on the basis of their expertise as much as their representation of acknowledged conflicting interests in a policy area, the reliance on them reinforces the advantages of insiders at the cost of outsiders. In the Japanese example of corporate governance, those insiders are typically managers of large firms and lawyers, while institutional investors and labor unions are outsiders.

As noted previously, the analysis of political influence in this chapter has focused on the instrumental power of business – that is to say, on the effectiveness of lobbying in corporate governance. This simplification obscures the important element of structural power, which is the power of companies that flows directly from their roles as centers of investment and employment in the economy. Charles Lindblom once observed that the market builds in an "automatic punishing recoil" mechanism that works on behalf of business in capitalist democracies.[25] If new regulation is

25 Charles E. Lindblom, The Market as Prison, in: Journal of Politics 44/2 (1982), p. 324–336.

discussed that could lead to business disinvestment, policy-makers automatically anticipate and shy away from the reform, without individual business leaders having to do anything other than follow their own incentives. And there are moments of high political salience, such as the peak of the financial crisis in 2008, when the character of public policy in bank bailouts was a product of the structural power of business, not of its lobbying power.[26] Understanding the extent and limits of business power, therefore, requires not only a better grasp of how the capacity of lobbying varies with political salience, but also a grasp on the different ways in which business power, structural and instrumental, feeds into political decision-making.[27]

All is not lost for democracy, even if corporate governance is a policy area routinely dominated by economic elites and the interest groups that represent business. Unexpected turns of public attention, such as the Livedoor takeover in Japan and the Enron scandal in the United States, can transform the balance of power even in this area – sometimes temporarily, sometimes more durably. Study of the field of corporate control suggests that modeling low salience issues as though they were central to the concerns of voters will lead to systematic distortions in understanding. Those likely distortions include an over-emphasis of the concerns of the median voter and of the role of political parties in trying to capture that elusive voter. Low salience politics is quiet politics – where expertise and political deference to it have a role often underestimated by those who imagine all politics to resemble the highest profile political fights. Organized business interests do much better under quiet politics than in noisy politics. To understand how lobbying power is wielded by various groups of elites in the capitalist democracies, it is important to pay specific attention to the context created by political salience in which political battles take place.

26 Culpepper/Reinke (see note 8).

27 Pepper D. Culpepper, Capitalism, Institutions, and Power in the Study of Business, in: Orfeo Fioretos, Tulia G. Falleti, Adam Sheingate (ed.), Oxford Handbook of Historical Institutionalism, New York 2016, p. 453–466.