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BUSINESS ELITES AND POPULISM: UNDERSTANDING BUSINESS RESPONSES

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Abstract

This article analyses the challenges to business associated with the rise of right-wing populism. It discusses how the populist turn has weakened key underpinnings of business power in the neoliberal era, notably the prevalence of quiet politics and network governance. This article analyses the complex strategic dilemmas these challenges create for business. Extending Hirschman's classic model of exit, voice and loyalty, it develops a novel typology of five business responses to the rise of populism: exit, soft voice, loud voice, explicit loyalty and implicit loyalty. The extended typology highlights two key dilemmas related to the appropriate degree of engagement with politics which business faces in the populist era and which are reflected in the contrast between two types of voice and loyalty. The article analyses the factors shaping which strategy businesses are likely to choose and reflects on the broader implications of this analysis for state-business relations and business power.

Introduction

For much of the last four decades, neo-liberalism has been the dominant framework for policy-making at the national and the international level (Schmidt and Thatcher 2013). Business elites have been central in shaping this agenda, reinforcing it in their discourse and practice by pursuing their own interests domestically and globally. Business elites have used their influence to frame policy discussions within ministries and regulatory bodies through lobbying, policy advice on technical issues, control of privatised and contracted out services, and revolving doors between corporations and the various arms of the state. The Global Financial Crisis of 2008 seemed a moment of challenge for this system, as states had to step in to resolve the problems generated by the collapse of financial markets. However, within a few years, commentators were noting the ‘strange non-death of neoliberalism’ (Crouch 2011) or the resilience of neoliberalism (Schmidt and Thatcher 2013) as government policies shifted towards austerity and reduced public expenditure (Blyth 2013).

Business elites in the developed world were generally content that austerity policies, whatever their social consequences, represented a tentative return to ‘business as usual’. Many banks used the favourable conditions of quantitative easing and low interest rates to re-establish their profitability and pay off government loans whilst simultaneously lobbying to reduce the significance and effectiveness of efforts to reform financial markets. Manufacturing, retail and service industries discovered new ways to increase their profitability by re-organizing their labour force, drawing on new platform technologies, and developing new models of sub-contracting, self-employment and zero-hours working. However, this resilience on the part of

business contrasted with the depth of the divide between the rich and wealthy and large swathes of the population for whom government austerity policies further exacerbated long-term processes of post-industrial decline, falling living standards, declining opportunities for social mobility and increasingly precarious work.

By the early 2010s, the relative complacency of the neo-liberal establishment across the world and in international organizations in the face of these deepening divisions began to be challenged by various forms of anti-system politics (Hopkin 2020). This was reflected in the development of new social movements targeting globalization and financial power (as in the Occupy movement), in the rise of new ‘challenger parties on the extreme left and right (De Vries and Hobolt 2020), including the role of UKIP and the Brexit party in contributing to Britain’s departure from the EU, and finally in a shift within some established parties (such as the US Republicans under Trump and the British Conservatives under Johnson). What united these movements inside and outside traditional parties was a strong rejection of ‘business as usual’; instead these developments articulated an anger about how the conditions of the ‘people’ had deteriorated over the last two decades whilst the ‘elites’ and the ‘establishment’ had continued to prosper (Kaltwasser et al. 2017; Lonergan and Blyth 2020; Müller 2017). Business elites which had held such dominant influence over the last three decades were a clear target given that they had benefited from neo-liberal policies in terms of personal wealth, status and position. Within a relatively short period, by the end of the 2010s, neo-liberalism and the parties which defended these policies were increasingly on the defensive. Although anti-system politics offered no unified policy solutions to the crisis, it changed the terms of the debate.

This paper analyses the impact of the populist turn on business, a key priority for understanding the political economy of populism. In particular, as we show in this article, the rise of populism has challenged business elites to rethink their strategies towards exercising influence over policy-making. Given the enduring centrality of business as an economic and political actor, this article analyses how business elites have responded to populism. We develop a typology extending Hirschman's (1970) Exit, Voice and Loyalty framework to highlight five kinds of responses – exit, soft voice, loud voice, explicit loyalty and implicit loyalty. This typology highlights the fact that the populist era is characterised by noisy politics (Morgan and Ibsen 2021; Culpepper 2021), and that business faces key dilemmas in terms of how, when and whether to exercise voice or demonstrate loyalty or exit in such a context.

The article proceeds in the following steps. Firstly, it reviews how business exercised power over policy and governments during the height of neo-liberalism from the late 1980s to the 2010s. We highlight two distinct features of this period. The first is the degree to which business power was predominantly exercised quietly, behind the scenes and concealed from public scrutiny. In the 1970s and 1980s politics had been noisy and conflictual as business and right-wing parties joined together with think tanks, economists and political theorists to undermine Keynesian policy frameworks and replace them with neo-liberal theories of markets, deregulation and public choice (Hall 1989; Mirowski and Plehwe 2015; Peck 2010). By the late 1980s, the new parameters of policy making had been established and were no longer as noisily contested as social democratic leaders and parties, such as Tony Blair and New Labour in the United Kingdom and Bill Clinton and the Democrats in the USA, ceased to challenge key elements of the neo-liberal consensus. Business was able to exercise its influence 'quietly' during much of

this later period sustaining a coherent collective voice even as structural divides between different businesses were deepening. In the second part of the article, we describe how the rise of populism and anti-system politics undermined these features as politics became once again noisier and divisions amongst business elites more visible. In the third part of the paper we introduce our typology of business responses to identify the range of strategies businesses adopt as anti-system politics becomes more influential. We then discuss which of these responses come to the fore in specific contexts placing particular emphasis on the policy challenges particular forms of populism create for business.

Business Power and neo-liberalism

Political science has long been concerned with the influence of business on politics. Some scholars have perceived a profound tension between business interests and democratic politics (Lindblom 1977), whereas other accounts view this relationship more positively, with business as one legitimate interest group among many whose input into the political process is valuable and not necessarily dominant (Vogel 1986). The distinction between the instrumental and structural power of business has been an essential part of these discussions. In the debate between Miliband and Poulantzas in the 1970s, Miliband (1969) argued that business used resources instrumentally to influence politicians, parties and governments to act in their favour, a process reinforced by shared social backgrounds and revolving doors. Miliband's argument was criticised on the basis that business power was not always effective in the short run and that the decision-making arena was more pluralist than he argued. By contrast, Poulantzas (1973) argued that business held structural power thanks to their privileged position in the economy as a generator of jobs and economic growth. This meant that politicians of all stripes were likely to

take business preferences into account because doing otherwise would risk declining investment, rising unemployment, lower tax revenue and a fiscal crisis (Przeworski and Wallerstein 1989). However, like the instrumental approach, the structural dependence theory was not able to account for situations where business did not get its own way.

More recently, these debates about business power have been revisited in important ways. Two perspectives are particularly relevant to our discussion. The first is the debate on quiet versus noisy politics initiated by Culpepper (2011). The second concerns the collective action problem that faces business.

Culpepper (2011) argues that business prefers to exercise its influence through ‘quiet politics’, influencing policy behind the scenes based on their expertise, knowledge and networks. Noisy politics occurs when issues become salient and spark debate in the public sphere. Once an issue became noisy, business is less able to achieve its goals as governments feel compelled to respond to signals from the electorate even if this means rejecting business preferences. The noisier an issue becomes and the more important the public sees it as being, the more uncertain the outcome from the point of view of business.

Therefore, business sought to engage in ‘quiet politics’ by building up contacts within governments, civil services and advisory bodies and engaging directly with them outside the public arena. Governments in the neoliberal era welcomed this for two reasons. Firstly, in many areas, the key information and expertise about markets and how they worked lay with business, so it made sense to draw on that expertise for policy making. Secondly, as states adopted New

Public Management to reduce costs and increase efficiencies, they reduced the numbers of civil servants and regulators with expertise in these areas, undermining the capacity of the state to reach independent conclusions separate from private sector advisors. Indeed, private sector advisors increasingly moved into government either on secondments or as consultants to help draft the rules to which they were going to be subjected (Crouch 2016). Keeping things ‘quiet’ therefore suited business and allowed it to exercise substantial influence.

Other authors linked the same phenomena to a new form of governance, which implied a shift away from hierarchical rule-making embedded in the state towards governance embedded in networks and connections between experts and organizations (Rhodes 2007). This network form of governance tied business and government together in multiple ways, including formal and informal structures of communication and negotiation, public-private partnerships, and increased inter-penetration of business into government as advisers and service contractors and empowering policy professionals (Svallfors 2016). This was often conducive to significant self-governance by business, as in the Swiss case (Mach et al. 2021). Academic critics of network governance noted that this form of governance blurred boundaries between the public and the private sectors, lacked transparency, appeared to over-reward insiders and rarely seemed to deliver the benefits which it claimed (Davies 2011). However, it served to keep politics ‘quiet’ and allowed business to exercise high levels of influence with few countervailing forces.

The second relevant debate analyses how business engages in collective action and the influence it can exercise over politics (Martin and Swank 2012). In comparative studies of ‘varieties of capitalism’ (Hall and Soskice 2001), coordinated market economies have been characterised by

relatively strong business associations that mediate across potential divides between sectors and firms to ensure that a coherent business voice is involved with policymaking as part of tripartite social partner arrangements (Katzenstein 1985). By contrast, efforts to develop strong business associations have generally been less successful in liberal market economies (Martin and Swank 2012; Gooberman et al. 2019). Although they may still play a significant role in interest aggregation and the representation of smaller companies that are less well positioned to engage in their own lobbying activities or in collaboration and joint rule-making with government (Drutman 2015), business associations in liberal market economies tend to have a smaller coverage of relevant firms and are less able to influence the policies of individual firms, e.g. in relation to labour market issues, training, standards and contractual terms, than in coordinated market economies leading to wider conflicts of interest, between firms in different sectors and markets.

The collective action problem for business elites has become more complex, the more institutions have shifted towards a neo-liberal model of maximising shareholder value and financialisation. As top managers in firms increasingly focused on short-term returns to shareholders, this led to a narrower focus on the specific interests of the firm. Tying the firm into business associations and seeking common ground with other businesses is therefore less feasible for most senior managers. Although there may be some social and reputational forces that act against this fragmentation (particularly in countries with a long tradition of corporatist bargaining), the gradual penetration of shareholder value into most OECD economies has weakened to varying degrees the coherence of the single business voice. In relation to the US, Mizruchi (2013) has labelled this as ‘the fracturing of the American corporate elite’.

Until the rise of populism, this fragmentation of business at the structural level had a limited effect on business influence. Firstly, over the last two decades, individual businesses had been pouring more money into politics through lobbying, especially in the US but also in the UK (Drutman 2015). Secondly, the system of network governance, unlike the tripartite ‘corporatist’ system of the earlier period, was not based on centralised negotiations managed by peak associations. Network governance was decentralised and drew in individuals, firms, and collective associations on various levels and jurisdictional arenas. Firms pursuing their interests either individually or in smaller networks of businesses found that officials and politicians were open to their advice. The degree to which business was losing the capacity to act collectively was relatively hidden and varied across countries depending on the institutional positioning of business associations in particular forms of capitalism. Thirdly, this influence was dependent on a wider consensus on neo-liberal policy-making that was deeply embedded in the expertise and advice about the economy generated (and legitimated by) the dominance of neoliberal economic ideas. Most societies were reforming their institutions along neo-liberal lines, albeit in slightly different ways (Baccaro and Howell 2012). Labour markets were deregulated, financial markets were growing and expanding into new areas, public services were being privatised, and welfare systems were shifting towards a focus on labour market activation and private provision, Monetary policies were focused on fighting inflation and a central role given to independent central banks to ensure this was achieved without political interference (Fernandez-Albertos 2015). Therefore, so long as quiet politics prevailed around a neo-liberal consensus and operated via processes of network governance, the gradual fracturing of business had a limited impact

Anti-system noisy politics, populism and the challenge to business power

In this section, we seek to explain why and how populism is a threat to business power. In the period from 2010, politics gradually became noisier as three decades of deepening inequality under neo-liberalism were reinforced by a sustained period of austerity, a deepening experience of insecurity at work related to new technologies and globalization, and a loss of hope for the future as the prospects for social mobility for future generations declined. As people found their wages and standards of living stagnating or declining, dissatisfaction with the current system grew and expressed itself through electoral upsurges for new parties, street demonstrations and clashes, and aggressive use of new forms of social media. Votes for centrist parties shrank as new noisy challengers on the right and left of the political spectrum emerged using populist discourse to lambast the ‘establishment’ and the ‘elites’ for ignoring the ‘will of the people’ and only caring about their own interests (De Vries and Hobolt 2020; Hopkin 2020). Electoral turnouts which had fallen in recent decades (Crouch 2006; Mair 2012) rose in many countries in response to the new forms of activity.

Such challenges can take either a left- or a right-wing form (Roberts 2019). Many of the challenges to contemporary capitalism advocated by left-wing populists serve to unite business as they are more likely to engage in noisy politics where their common interests are clearly threatened (as was the case, for example, in the 1970s; see the discussion in Feldmann and Morgan 2021 on UK business in the first European Referendum of 1975). By contrast, right-wing populism present a different challenge that business has not faced to any great degree since the 1930s. It takes traditional business tropes – lower taxation, less regulation, lower state debt, anti-trade unionism, more incentives for small businesses etc – but mixes them with policies that are more problematic for business. In this respect, it provokes much greater ambivalence

amongst business about how to respond and rather than uniting business, contributes to further fracturing. Thus whilst many of the challenges to business are common to both left and right wing populism, we focus primarily on the right-wing version as it reveals most clearly the novel challenges to business related to the rise of populism. We identify three key challenges: the rise of noisy politics under populism; the way in which populism undermines a key element of the quiet exercise of business power, i.e. network governance; the promotion of policies that break with the neoliberal policy consensus, especially on key areas of concern for business such as globalization, free trade, the mobility of labour and macroeconomic policies based on inflation fighting.

Populism, Noisy Politics and the power of business

Our first point is that right-wing populism generates noisy politics. In its attack on the status quo, the establishment and existing elites, it has to make itself heard not just amongst the long-time adherents of the far right but also amongst wider groups of society (De Vries and Hobolt 2020). Part of this is a continuous attack on the corruption, incompetence and ignorance of the lives of ordinary voters exhibited by members of the elite who have continued to enrich themselves whilst many citizens have found their economic and social security and status undermined by globalization, technological change and labour market deregulation. Populism addresses the communities that had suffered under austerity and rising inequality and links such concerns to perceived threats against traditional cultures and ways of life. Central therefore to right-wing populist discourses have been ideas of nationalism and local loyalties (Gamble 2020; Kriesi and Pappas 2015), often blaming immigrants for this sense of loss. Whilst opinion polls reveal that the salience of these ideas varies across regions, age groups and the economic cycle (with less

salience during periods of economic growth and more at times of decline), right-wing populists raise their visibility by making such issues salient to a wider public. The more diverse the arenas and ownership of broadcasting, and the looser the regulation of radio and TV, the greater the scope is for sections of the media to provide platforms for right-wing populists. Similarly, the range of social media, the almost complete lack of regulation and the ability of bots and other techniques to spread a post and make it appear as if it is validated by multiple sources, enables extreme opinions to reach many citizens (Seymour 2019). Noisy politics allows for simple, loud, repetitive messages either through political rallies or through social media (such as Donald Trump's capitalised Twitter storms: Drezner 2020). Under noisy politics business influence can be easily called out as lacking transparency. On the other hand, joining in with noisy politics has the danger for business of reputational loss and the alienation of groups of customers and suppliers.

Populism, network governance and business

Secondly, and leading on from this, right-wing populism attacks network governance. Stoker (2019) identifies several threats to the network governance model. Firstly, populism centres on the idea of the people – that of the 'people' constructed through visions of a past unified nation with its own myths of inclusion and unified cultural attachments (Canovan 2005; Weale 2019). The people, in turn, are contrasted to the elite, and populists demand a focus on the people, often implicitly embedding this in a vision of a world without 'foreigners' or 'immigrants' except in tightly controlled and time-limited positions. By contrast, the network governance model is inherently pluralistic, recognising different interests and the necessity of negotiating difference, including a neutral civil service, an independent central bank and an independent judiciary that

can determine on the basis of precedent and law the outcomes of disagreements. These institutions of mediation are treated by populists as barriers to the expression of the will of the people as determined through referenda, elections and the vision of the populist leader. Secondly, Stoker argues, network governance is about shifting identities and interests through negotiation and exchange of expertise and knowledge. By contrast, populism appeals to ‘the reassertion of past identities that are regional or more local’ (Stoker 2019, p. 10). Thirdly, network governance involves active learning and change by those involved in various arenas; populist supporters by contrast are less active in their local involvement with institutions and more responsive to populist leaders. For business, the attack on network governance reinforces the challenge to quiet politics and their ability to shape rules and regulations through behind-the-scenes use of expertise and knowledge. It also draws into question the institutions which are built on expertise and knowledge such as the legal system, scientific research and economic policy making, all of which have become essential to the business environment.

Populism, policies and business power

These features are reinforced in the third area where populism challenges business, the area of policy content. Right-wing populists have deliberately challenged the existing policy consensus by attacking free trade, labour migration, central bank independence, and the international liberal order of rules set, monitored and enforced by international organizations. They reject free trade and multilateral trade organizations on the grounds that the globalization of production has led to the decline of many industries and regions. Instead, populists openly discuss protectionism and tariffs as ways of bringing back industry from overseas and protecting home companies. On central bank independence and inflation targeting, populists prioritise economic growth and see

nothing wrong with political interference in central bank operations to set growth rather than inflation as a target by keeping interest rates low. Such a position undermines the economic orthodoxy of the last three decades that central banks should be free from political interference so that they can focus on inflation as their key target even if this leads to unemployment and slow growth in the short and medium term. On migration, right-wing populism advocates tight border controls and blames excessive migration for crime, declining levels of provision of education, housing and health, low wages, and a sense of threat to national identity. Economic arguments that migration facilitates a dynamic labour market for employers are rejected. Many of these policies, therefore, challenge the basis on which business has developed during the neoliberal era. On the other hand, other policies discussed by populists are not so problematic for business elites. Thus populists are generally in favour of reducing forms of personal and corporate taxation and weakening the ability of tax authorities to enforce compliance nationally and internationally; similarly they are opposed to many forms of business regulation, e.g. right-wing populists have tended to resist many forms of environmental protection when this constrains business activity.

In conclusion, therefore, we argue that populism undermines the power of business in three ways (see Table 1). Firstly, by deliberately promoting noisy politics, it brings issues out into the public domain when business prefers quiet politics. Secondly, populists attack more widely the processes of network governance which have dominated policy making over the last two decades and seek to replace it by more hierarchical and centralised decision-making emanating from the leader's ability to articulate the will of the people, preferably without the constraining forces of law and expertise. Finally, whilst some populist policies on deregulation and lower taxation

reflect the interests of business, others that are designed to counteract globalization and the internationalization of the economy represent a challenge to dominant business models. In the next section, we examine in more detail business responses to this changing environment.

Table 1 here

Business responses to right-wing populism

In practice, the complexity of the populist challenge to business varies. Firstly, the nature of the challenge itself is ambiguous. As noted in the previous section, some aspects of the right-wing populist agenda can be described as business-friendly, such as tax cuts and a willingness to abandon costly environmental and labour regulations that many companies have perceived as onerous (Hacker and Pierson 2020). Whilst populist leaders invariably evoke hostility towards ‘the elite’, the degree to which they identify this with business per se as opposed to ‘woke’ liberal intellectual elites and associated ‘culture wars’ varies. Outright hostility by populist leaders towards business in general or towards some sections of business personified by particular individual hate-figures varies across countries and emerges at particular moments, ranging from Boris Johnson’s “F**K Business” comment during the height of the Brexit storm to Trump’s highly personalised Twitter attacks on executives, such as those at General Motors in relation to their policies of outsourcing to China, to Orban’s evocation of anti-semitic conspiracy theories in his battles with George Soros over the fate of the Central European University. As Mudde (2004) suggests, populism is a ‘thin-centred ideology’, and specific ideological commitments and the degree to which hostility to business is central to the populist agenda is likely to vary across contexts particularly as right wing populists often put forward policies

which business supports (deregulation, low taxes). Such policies may help offset the loss of quiet influence as a result of noisy populist politics and the undermining of network governance, and such factors will also impact on the degree and nature of business responses.

Secondly, the intensity of the populist challenge is not uniform and varies across countries – partly due to differences in the populist agendas and in the role of business in the political economy, but also more obviously given the strength of populist parties (De Vries and Hobolt 2020). This strength can vary from very weak influence (as in the case of extra-parliamentary movements or very minor representation in parliament), to somewhat greater influence in the public arena under conditions of proportional representation but where traditional parties have entered into an agreement not to cooperate with populists in government (the *cordon sanitaire*), to cases where the populist party serves in government either as a junior member in a coalition (as in Norway or Estonia) or as a more senior member or even the dominant actor in a majoritarian or presidential system (like Hungary under the Fidesz government, Poland under PiS rule, the USA under Trump or Brazil under Bolsonaro). Because of such differences business may judge the necessity to engage with the populist agenda differently. If populists are particularly strong or influential in government, then fear of actual or potential reprisals may induce firms to exit or constrain their actions. In the absence of strong threats, business may engage with populists either to advance their agenda or in anticipation of greater influence in the future. For example, Swedish business has begun to signal a greater willingness to collaborate with populist Sweden Democrats (Baas 2016).

The challenge for businesses engaging with populism revolves around maximising the gains and minimising the losses arising from populist policies. As discussed earlier, business actors are often cautious about direct involvement in controversial political issues and prefer to act inconspicuously. Adopting a strong political stance may alienate customers, employees and other business partners, especially if the issue at hand is controversial and the business case is seen to be self-serving or as stemming from greed. On the other hand, in democracies, there is typically political turnover, and businesses want to maintain good working relations with all governments even if they are populist and pursuing policies that threaten business. This poses real dilemmas for business in terms of their strategies towards populist policies and governments.

A typology of business responses

To capture the diversity of business responses, we build on Hirschman (1970) to identify five distinct strategies that businesses can adopt when faced with populist policies: exit, loud voice, soft voice, implicit loyalty and explicit loyalty.

In our reworking of Hirschman, exit refers to a firm's decision to disinvest by withdrawing from a market and relocating a factory or corporate headquarters to another country. Partial exit might entail scaling back activities, for example, by reducing investments or abandoning plans for future expansion rather than exiting entirely. Such exits are prompted because decisions by populist governments make it impossible for the firm to operate its previous strategy. Financial institutions and investors may engineer gradual exits by recalibrating their investment portfolios over time and shifting parts of their business elsewhere. Depending on the type of firm, exit strategies can be relatively easily accomplished where the key business assets are mobile (such

as capital, intellectual property and, to a lesser extent, people). Exit can therefore be a way of ‘waiting out’ the populist wave until it recedes, when return might be a possibility. For other firms, primarily involved in manufacturing, assets are significantly fixed and, therefore, exit is likely to be a long-term process, involving gradual disinvestment, and hard to reverse once it has started. As the response of Japanese carmakers with substantial assets in the UK, like Honda, Toyota and Nissan, reveals, the result of the Brexit deal in 2020 creates barriers to trade between the EU and the UK, leading them to plan for exit over the long term without degrading or devaluing their existing UK based assets too quickly. Exit options for home-based firms are more complex. As demonstrated by Culpepper and Reinke (2015), threats of exit by solvent financial institutions from the US market during the global financial crisis were less credible and effective than similar threats by leading British financial institutions at the same time, because the US banks were more dependent on the American domestic market for profits than UK banks. On the other hand, populist governments may seek to enforce exit on certain types of companies as part of their nationalist and protectionist agendas, as in the Trump administration’s targeting of Chinese firms with reference to security concerns, including Huawei and its 5G network activities (Lai 2021), and also as practised by Orbán in Hungary (Szanyi 2019). Partial exit may also be accompanied by a broader restructuring of global value chains in order to anticipate populists placing restrictions on overseas businesses or investment (Devinney and Hartwell 2020).

As defined by Hirschman (1970, p. 30), voice refers to ‘any attempt at all to change, rather than escape from, an objectionable state of affairs (...).’ or in this case a strategy of actively voicing concerns about populist agendas or of seeking to influence them by means of lobbying or other

forms of persuasion. Voice could be exercised by individual businesses (or even individual business executives) or collectively by trade associations advancing shared concerns of the business sector as a whole or by some parts of it. Loud voice represents outright resistance to populists and involves taking a public stand by opposing the populist agenda (or key elements of it). Kinderman's (2020) study of business-led protests against populists in Germany analyses an example of loud voice. The determinants of *loud voice* or outright resistance are complex and often based on a range of motivations, which in addition to economic concerns may also include non-economic or normative commitments to ideas that run counter to the populist agenda (Kinderman 2020). Given the costs and the risks associated with loud voice, namely that it can backfire by antagonising customers or populists in power, such resistance is most likely when the stakes are particularly high and is therefore relatively rare. There are also a few cases of strong anti-Trump mobilization in the USA by individual business leaders. This includes some of the harsh criticisms by Bill Gates – who has a larger political and charity agenda that is not well aligned with Trump's policies. Other examples of business executives who have challenged Trump include Warren Buffett and Michael Bloomberg. What all of these business leaders share is a relative degree of independence – Gates, Buffett and Bloomberg are very wealthy business leaders who are relatively insulated from both political and even market pressure. In other words, in the absence of a strong existential challenge that could unify all or some business actors against populists, a clear normative or political agenda coupled with a high degree of financial independence and relative insulation from political pressure are key prerequisites for this strategy.

Soft voice is more common amongst businesses. It refers to a more constructive form of engagement to influence or modify populist agendas. Soft voice may involve building coalitions that can block or delay the implementation of unattractive policy initiatives whilst trying to encourage populists to pursue the business-friendly elements of their agenda (Hacker and Pierson 2020), as in the case the CBI's briefing paper to British MPs and the government in 2019, raising general concerns about a no-deal Brexit, but without challenging the premise of Brexit itself (CBI 2019). Voice is particularly important to home-based firms that have little possibility of exit. Populists may be more receptive to a consistent and coherent voice by small and medium-sized businesses, maximizing their collective weight, than to large multinational corporations. The salience of collective responses also depends on the structure of the business sector, the degree to which business is organised and the degree to which there are common interests. For example, Curran and Eckhardt (2020) argue that where 'trade dependent firms are simultaneously threatened with major disruption to their business models, we would expect them to lobby collectively to combine their resources and reduce exposure'. The effective exercise of soft voice tends to depend on the existence of strong employers' associations, but where proposed trade rules target certain practices, firms who are directly affected may lobby individually.

For Hirschman, loyalty is primarily a constraint based on a given level of attachment that affects the choice and feasibility of exit or voice (Hirschman 1970, p. 77). By contrast, we conceptualise loyalty as an active choice and a deliberate strategy to support or work with populists. We argue that it is important to distinguish between two forms of loyalty – explicit and implicit loyalty. Implicit loyalty comes closest to Hirschman's original model, in that exit is ruled out. Hence

there is a willingness to tolerate potentially problematic elements of the populist agenda. Implicit loyalty eschews any high-profile statements of support and basically entails taking a passive stance of keeping one's head down. It tends to be the default strategy adopted by the largest number of firms, especially when populists are in power. For example, Scheiring's (2020, pp. 223-4) detailed analysis finds that 'passive capitalists' are the largest group within the Hungarian capitalist class. Given how many firms fall into this category, this tends to be a very heterogeneous group. It may include some businesses in tacit opposition to the populists, but who nevertheless choose to be outwardly loyal, for fear of antagonising customers or policymakers or losing their market position. It also includes many firms who simply do not wish to get involved in politics, given the costs and risks associated with noisy politics.

By contrast, explicit loyalty involves public displays of loyalty to the populist project. Examples from the USA include the casino magnate Sheldon Adelson and the venture capitalist Peter Thiel (Hacker and Pierson 2020, p. 140), and in the British case the involvement of Tim Martin of the pub chain Wetherspoons or James Dyson of Dyson Ltd during the Brexit campaign (Feldmann and Morgan 2021). Explicit loyalty can also be induced when populism is associated with a clear authoritarian turn. Firms may feel that strong expressions of support for the populist agenda are necessary either to insulate themselves against political risk or so that they can benefit from their network ties and convert these connections into economic gains given the role which patronage and clientelism plays in most populist governments (Sallai and Schnyder 2020). As in the case of loud voice, the firms adopting this strategy tend to be insulated from obvious economic risks associated with populism. For example, the pro-Brexit businesses included firms that were less dependent on European markets or supply chains (Feldmann and Morgan 2021).

Table 2 here

Conclusion

This article has analysed the impact of right-wing populism on the role of business in politics. We have argued that business can be expected to be ambivalent about right-wing populism as it includes policies that appeal to business, but is also a threat to many neoliberal institutions from which businesses benefit. More importantly, the rise of populism represents a novel challenge to the way business engages with politics, as traditional mechanisms of quiet politics and network governance are being weakened. We have argued that business responses can be characterized by modifying Hirschman's (1970) classic typology of exit, voice and loyalty, and we have developed a typology of five strategies: exit, soft voice, loud voice, explicit loyalty and implicit loyalty. We have also analysed the factors predisposing firms to adopt these strategies.

Based on the experience of populism so far, we expect strong stands, such as explicit loyalty or loud voice, to be rare, unless there is a significant existential threat to business or an element of coercion, or unless business leaders are relatively independent of the state and have a strong political or normative agenda (Kinderman 2020). Exit is a viable option only for highly mobile firms, especially multinational enterprises, but even in such cases exit may be costly and entail losing out on some benefits of market access. The feasibility of full or partial exit is largely shaped by firm dependence on local markets and by the degree of global orientation, which means that globally oriented manufacturing firms or banks are most likely to exit in full or in part. The two strategies of implicit loyalty or soft voice tend to be the most common ones, as

businesses prefer to be inconspicuous, either remaining passive or tacitly supporting the government in the case of implicit loyalty, or using soft voice to raise specific concerns, with a view to influencing the government in a constructive way, but without alienating the authorities.

Each of these strategies raises challenges for business. The high-profile strategies of loud voice or explicit loyalty are costly and may backfire, either by alienating the authorities or other firms, customers and employees, which is why they are generally only adopted by a very small subset of the business sector. Implicit loyalty may insulate firms from populist pressure, but it offers limited opportunities to influence their agenda. As demonstrated in this article, the core dilemma related to soft voice is that it is less effective under conditions of noisy politics and as a result of the weakening capacities of businesses to engage in collective action, when traditional mechanisms of network governance are being challenged. These considerations may change if populist rule becomes hegemonic within the political system, as in Hungary. In such cases exit or loyalty may reflect a degree of coercion, as more businesses seek to signal explicit loyalty, largely to maintain good ties with the government. In such cases long-term populist rule may also contribute to a durable shift in state-business relations.

This analysis has important implications for understanding populism more generally. While much of the debate has focused on the sources of populist mobilization, it is also important to understand how other key actors like businesses respond to these challenges. Our analysis has shown that key changes during the neoliberal era were very beneficial to business, but that they weakened its capacity to act cohesively. This has complex implications for the effectiveness of business influence under the conditions of noisy politics associated with populism. While some

influential populists like Donald Trump have lost power, the influence of populist movements and ideas is likely to endure, not least since many of the challenges populists rail against still persist. Therefore there is a great need for further empirical work on the determinants and effectiveness of different business responses to populism across different countries and parts of the world, but this article has shown that several key factors are significant, including the global orientation, dependence on local markets, but also the degree of independence and the role of other normative commitments. Quiet voice is the default strategy for most firms which cannot or do not wish to exit, but whose business is adversely affected by populist agendas, but many firms also adopt implicit loyalty as a way of not getting involved. Given the centrality of business both to the economy and politics and given the importance of the populist turn, future work could provide a more systematic test of the strategic responses identified here and also shed light on the degree to which the populist turn is reshaping the role of business in public policy and state-business relations more generally.

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Table 1: Right wing populism and its impact on Business and Politics

	Mechanisms	Impact on business
Noisy Politics	Increasing noisiness of political issues magnified by populist rhetoric, political mobilisation, social media – polarisation and culture wars	Brings issues into the public domain making it more difficult for business to get its own way.
Governance	Attacks on network governance, expertise, intermediating institutions, themes of partnership and compromise as undermining the ‘will of the people’	Undermines channels of political influences developed during neo-liberal era and makes business more visible and potentially liable to attack, reputational loss and negative impact on strategies
Policy arenas	Anti-globalization and nationalist policies to increase tariffs and protectionism, to restrict immigration and to focus on bilateral trade, weakening multilateral rule makers such as WTO and international efforts to create common standards and rules. In favour of low taxes and limited regulations.	Undermines MNC business strategies on global value chains, global sourcing and global marketing. Weakens employer recruitment strategies by limiting immigration. Low-tax preferences generally accord with business

Table 2: Business responses to populism: an expanded Hirschman model

Strategy	Key elements of strategy	Examples	Process
Exit	Disinvestment or departure from given market	Multinationals	Reorganizing global value chains
Implicit loyalty	Acquiescence ('keeping your head down')	Most businesses that do not get involved	Concerns about noisy politics; marginal cost of intervention greater than likely gain
Explicit loyalty	Enthusiastic support	Firms that benefit from aspects of populist economic policy or that are coerced into this; ideological incentives	Maintaining business model aligned with populist policies; rent-seeking business
Soft voice	Cautious engagement	Most firms or business associations trying to modify populist proposals	Search for compromise in particular policy areas
Loud voice	Active resistance	Firms dependent on open trade but locked into country so unable to take exit option	Trying to survive in face of populist criticism or overturn populist agenda