

RESEARCH ARTICLE

Business politics is usually about attempts to exert influence rather than power. Evidence from Australia[‡]

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Abstract

We argue that the everyday language distinction drawn between power and influence is meaningful and significant. There is good reason to believe that much corporate lobbying activity which is currently described under the heading of business power is better understood as attempts to secure negotiated agreements based on exerting influence rather than power and that the latter is usually used only when attempts to use influence have failed. We develop an analytical distinction between influence, understood as successful efforts at persuasion, and power using Keith Dowding's work on power. Drawing upon findings from interviews with corporate professionals operating at the coalface of business and government interaction in Australia, we show that lobbyists generally seek "quiet" behind-the-scenes accommodations with governments via attempts to exert influence rather than power.

Introduction¹

In their everyday language, people often draw a distinction between power and influence. So, for example, a senior political advisor, say David Axelrod in the American context, can sometimes be described as being particularly influential. That same label is also often applied to political commentators. We now even have "social influencers" who can acquire fame and fortune by endorsing products or promoting events. What these figures have in common, and the reason why they are described as being influential rather than powerful, is that they do not possess much in the way of formal authority or power resources. They are influential because they are seen, rightly or wrongly, as being persuasive; of being able to influence other people's thinking.

Over the last decade or more, there has been a revival of academic interest in the concept of business *power*. Yet rarely does the business politics literature distinguish between *power* and *influence*. This lacuna constitutes the first stage of our argument in this paper. The distinctive existence and significance of influence, as a form of business political activity, has been neglected in the relevant research literature. Moreover, where the term influence is used within the literature, it is usually used interchangeably with business power. Does this matter? The second stage of this paper is to argue that it does and that the everyday distinction noted above between power and influence is meaningful and significant. Indeed, there is good reason to believe that much corporate lobbying activity which is currently described under the heading of business power is better understood as attempts to secure negotiated agreements based on exerting influence rather than power and that the latter is usually used only in more extreme cases when attempts to use influence have failed. Cumulatively, the two stages of our argument suggest the case for a significant reorientation of much existing research on business power.

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Our concern then is with what business *does* when it interacts with government. The first part of the paper (“power and persuasion”) draws on the work of Keith Dowding, one of the principal writers on power within the social sciences in recent decades, to draw an analytical distinction between power and influence. That distinction is consistent with but more precise than that used within everyday language. Our approach is to define influence as *non-coercive persuasion in the absence of threats*.

The second part of the paper (“conflating business influence and power”) demonstrates how the distinction between influence and power has been lost within recent academic work on business power. The first and simplest way in which we do this is by showing how the word influence, when it is employed at all within the business power literature, is used as a synonym for the effects the exercise of power produces. Putting aside the question of how the word influence is used, that leaves open the question of whether the *concept* of influence, understood as non-coercive persuasion, is nevertheless sometimes used to describe certain kinds of business activity in the absence of the use of the label of influence itself. We argue that it does not: that the arguments which come closest to appearing as if they might be according a role to non-coercive influence actually amount to instances of either power or what Dowding describes as coercive influence, or manipulation, which again is a form of power.

In the third part of the paper (“business lobbying in Australia”), we provide a brief overview of the Australian policy context. The fourth part of the paper (“quiet influence, not quiet power”) then describes the key findings from a series of interviews we conducted with professional government relations executives in a range of large firms in Australia across various sectors. These agents are important because they typically forge the corporate interface with governments. The material that emerges from these interviews underlines the institutional constraints those executives see themselves as operating under. These stem not only from their corporate institutional environments but also from the institutional and political requirements of governments, the latter of which usually loom large in the relationship. We also gain first-hand depictions of the ideationally constructed self-understandings of our business lobbyists. We seek to understand how they see their role, the associated norms and protocols of interaction with governments that such understandings give rise to, and how all this shapes their approach to lobbying, which is usually about a process of attempting to build and sustain cooperative relationships and hence the exercise of influence rather than power.

The fifth part of the paper (“influence and power”) emphasizes that efforts by business to exercise influence do not in any way mean that business cannot *also* exercise, or at least attempt to exercise, power: specifically, structural or instrumental power. Indeed, influence and power might be linked indirectly. As we argue, business influence might at times be shaped by the perceived *potential* use of business’s structural and/or instrumental power, creating a context that might enhance business influence. The sixth and final part of the paper (“the comparative question”) briefly compares differences between Australian and American business-government relations, suggesting that the US pattern, from the business perspective, appears somewhat more aggressive than that found in Australia, a finding that suggests the need for further detailed comparative research.

The fifth and sixth parts of our paper can be read as qualifying, or, more precisely, circumscribing, our overall argument. While influence and power are analytically distinctive, they do not occupy separate material worlds. The exercise of influence is affected by power considerations and vice versa. Moreover, the relative importance of influence and power to understanding business lobbying varies across institutional and political contexts (such as that between Australia and America). This does not however mean that we retreat from the salient points we want to make. The existence and significance of influence, as a form of business political activity, has been neglected in recent work on business politics. Our argument, certainly for Australia, is that much corporate lobbying activity which is currently described under the heading of business power is better understood as attempts to exercise influence. These are not marginal points.

Power and persuasion

Keith Dowding is Distinguished Professor of Political Science at the Australian National University. His first book on power, *Rational Choice and Political Power*, was published in 1991.² He has since written an introductory textbook on power³; published around two dozen academic articles on power, a number of which have been republished in *Power, Luck and Freedom*⁴; edited the *Encyclopaedia of Power*⁵; and written an extended new introduction to and a set of reflective comments upon a reissued version of *Rational Choice and Political Power*.⁶

In this section, we present a basic overview of Dowding's account of power, independently of any discussion of business power. The presentation here is technical and formal but is essential to understanding and formalizing the distinction between power and influence we wish to make and then apply to the understanding of corporate lobbying. Dowding defines power in terms of what it is that agents can achieve. "We measure the power of machines by what they can do. We can measure the power of agents by what they could achieve."⁷ How are we to understand "achieve" in this context? There is a standard distinction drawn in the literature between "power over" and "power to."⁸ "Power over" understands "achievement" as being centrally linked to the capacity of agents to overcome resistance from others. "Power over" is therefore perhaps most clearly linked with Robert Dahl's definition of power as: "A has power over B to the extent that A can get B to do something that B would not otherwise do."⁹ The alternative here, "power to," conceives of power in a way which allows for positive-sum cooperative relationships. Power over and power to can both potentially offer insights into corporate lobbying. But the important point to note here is that Dowding, like Dahl, and like Brian Barry,¹⁰ whose important work on the difference between luck and power we will return to presently, focuses, in the largest part of his work on situations where agents have to overcome resistance from others, i.e., power over.

How can agents overcome opposition? Dowding's answer is a simple one. They can deploy the resources they possess.¹¹ As a general rule, actors with more resources tend to be more powerful. In what ways can actors deploy their resources in order to achieve their goals and change another person's behavior? In *Rational Choice and Political Power* Dowding distinguishes between threats, offers, "thoffers" (combining threats and offers), and non-coercive persuasion, a distinction which is crucial to our argument.¹²

In first considering threats, offers, and thoffers, assume there are three options in a preference set, X, Y and Z. Assume next that person A ranks them $\{ \dots X > Y > Z \dots \}$. Assume that there is a second actor, B, who ranks the same options $\{ \dots Y > X > Z \dots \}$. So, in this case, the two actors have (partly) conflicting preferences, meaning that "power over" might become relevant. In such a situation A can try to alter B's incentive structure and the choice that they make via a *threat*: that is a conditional promise to do something (t) if B acts to achieve Y rather than X. If that threat is considered credible, it will have the effect of removing Y from the preference set and changing B's preference ordering such that $\{ \dots X > Y + t > Z \dots \}$. Alternatively, A can change B's preference ordering by way of a conditional promise to *offer* B something (o) that B wants. If this promise is considered credible, it will have the effect of raising X in B's preference ordering such that $\{ \dots X + o > Y > Z \dots \}$. Third, A can make a "thoffer": that is a combined threat (t) and offer (o) such that B's preference ordering will be $\{ \dots X + o > Y + t > Z \dots \}$.

²Dowding (1991).

³Dowding (1996).

⁴Dowding (2017).

⁵Dowding (2011).

⁶Dowding (2019).

⁷Dowding (2021, 19).

⁸Abizadeh (2023).

⁹Dahl (1957, 202).

¹⁰Barry (1980a, 1980b).

¹¹Dowding (2019, 181).

¹²Dowding (1991, 66–9).

Dowding also argues that it is possible for *A* to change *B*'s preference ordering through what he calls non-coercive persuasion (we will return to and discuss the relevance of the prefix non-coercive presently). Hence, *A* might convince *B* that one option, *Y*, is not as attractive as they had previously thought such that *B*'s preference set becomes $\{ \dots X > Y > Z \dots \}$. Now there is, in one sense, as Dowding recognizes, an apparent similarity between persuasion on the one hand and threats and offers on the other in that they both serve to raise or lower options in a preference set.¹³ They are however analytically distinctive. Dowding argues that non-coercive persuasion, crucially, does not depend upon *A* making a conditional promise in the form of an offer or threat or combination of the two. Hence, *A* is not saying that they will *do* something to *make* *Y* less attractive, as above, unless *B* does what they want. They are, instead, through the provision of information and reasoned argument, suggesting that *B ought* to prefer *X* to *Y*. In this respect, the key distinction between power and influence is that “*A* has only influence rather than power if *A* does not or could not threaten any sanctions that would alter *B*'s behavior.”¹⁴

We have, so far, distinguished between threats, offers, and thoffers as ways in which power is exercised on the one hand, compared to non-coercive persuasion on the other. It is, to be clear, non-coercive persuasion that we argue can be equated with influence. There is however a further and important strand to Dowding's argument, one relating to the addition of the qualifying prefix “non-coercive.” Here, Dowding recognizes that persuasion can sometimes amount to an exercise in manipulation intended to benefit not the person being persuaded but the person who is undertaking the persuading. In such cases, the person undertaking the persuasion proceeds by withholding or distorting information or telling half-truths in order to persuade someone that their interests are other than that which they in fact are. This kind of “coercive persuasion,” Dowding observes,¹⁵ closely resembles Steven Lukes' account of the “third face” of power, whereby, in a twist on Dahl's original formulation, *A* exercises power over *B* by “influencing, shaping or determining his very wants” in ways which, on Luke's account, are contrary to *B*'s real interests.¹⁶ Furthermore, Dowding also notes that “coercive persuasion” bears a passing resemblance to Foucault's discursive account of power in which, broadly speaking, language structures our ideas, ways of thinking and, potentially, our interests.¹⁷ Now in some ways, it might be objected, the use of the term “coercive” here is potentially misleading. After all, even when the persuader is withholding or manipulating information, the person they are seeking to persuade is still free to choose another option. Coercion is nevertheless an apt description here because the person undertaking the persuasion in such cases is, effectively, trying to force the other person's hand in ways which compromise their full knowledge or autonomy.

An obvious question here is about *how* we might distinguish between coercive and non-coercive persuasion. One option open to Dowding is to follow Lukes in focusing upon an actors' “real” interests and to argue that the key issue at stake in distinguishing between coercive and non-coercive persuasion is whether, if the persuasive effort is successful, the person who has been persuaded will be better off as a result (that is, whether their “real” interests will have been advanced). While Dowding argues that it is possible to reach informed judgments about someone's best interests, he nevertheless draws the line between coercive and non-coercive persuasion in a different way: one which focuses attention not upon outcomes but the intentions and sincerity of the person undertaking the persuasion. Persuasion can be counted as non-coercive if it is the case that the reasons *A* employs in order to suggest that *B* ought to change their mind are reasons, firstly, that *A* genuinely believes and, secondly, if it is *not* the case that *A*, if they thought those arguments had failed or would fail, would have deployed *any* set of arguments in order to change *B*'s mind.¹⁸ What happens if *A* is wrong, and *B* is actually left worse-off as a result of following their advice? On Dowding's account, this does not matter. What instead counts is whether *A* genuinely believed that *B* would be better off.

¹³Dowding (1991, 69–70).

¹⁴Dowding (2011, 342).

¹⁵Dowding (2016).

¹⁶Lukes (1974, 27).

¹⁷Foucault (2015, 17–35).

¹⁸Dowding (2016). For an extension of this argument from reasons to emotions see Dowding (2018).

We will return to Dowding's work and, in particular, his concept of "systematic luck" in a later section. For now, however, we have come far enough. Using Dowding's work we have sought to add additional analytical purchase to the everyday language distinction between influence and power which we referenced at the start of this paper. For our purposes, the key points are these. Power rests on the use of threats and offers (and thoffers) to change the relative costs and benefits of particular courses of actions. Power, in this way, can be distinguished from non-coercive persuasion, what we are calling influence, where an actor genuinely believes and seeks to persuade another actor that there are good reasons why they *ought* to revise their understanding of a situation in the absence of any threats or offers. Such forms of non-coercive persuasion are a form of "cooperative exercise" in which one actor seeks to change how another person thinks and with this to "understand some aspect of the world or come to some agreement."¹⁹ Not all attempts to persuade someone to change their mind are however as benign. Dowding also suggests that efforts at persuasion can take a coercive form whereby someone seeks, deceptively, to manipulate or distort information in order to change someone else's mind.

One final note: Dowding, for the reasons we have outlined, distinguishes between non-coercive and coercive persuasion. We believe that the distinction he draws is both meaningful and useful. Yet we nevertheless recognize that many people will find the prefix "non-coercive" to be redundant ("what else could persuasion be?"). So, in the rest of this paper, we simply talk about "persuasion influence." Similarly, instead of "coercive persuasion" we talk about "manipulation."

Conflating business influence and power

To a significant degree, the academic literature on business power continues to be driven by longstanding distinctions between instrumental power, associated with business lobbying and funding in politics, structural power, the dependence of state elites on private sector profitability and investment to spur the economy, and discursive power where power is seen to be a function of norms, ideas and social institutions.²⁰

What of the everyday distinction we have argued is often drawn between power and influence? *Does this play a role in the conceptual armoury of studies of business power?* No, it does not, and this can be demonstrated. In published work, the word influence, when it is used at all, is routinely used interchangeably with power. Hence, in conflating business influence with business power, Adrian Rinscheid, in writing about the nature of structural business power, argues that "the state's dependence on private sector profitability often allows business to *influence* political decisions."²¹ Martin Carstensen and Vivian Schmidt define "ideational *power* as the capacity of actors . . . to *influence* other actors."²² Scott James similarly argues that "theories of business *power* suggest that business *influence* is derived from two main sources: instrumental and structural power."²³ Pepper Culpepper argues that "the more the public cares about an issue, the less managerial organizations will be able to exercise disproportionate *influence* over the rules governing that issue."²⁴ In other words, business *power* goes down as political salience goes up." Pepper Culpepper and Raphael Reinke describe instrumental power as comprising "the various means, unrelated to the core functions of the firm, through which business *influences* politics" (emphasis added in all these cases).²⁵ Finally, Dür in a paper on the power of European interest groups uses the concepts of power and influence interchangeably.²⁶ This conflation of business power with influence is widespread in the literature, but is, we argue, unhelpful and misleading.

¹⁹Dowding (2019, 185).

²⁰These short definitions are taken from Fuchs and Lederer (2007, p. 5, 6 and 8) respectively. Also see Arts (2003); Gaventa (2006, 29); and Johal, Moran and Williams (2014) for distinctive but related typologies.

²¹Rinscheid (2020, 287).

²²Carstensen and Schmidt (2016, 321).

²³James (2018, 1530).

²⁴Culpepper (2011, 17).

²⁵Culpepper and Reinke (2014, 429).

²⁶Dür (2008).

We have, so far, looked at the way the *word* influence is used within the business power literature. This does not however entirely settle the issue. We also need to see whether some of the ideas contained within Dowding's account of what constitutes persuasion can be found in the business power literature regardless of whether the word influence is actually being used. Dowding's account allows, as we have seen, for the possibility of persuasive influence to be based on appeals to either reason or emotion. Of the two, it seems more likely that reason and, in particular, appeals to "insider" expert information, will be more likely to form the basis of persuasive efforts by business.

This feels like a promising line of inquiry because the significance of expert information has long been recognized within the literature on lobbying and business power *and*, as we show below, has been linked to the existence of close and mutually beneficial working relationships between government, interest groups, and business. So, for example, and to start outside of the immediate remit of business power studies, policy network theory suggests that some (but not all) interest groups (including business interests) have access to expert information which it would be costly and difficult for the government to acquire and that interest groups that possess this information are routinely drawn into tight-knit "policy communities" alongside government officials which are characterized by "frequent and high-quality" interaction and by the existence of positive-sum, that is mutually beneficial, outcomes.²⁷

In *Quiet Politics and Business Power*, Pepper Culpepper similarly suggests that information and technical expertise is an important resource business that can utilize in its dealings with government.²⁸ In fact, for Culpepper, information and expertise are the resources used for wielding power. As he argues, "managerial lobbying often derives most of its strength from the *expertise* of managers . . . expertise is a preeminent power resource" (emphasis in original).²⁹ Culpepper acknowledges that this power resource does not always work, especially if policy issues become public and politically charged in situations where business will often struggle to prevail over governments.³⁰ Yet within "quiet" closed door political environments, much like those described by Marsh and Rhodes as "policy communities," business will usually be more successful according to Culpepper.³¹ Morgan and Ibsen³² (2021) and Bernhagen and Mitchell³³ have since made similar points about the value to business of "quiet" arenas. The assertion here is that "business has privileged access to policy-relevant information which derives from everyday market activities and pooled research"³⁴. Morgan and Ibsen³⁵ thus posit a "nexus between quiet politics and business power," while James³⁶ argues that business has a "structural-informational advantage" in which "business power derives from a firm's capacity to transmit credible information signals to policymakers."

The corporate executives we interviewed recognized that they often had valuable information and insights to offer politicians and public servants. This is often referred to in the literature as "access goods" whereby business provides needed goods to government in return for enhanced access to government, enhanced credibility, and perhaps increased influence.³⁷ As one interviewee said, "part of the process is the government wanting information, wanting input into things, setting up industry working groups, and what have you." Another respondent said access goods were "a very critical part of the game."

Does information and business expertise therefore provide the "missing link" within the business power literature to Dowding's work and to the *concept* of influence (understood as persuasion influence)? In our view, it does not. It is explicitly the case within policy network theory³⁸ and, we would

²⁷(Marsh and Rhodes, 1992, 250).

²⁸Culpepper (2011).

²⁹(Culpepper 2011, 9 and 181).

³⁰Also see Smith (2000).

³¹Marsh and Rhodes, 1992).

³²Morgan and Ibsen (2021).

³³Bernhagen and Mitchell (2009).

³⁴Bernhagen and Mitchell (2009, 1632).

³⁵Morgan and Ibsen (2021, 4).

³⁶James (2018, 1632).

³⁷Bouwen (2002); Alves (2020); Coen and Vannoni (2020).

³⁸Marsh and Rhodes (1992, 250).

suggest, implicitly the case within Culpepper's and Scott's work, that the relationship between business and government is being conceived of as one of bargaining and exchange in which business *conditionally* offers detailed information to assist government *in return* for policy concessions which suit the interests of business. Hence, to return to the distinctions drawn in the previous section on the basis of Dowding's work, business, in these cases, is making an offer, a conditional promise, to the government: work with us and we will provide you with information that it would otherwise be difficult or costly for you to acquire. The result is, potentially at least, a mutually beneficial outcome but it is *not* one which can be characterized as persuasive influence or as having a non-conditional or non-coercive element.

Moreover, we would note that it is possible to exaggerate the extent of the significance of access goods (*regardless* of whether or not they are understood as supporting influence or power). Having useful information, expertise, or even major prominence in the economy might admit one into government circles for talks and negotiations, but whether this translates into influence or power is another matter. Privileged access might assist with but is not necessarily the same as influence or especially power. Moreover, it is here that the agency and interpretations of government actors matter in interactions with business.³⁹ It is one thing for business to present information and offer expertise, but whether government actors believe or fully accept such claims is another matter. As Colin Crouch argues, governments are likely to consider the needs and arguments of business but they "may do so with varying degrees of precision and vary in responsiveness to capital's interpretation of its own needs."⁴⁰ Moreover, given the possibility of business special pleading or bias in the offering of information and expertise, there is, as Crouch adds, "always an area for discretion in the extent to which governments take seriously industry's [views] or complaints."⁴¹ Moreover, governments have their own substantial information capacities. As James himself argues, government "policymakers are embedded within institutional structures that provide valuable political and financial resources, which can be used to accumulate technical knowledge and expertise."⁴²

If information and expertise do not necessarily or even perhaps regularly translate into power, what of business's discursive power, in a context where business and capitalist ideas around growth, competition, profit, and private gain are widely accepted culturally in western countries? Does this background cultural effect help business influence governments? Perhaps, yes, regarding the maintenance of the general rules of the game under capitalism and in creating, within government, the belief that business is a legitimate actor and that routinely consulting with it prior to the implementation of policies is appropriate. Yet this is a far more doubtful claim when it comes to dealing with the minutia of specific regulatory or tax or subsidy issues, which are typically the bread and butter of business lobbying and where governments are likely to have their own views on such matters. For the purposes of our argument, there is however a further point to make here. In this article, we want to make the case for treating persuasive influence seriously as a form of corporate lobbying. Discursive power is, without doubt, a valuable concept. But it cannot be reduced to or seen as synonymous with persuasive influence. Indeed, discursive power, as Dowding shows (in relation to a discussion of Foucault and Lukes), is a form of *manipulation* that is better understood as an exercise of a particular form of power.

In drawing a line between discursive power and persuasive influence, we do not however want to deny the importance of ideas as a specific form of discourse. Ideas are obviously central to persuasion influence. On our account, corporate lobbyists deploy ideas and arguments to persuade government to change its mind on particular issues (more formally, to revise its preference ordering). Ideas are however also important to power dynamics, whether in efforts at manipulation or, as Bell has argued, in shaping the dynamics of structural power.⁴³ Structural power does not take a mechanistic, automatic,

³⁹Bell (2012).

⁴⁰Crouch (1979, 43).

⁴¹*Ibid.*

⁴²James (2018, 1533).

⁴³Bell (2012).

form. Business has to try to convince government (and, potentially, if a conflict escalates, opposition parties, the media, and broader public) that it will disinvest unless it gets what it wants. Government then has to decide whether threats to disinvest are credible and whether lower investment will in fact lead to lost jobs and lower growth. It might seem here that, once again, we are in danger of blurring the lines between power and influence: that “convincing” and “persuading” are one and the same thing. Yet there is a crucial difference here. As we have previously demonstrated in, for example, our work on the Australian mining tax⁴⁴ and on policy battles over financial re-regulation in the aftermath of the 2008 financial crisis,⁴⁵ structural power is made manifest in contexts where business and government not only have conflicting interests but in which business will seek to deploy, purely instrumentally, whatever argument it thinks will work best to change the government’s position. In such instances, business will lean heavily upon a claim to expertise and legitimacy. It will argue that it will have no alternative but to cut investment because its activities will, if the government secures its goals, become much less profitable and that it is best placed to know this because it understands its own business balance sheet. But in such instances, business efforts to persuade the government to change its position do not satisfy the two conditions listed in the previous section that Dowding stipulates for persuasion to be counted as non-coercive. They are better understood not as attempts to influence government but, effectively, to subjugate it. Nevertheless, relationships between government and business, even if they are sometimes underpinned by threats, offers, and manipulation, can *also* and instead take the form of exercises in the persuasive influence of the sort outlined by Dowding in which actors jointly come to “understand some aspect of the world or come to some agreement.” This however leaves open the question of how common such relationships are. This is an empirical question to which we will now turn.

Business lobbying in Australia

Australia is routinely classified as an example of a liberal market economy.⁴⁶ That is however a *relatively* recent development. From federation in 1901 until the 1970s, Australia’s political economy was grounded upon the existence of an activist, developmental state which, most notably in the case of the manufacturing and farming industries, developed close, clientelist, relationships with business interests.⁴⁷ That system of “protection all round,” as it was often called, was gradually dismantled from the 1970s onwards, at least in part as a result of pressure from neoliberal ideas and anti-protectionist business sectors.⁴⁸ Even under protectionism however and more so in recent decades, business in Australia has operated within a relatively liberal business culture which values private managerial prerogatives, non-intrusive styles of regulation, and associational voluntarism.⁴⁹ Business lobbying nevertheless remains important and has grown in importance in recent decades.⁵⁰ Several hundred lobbying firms, representing paying clients, are based in Canberra.⁵¹ More importantly, the vast majority of large firms have developed and rely heavily on “in-house” government relations functions staffed by government relations professionals.⁵² Geoff Allen, one of the founders of the big business lobby group, the Business Council of Australia (BCA), argues that a substantial majority of large firms, certainly those within the top one hundred, have developed professionalized corporate functions dealing with public affairs and government relations.⁵³

The degree to which business is able to wield considerable power, at the expense of the federal government and democratic values, has been, and still is, a live political issue in Australia. Guy Pearse

⁴⁴Bell and Hindmoor (2014).

⁴⁵Bell and Hindmoor (2017).

⁴⁶(Hall and Soskice, 2001, 20).

⁴⁷Bell (1993) and Bell and Keating (2020).

⁴⁸Banks (2005).

⁴⁹Bell (1995).

⁵⁰Bell (2022) and Bell, Hindmoor and Umashev (2023).

⁵¹Halpin and Warhurst (2015).

⁵²Bell and Warhurst (1993) and Bell (2022).

⁵³Allen (2020).

argued that the refusal of then Liberal Party Prime Minister, John Howard, to ratify the Kyoto Treaty in the 2000s reflected the power of the “Greenhouse mafia”: a set of mining and heavy industry firms working through the Australian Industry Greenhouse Network.⁵⁴ In 2010, and at a point when demand from China had pushed-up prices of many natural resources, including coal, the proposal of the Labor Prime Minister, Kevin Rudd, to introduce a super profits tax was then defeated by a large number of mining firms, including BHP and Rio Tinto. Following an aggressive advertising campaign by the sector, public support for the tax slumped, especially in the mining states of Western Australia and Queensland where, particularly in the latter, there were a large number of marginal seats. Rudd was removed from power by his own party and replaced by Julia Gillard who then retreated and watered down the proposed tax.⁵⁵

Reflecting upon, and, at the same time, scratching at the raw political wounds such encounters had left, the then Treasurer in the Labor Government, Wayne Swan, argued that business power was undermining Australian democracy.⁵⁶ “A handful of vested interests that have pocketed a disproportionate share of the nation’s economic success now feel they have a right to shape Australia’s future to satisfy their own self-interest.” Swan’s argument was subsequently endorsed by the Australian business leader John Menadue⁵⁷ and later endorsed by a think-tank, the Grattan Institute, in a high-profile report which argued that “well-resourced interests—such as big business, unions, and not-for-profits—use money, resources, and relationships to influence policy to serve their interests, at times at the expense of the public interest.”⁵⁸ More recently, Lindy Edwards has argued, in *Corporate Power in Australia*, that in a majority of the policy areas she had studied “our democracy was not able to rein-in the mega-corporations and defend the public interest” and that in only one case was “a misbehaving corporate significantly cowed.”⁵⁹

These studies, together with public standoffs between the federal government and the banking industry⁶⁰ and, more recently, the east coast gas industry⁶¹ over investment levels and profits, have provided us with some insights into the relationship between business and government in highly politically charged and often very public disputes. Yet, as we have seen, the claim has often been made within the academic literature that business power is most effective within “quiet” policy worlds away from the public gaze.⁶² Christian Hendriksen suggests that the “details of how influence occurs when business participates directly in negotiations [with government actors] remain opaque.”⁶³ We share his view and note, in particular, that we know very little about how corporate government relations executives themselves understand their role; the constraints under which they operate; and, to return to the main theme of this paper, the power *or* influence they can wield.

To provide some insight into this largely hidden world, we conducted twenty-five semi-structured interviews of about one hour each with government relations professionals working for one of the dozen largest firms from nine representative sectors of the Australian economy in 2021.⁶⁴ Many of these interviewees also had experience working in government, in business associations, or as third-party

⁵⁴Pearse (2007).

⁵⁵Bell and Hindmoor (2014).

⁵⁶Swan, (2012, 2014).

⁵⁷Menadue (2015).

⁵⁸Wood and Griffiths (2018, 3).

⁵⁹Edwards (2022, 197).

⁶⁰Taylor and Shaffer (2017).

⁶¹Paul (2022) and Bell (2022).

⁶²Smith (2000) and Culpepper (2011).

⁶³Christian Hendriksen (2022, 79).

⁶⁴The sectors from which we drew interview material were energy and mining, manufacturing and industrials, retail, healthcare, financials, communications and information technology, utilities, transport, and banks). We allocated firms to these sectors based on the Global Industry Classification Standard Code (GICS). We also approached a number of firms (not in the sample above) who are members of the big business lobby group, the Business Council of Australia (BCA). In each case, the government relations executives worked for one of the largest fifteen firms in that industry. Interviews were semi-structured and were focused on a range of issues relating to an Australian Research Council-funded project on corporate lobbying, not just to power and influence.

lobbyists. In order to preserve anonymity, we agreed to not mention the names of any firms the government relations executives worked for or to refer to details of any of the policies they had lobbied the government in relation to.

Quiet influence, not quiet power

The key to understanding the dynamics of business influence is to depict business and government actors as agents who use ideas and understandings of their institutional context and the associated institutional constraints and opportunities to help navigate and shape their actions and behavior, an approach articulated in agent-centered historical institutionalism.⁶⁵ First, our agents operate in institutional contexts that shape incentives and “appropriate” behavior. For business lobbyists, this means that career success typically depends on their capacity to build productive relations with government actors and achieve favored policy outcomes. Such relationship building typically requires resource exchanges and cooperative experiences, which with repeated interactions can help build trust and mutual respect and influence. From this perspective, “inappropriate” behavior, such as deceitful, belligerent, or manipulative action, can severely damage such relationship building. Even more fundamentally, agents use ideas to help define the ontology of the situation in which they operate, defined rhetorically as “what is the nature of the world or the situation I confront”? For business agents, their socially constituted meaning-making of the situation and the requirements of the relationships they confront shape their approach to lobbying. This is not an idiosyncratic process but a social process, where, as Hendriksen suggests, “institutionalized norms and beliefs” develop over time that shape what are seen as appropriate patterns and protocols of behavior regarding business engagement with government, especially in terms of lay the groundwork for successfully influencing government thinking and policy.⁶⁶ For their part, government actors want useful resources from business, such as information or expertise on policy issues, and often value a trusted relationship with business interlocutors. Government leaders however are also wary of being seen as subservient to or captured by business interests and usually dislike business special pleading.

There was unanimous agreement on these points from our business respondents who all argued their main role was about building long-term relationships of mutual exchange, recognition, and trust, as the key to exerting influence. Corporate interviewees all said they aimed to cultivate long-term, trust-based relationships with governments in which they become embedded within routinized policy consultation processes. As one interviewee remarked: “the strategy is one of long-term relationship building . . . you’ve got to become credible in the eyes of the stakeholders and eventually earn their trust.” Another said: “we operate from a strategic, long-term relational perspective, rather than just relying on narrow transactional advocacy . . . it’s about building awareness and hopefully trust.”

Relatedly, a key norm our interviewees identified was that of avoiding being seen to be engaging in narrow corporate-centric lobbying, in rent-seeking or special pleading, or of being seen to make demands of or threats to public servants or politicians. One respondent said, it was important to “establish relationships in advance . . . [government] does not take kindly to the first time they meet you is when you want something.” Another said that “in our experience the government does not appreciate only narrow ‘needs-driven’ engagement.” Another said that their role was about building a “trusted advisor role with the government . . . it’s not about going to them just when we want something.”

Instead, interviewees consistently emphasized how the protocols of their work required them to frame their arguments in terms of broader issues related to the public interest and to generally accept the legitimacy of the overall policy direction set by the government. In a number of interviews, we cited a comment from Geoff Allen that “advocacy positions need to be evidence based and need to take into account the public interest.”⁶⁷ We asked interviewees to respond to this proposition. One interviewee said, “That’s absolutely the case . . . that’s your job.” Another said that taking account of the public

⁶⁵Bell (2011) and Bell and Feng (2013).

⁶⁶Hendriksen (2022, 81).

⁶⁷Allen (2012a, 153).

interest when lobbying was important “because you’ve got to build credibility.” A third said, “it’s just not plausible in this modern day to really be pushing things that aren’t aligned with the public interest . . . you’ve got to have a broader set of stakeholder perspectives in mind if you want to have a genuinely sustainable business.” A fourth said that “arguing your narrow self-interest, it becomes pretty obvious when you’re doing so . . . seeing things from a broader view is, I think, certainly going to be a more productive way forward than simply arguing your own case.” A fifth commented that “you’re not going to get anywhere if the public don’t support you, or the community or customers don’t . . . if you can’t relate change to somehow benefiting the community, politicians won’t be interested.”

Government thus looms large in these engagements. As one interviewee said, an important question when lobbying is: “how do we align ourselves with the goals of the government of the day? How do we manage our messaging in a way that is not going to irritate?” Another argued that dealing with government required an understanding of “where government was coming from . . . you need to understand from the government’s perspective what motivates them, what drives them, what’s important to them.” Another argued that “it’s not solely about our bottom line when we argue for reform . . . it’s to ensure that the money we do pay towards a public policy outcome . . . is spent wisely and is spent well . . . the things that are good for someone’s bottom line can also be argued to be good for a better public policy outcome.” Another remarked that the best lobbying approach was to tie arguments “to the self-interest of politicians, and to the national interest . . . if you can say this will improve productivity, this will improve economic activity, this will improve jobs . . . then you’re going to have a much better time.”

We have argued that the relationship between business and government is viewed by practitioners in terms of a negotiated exchange in which the two sides each possess important resources. Yet interviewees steadfastly resisted the idea that business has power or that it can habitually exercise power within their “quiet” relationships with government. One interviewee said, “in the majority of cases, the role of government relations/lobbying is performed in an attempt to exert influence on the government’s thinking by posing arguments which support your position and setting out reasons that alternative approaches are bad policy or will have negative effects.” Another said that “my experience, over several decades as a recipient and practitioner of advocacy to government, shows that most lobbying seeks to identify and further alignment between corporate objectives and government policy through active engagement. It’s rare that firms or industry associations throw their weight around aggressively in an attempt to bend governments to their will through a form of coercion. Overall, our main aim is to persuade and influence governments.” Another spoke of how, in their experience, “business is striving to increase the government’s understanding of (and hopefully its responsiveness to) its perspective. That’s why I regard government relations as essentially relationship building. The concept of exercising ‘power’ is not analogous to relationship building—that’s something else and not something I’ve seen in my experience of government relations practice. Bluntly, if business (or anyone else) had ‘power’ over government they probably wouldn’t need to lobby.”

Some interviewees recognized that business could, if an issue was very important and business was profoundly upset with the position a government had adopted, forsake the “quiet” world of routinized influence relationships and take their arguments into the public arena in an effort to directly coerce and pressure the government to change its mind. One interviewee said that “in the majority of cases” government relations are about an “attempt to exert influence,” but also recognized that “there is a spectrum of methods” and that, in “extreme circumstances,” “when the stakes are high,” “attempts to influence government decisions may be performed in such a way that could be perceived as coercive” via efforts to “elicit support from other stakeholders or to sway public opinion through advertising.” Yet this respondent was also adamant that “such tactics are the exception rather than the norm.” Going public, they argued, constituted a significant risk “because that’s pretty much the end of those relationships that you have been cultivating. Once it goes public and becomes adversarial, there’s no way back from that. There’s a winner and a loser, basically.” Another interviewee noted that “our company prefers a behind-the-scenes approach and the reason for that is because when you go public you draw a lot of attention to an issue.” A third remarked that “being on the wrong side of a debate can put you in a very bad place.” A fourth said that they

“strongly believe that more is achieved behind closed doors. Going out in public . . . is hitting the nuclear button.” Another said, “I think you should always start quietly . . . if you’re being loud prematurely, and that won’t help the government, and that doesn’t build your relationship with them, then it’s counterproductive.” Another interviewee observed that “it’s a very fine line because you can end up . . . offending a minister pretty easily . . . they’re not very thick skinned and you can end up on the wrong side of some very important people, if you’re not careful.”

To summarize, the key claims made in our interviews are that government relations executives prefer routinized “insider” relationships and that, in their dealings with government, corporate lobbyists regarded themselves as being under an obligation to accept certain norms of behavior as well as the overall direction of government policy, usually framing their own contributions in terms of some version of the government’s and the public interest. They regarded themselves as sometimes having influence but not generally as having power over government, except perhaps in more extreme cases. These executives recognized that, sometimes, they and their firms might be forced to adopt alternative and more publicly aggressive tactics but emphasized that such occasions were very unusual and should be avoided, if possible, due to substantial downside risks and the damage inevitably done to long-term relationship building with government. They also recognized that they sometimes possessed information, which was valuable to the government but, crucially, they did not regard lobbying as an exchange relationship in which they were making threats or offers: that is conditional promises to behave in a certain way unless they achieved certain goals. Instead, the relationship government relations executives saw themselves as having was, in terms of the distinctions drawn in the earlier part of the paper, primarily one of attempting to deploy persuasive influence.

Government relations executives understand their role as one of persuading a government that it would benefit from listening to their advice and taking on-board their suggestions. Was such advice offered sincerely? Did lobbyists believe the arguments they were advancing? Would they have deployed any set of arguments to achieve their goals? We cannot answer these questions, which, as we have seen, provide the basis for Dowding’s distinction between manipulation and persuasive influence, with any precision. What we can say is that we found interviewees to be both reflective and credible. We found no reason to believe that our government relations professionals were being falsely modest about their role or achievements. We also note that they identified a set of powerful and self-interested reasons to act honestly for reasons of maintaining longer-term relations, credibility, and access with governments.

Hence, successful lobbying typically takes place within a long-term and trust-based relationships conducted by agents that see themselves as professionals playing the long game and who generally approach governments with a degree of care and caution. As one interviewee said, “in general companies are—at the senior levels—very careful actually and sometimes even quite reticent” when they approach governments. Accordingly, firms that engage in blatant rent-seeking activity, that fail to provide substantive evidence with which to back their claims, or that are seen to be making threats, will likely jeopardize their position. In this sense, the role and authority of governments typically looms large in the eyes of government relations executives, encouraging them to pursue lobbying strategies that usually feature agreed norms of engagement and acceptable forms of persuasive influence.

Influence and power

We have argued that there are credible reasons to think that interactions between business and government are usually best characterized as exercises in persuasive influence rather than power. Our interviewees suggested that it would, in most cases, be a significant mistake for a business lobbyist to be seen to be engaging in narrow corporate-centric lobbying, or rent-seeking activity, or to be manipulative or too assertive in relation to government. However, this does not mean that the concepts of instrumental and structural power, the stalwarts of the largest part of the business power literature, are irrelevant. Indeed, as our interviews confirmed, if business is unable to persuade government, it may *sometimes* be left with no alternative but to abandon the “quiet” world of routinized influence relationships and to instead attempt to exert power over government using various power resources.

Our emphasis on the use of routinized influence strategies by business in interactions with government suggests that many of the strategies normally labeled as instrumental power are better seen not as power strategies but as persuasive influence strategies. This applies to strategies such as using money and resources to enhance either the quality or quantity or both of research-based advocacy and lobbying. This also applies to elite networking as an influence strategy. In contrast, if business deploys resources to publicly campaign and swing voters against government within the context of an open political conflict, as happened during the conflict over the new mining tax in 2014, this does, unambiguously, amount to an attempt to exert instrumental power. Given the arguments of this paper, we should expect the attempt to exert such power would come after a failed attempt to exert influence, as was the case with the mining tax. Again, however, power and persuasive influence remain as separate categories of action.

Are there nevertheless perhaps subtler or more indirect dynamics that do link influence and power? Consider the case where business interests might be described as “lucky” in the sense that their policy agenda happens to align with what government also wants.⁶⁸ Dowding extends this argument using the concept of being “systematically lucky” and offers the example of business interests who he suggests have a better chance of being influential because governments in capitalist systems are structurally predisposed to favor business investment and economic growth.⁶⁹ Hence, when business lobbyists argue that a policy would be a good idea and in the public interest because it would create additional investment and jobs, they are, as writers from Charles Lindblom⁷⁰ and Fred Block⁷¹ onwards have argued, taking advantage of the dependence of governments in capitalist democracies on capitalist businesses to generate investment and growth.

Again, however, this type of structurally rooted notion of influence is not the same as the actual or overt exercise of power. However, what if business lobbying and efforts to exercise influence take place in what is perceived to be the “shadow” of the potential *future* exercise or at least the attempted exercise of power? In other words, what if government policymakers worry about the prospect of a future instrumental or structural power attack from business if they do not give business what it wants. Government *perceptions* can matter here, short of any actual exercise of power.⁷² Consider policymakers in a context where a business sector has structural prominence in an economy⁷³ and has the perceived potential to mount a *future* instrumental and/or structural power attack on government. Note that there is no link here between persuasive influence and the actual use of a power strategy. This is because we are not imagining a situation in which business lobbyists are making the best case they can in relation to the policy concessions they want but are *simultaneously* making it clear that if they do not get what they want they will go public and attack the government using whatever power resources they possess. Rather, we are positing a situation in which, without any threat having been made, government can imagine such a future outcome. The lesson here is that perceptions (whether well-founded or not) matter. Some might argue that what we have here is essentially the second face of power theorized by Bachrach and Baratz where governments respond to putative or future potential business threats.⁷⁴ Nevertheless, it is the perceived seriousness of the threat, as assessed by governments, that matters here. If the threat is considered real and very serious, then this might be read as potentially coercive and as offering incentives for a shift in the government’s position, and hence as an expression of power on the part of business. However, if the threat is considered as salient but less serious, then perhaps it might aid business with persuasive influence over governments but stop short of the exercise of power. These are however empirical questions. We are thus recognizing that the future potential for instrumental and/or structural pressure from business can condition and provide a part of the context for the enhanced exercise of either persuasive influence or coercive power in relation to governments.

⁶⁸Barry (1980a, 1980b).

⁶⁹Dowding (1991, 152–7).

⁷⁰Lindblom (1977).

⁷¹Block (1977).

⁷²Bell (2012).

⁷³Young (2015).

⁷⁴Bachrach and Baratz (1962).

Overall, however, we think that it would be a fundamental mistake to disregard the distinction we have drawn and to argue that business lobbying is, whatever its surface appearances, *really* about the exercise of power. It would be a mistake for two reasons. First, it would be to radically disregard the weight of the evidence we have presented here. Lobbyists see their role as being one, primarily, of trying to persuade government representatives that they would be more likely to achieve their goals if they accepted their advice. They gave absolutely no hint that their efforts at persuasion were a charade: that everyone *really* knew that the fundamental issue was power, or the threat of the future exercise of power. Second, it would be to rule out the possibility that government *can* sometimes be persuaded to change its mind as a result of the arguments presented to it. Influence and power do not exist in parallel but in separate political universes. In our view, they are however not simply analytically distinguishable but constitute *alternative* strategies which business can pursue.

The comparative question?

Finally, there is the comparative question. Our evidence comes from Australia but are other western democracies similar in terms of business-government relations. Here, Hillman et al.⁷⁵ usefully compare short-term, ad hoc, and essentially transactional approaches to business-government relations with longer-term relational engagement patterns, of the type typical in Australia, and, according to Coen and Vannoni,⁷⁶ in Europe as well. The situation in the US, however, may well differ, perhaps due to cultural and institutional drivers. As one interviewee, who had US experience, argued, the US has a “more competitive and opaque lobbying environment . . . it’s very aggressive, it’s a different culture there.” Moreover, if business influence is furthered, as argued above, by lobbying under a broader policy outlook likely to be of interest to governments, then US trends will perhaps weaken corporate influence and encourage more aggressive lobbying approaches. This is partly because, as Drutman argues, in the US, “corporate lobbying has become increasingly particularistic, with individual corporations more and more looking out for their own narrow interests.”⁷⁷ It is also the case that government leaders and officials in the US tend to see corporate approaches in exactly this sense. They expect to be approached by narrow self-serving corporate interests which may well make it harder for them to be persuaded by their corporate interlocutors.

In Australia, the contrast to the US approach was illustrated in the battle from 2005 between Telstra, the major telco firm in Australia, and the federal government over the roll-out of the national broadband network.⁷⁸ Telstra hired a US CEO who brought a US-style transactional and at times combative approach to government relations. As one interviewee put it, “he brought the American way of doing government relations and he crashed and burned . . . we just don’t do business like that here in Australia.” Nevertheless, on occasion, Australian firms may attempt to use coercion and bully governments, as noted above. Sometimes however, it may be a naïve misstep from an unschooled CEO. As one federal minister reports, “A CEO came into my office and ranted and threatened me politically if I didn’t give him what he wanted. I was remarkably polite, but you can imagine how much help he got from me after that.”⁷⁹

This contrast between the differing approaches to business lobbying in Australia and the US underlines the fact that the capacity to successfully exert persuasive influence by business is very much a socially constructed process, whereby the ideas, expectations, and approach on both sides of the relationship matters a great deal. At bottom, it is the actor’s interpretation of their situation that shapes their way of engaging politically. In Australia, for example, corporate government relations executives believe their main role and *modus operandi* is about long-term relationship building, which is quite different from more aggressive, coercive approaches that attempt to exercise power. So, their socially constituted meaning-making of the situation governs their approach to the lobbying situation.

⁷⁵Hillman et al. (2004).

⁷⁶Coen and Vannoni (2020).

⁷⁷Drutman (2015, 2).

⁷⁸Fletcher (2009) and Edwards (2020).

⁷⁹Quoted Allen (2012b, 6).

Conclusion

Governments are always searching for policies that will create investment, jobs, and growth. In this context, it is easy to see how corporate lobbyists seek to persuade governments that a particular policy decision *will* have the effect of creating additional jobs or investment in the absence of any threats or offers or insincere manipulation of information. This is what business persuasive influence is all about and we have argued it is routine and indeed the preferred strategy by business in business-government interactions, at least in Australia.

The findings here from first-hand evidence garnered from corporate professionals operating at the coalface of business and government interaction show that they generally seek “quiet” behind-the-scenes accommodations with governments via attempts to exert influence rather than power. Government relations professionals in large firms generally seek to play the long game in interactions with government and seek longer-term, trust-based relations with governments within which government, far from being dominated, is often in an authoritative position. In this context, business is routinely constrained by the norms, protocols, and requirements of the lobbying game, with incentives to lobby in a way that attempts to marry bottom-line corporate concerns with some wider negotiated version of the government’s and/or the public interest.

We thus think the distinction we have articulated between persuasive influence and power is an important one and it surprising that it has not been highlighted earlier. We have certainly not argued that business can only ever exercise persuasive influence and that coercive action in the form of instrumental or structural power is of no relevance. But we have suggested that there are good analytic and empirical reasons to think that the business power literature has been too ready to see in all business political activity the exercise or the attempted exercise of power. Instead, we have argued that persuasive influence constitutes a routine and very significant form of business political activity.

Our findings thus question the arguments in the literature which suggest a broad pattern of coercive business power in the politics, certainly in Australia, and at the very least call for much more nuance conceptually, giving greater attention to the role of corporate influence rather than power, and greater attention to potential comparative differences in business-government relations. In contrast, Wilks, for example, makes the sweeping claim that for corporations “economic power inevitably translates into political power,” and that “the impact of business corporations . . . is not about participating in the political process, it’s about dominating the political process.”⁸⁰ Similarly, major works focused on the US, such as Hacker and Pierson’s, *Winner Takes all Politics*,⁸¹ Lindsey and Teles, *The Captured Economy*,⁸² and Drutman’s, *The Business of America is Lobbying*,⁸³ variously point to the rise of business-friendly neoliberal policy, systemic corporate tax cuts, and rises in inequality, corporate rent-seeking, and corporate political activism.

In all such cases, business interests and the wealthy get or got what they wanted, but the question is why? We have suggested that such outcomes should not necessarily be seen as examples of business power over government, even perhaps in the US. Instead, we have argued that an alternative and possibly more likely explanation, certainly in Australia, is that relevant policy outcomes may be reached via business interests using persuasive influence, perhaps convincing governments that such outcomes are worthwhile and, perhaps most importantly, are already aligned with the government’s agenda and interests. Instead of a business dominance model, this suggests an influence and partnership model of broad *agreement* on policy between business and government in such cases.

Finally, our research opens up new lines of enquiry. If business usually wants to play the influence game, then there are normative and behavior requirements for this, as argued above, and these place a heavy emphasis on more general or overarching forms of corporate behavior where issues such as

⁸⁰Wilks (2013, 2).

⁸¹Hacker and Pierson (2010).

⁸²Lindsey and Teles (2017).

⁸³Drutman (2015).

legitimacy, social license, and government, and popular support come into play. The normative and behavior requirements for such influence (or not) could well be studied in more detail through case studies. Further research, ideally based on interviews, could also usefully probe in greater detail the government side of the influence dynamics we have explored. So, from their perspective how do government leaders and officials perceive and react to business lobbyists? Finally, detailed comparative research could be undertaken, perhaps further probing similarities and differences between countries such as Australia and the US, for example, but also probing other countries or regions as well.

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