Preface

> If it is true that the result of political contests is determined by the scope of public involvement in conflicts, much that has been written about politics becomes nonsense, and we are in for a revolution in our thinking about politics.
>
> E.E. Schattschneider, *The Semisovereign People*, 1960[1]

Democracy is said to reflect the will of the voters. And in some policy domains, this is a reasonable approximation of reality. When governing parties and their opponents know that political issues are debated in the media – and that the people are watching – they have powerful electoral incentives to respond to the dictates of public opinion.

This book is about what happens in democracies when the people are not watching. Although the public cares about some issues most of the time, and many issues some of the time, certain issues receive little attention at all. These issues are often no less important to the public interest than their more sensational counterparts, but, for a variety of reasons, voters only dimly perceive the connection of such matters to their own welfare.

Political scientists describe these sorts of issues as having low political salience. And just as voters typically ignore issues of low political salience, so too do political scientists. Most models of politics simply assume that all issues are equally salient to voters, and that the electoral connection will force political parties to respond to the preferences of the voting public, or at least to interest groups representing these voters. Following the insights of E.E. Schattschneider, I argue in this book that the political dynamics of low salience issues actually differ dramatically from those of high salience issues. The latter are the stuff of which elections are won and lost, occasioning raucous debates in the media and on the floors of legislatures. The former give rise to what I call "quiet politics," in which highly organized interest groups dominate the policy process in arenas shielded from public view.

[1] Schattschneider (1960: 5).

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This book focuses empirically on an area of policy making that affects the welfare of men and women in all democracies, but that nevertheless displays the hallmarks of quiet politics: the rules governing how easy it is for companies to be bought and sold. Where it is easy to take over firms against the will of senior management, companies are subject to dramatic changes of strategy that can result in plant closings and layoffs. Managers threatened by hostile takeovers must constantly be aware of their share price, limiting their capacity to pursue a long-term strategy. Hostile takeovers have momentous political and economic consequences, but the rules governing them seldom command public attention. The issue therefore provides an ideal terrain to investigate how political power functions under conditions of quiet politics.

The distinction between noisy and quiet politics also offers new purchase on an old question in the study of democracy, one that has attracted renewed interest in light of the recent international financial crisis: do the interests of big business always prevail? In the arena of noisy politics, organized business actually suffers many defeats, because these are the conditions under which politicians must cater to popular opinion if they want to be reelected. In the domains of quiet politics, though, public indifference means that politicians and the media are more likely to defer to managerial assertions of expertise. This is what allowed organized managers to achieve their goals in the area of corporate control in the four countries studied in this book: France, Germany, Japan, and the Netherlands.

A similar story can be told with respect to executive pay: as long as managerial compensation was an issue of low political salience, as it was at the dawn of this century, business organizations in France and the United States were able to maintain their preferred set of rules. But salience is not static. As public concern about executive pay began to rise in the wake of accounting scandals, business organizations in these two countries could no longer count on the deference of politicians. Managers were forced to cultivate allies within political parties in order to thwart government intervention, and they sometimes failed. This book thus affirms a dismal truth of modern democracies: politicians will indeed listen to the voters, but only when the volume of debate is dialed up to its loudest levels.

In the course of this project I have relied on a lot of help. At long last, it is a pleasure for me to thank the many friends and colleagues whose contributions shaped this work. For much of the past decade I have been fortunate to be part of a group of scholars interested in the political dynamics of corporate governance. We often disagree among ourselves about the best way to study these questions – indeed, much of this book speaks directly to these disagreements – but our interactions have taught me much about the politics of corporate control. Thanks to Ruth Aguilera, Helen Callaghan, John Cioffi, Michel Goyer, Gary Herrigel, Martin Höpner, Gregory Jackson, Mary O'Sullivan, Yves Tiberghien, and Nick Ziegler for their intellectual engagement. I would especially like to acknowledge the tremendous collegiality and friendship of

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Peter Gourevitch, whose work with James Shinn has been at the heart of debates about the political dimensions of corporate control. Our views often differ, but my conversations with Peter have continually inspired me to improve my own ideas, and I am grateful for them.

Several scholars read an earlier version of the book manuscript and gave me valuable comments on it, including Rawi Abdelal (who first suggested the phrase "quiet politics"), Frank Baumgartner, Alex Keyssar, Curtis Milhaupt, and Gerhard Schnyder. Likewise, I received helpful reactions to parts of the argument from Matthew Baum, Suzanne Berger, Helen Callaghan, John Cioffi, David Coen, Giles Craven, Margarita Estevez-Abe, Michel Goyer, Eelke Heemskerk, Gary Herrigel, Torben Iversen, Patrick Le Galès, Stan Markus, Jacques Mistral, David Moss, Paul Pierson, Mark Roe, John Ruggie, Vivien Schmidt, Zenichi Shishido, Wolfgang Streeck, Christine Trampusch, Gunnar Trumbull, Steve Vogel, and Michael Witt. The book is far better as a result of their suggestions, and it might be better still had I heeded all their counsel.

Before the book went to press, it was the subject of a day-long workshop at Harvard University. This was an extraordinary intellectual opportunity, and I am deeply grateful to Keith Darden, Peter Hall, Peter Katzenstein, David Soskice, and Kathleen Thelen for their suggestions on sharpening the argument. Adelaide Shalhope organized the meeting, and the Weatherhead Center for International Affairs at Harvard supported it financially; I acknowledge both with gratitude.

At the risk of repetition, I recognize here a few friends who have tirelessly discussed these ideas with me over the years. Peter Hall read countless drafts, and his critiques have fundamentally improved the final product. David Soskice encouraged me from the beginning. His comments at critical junctures have had an important impact on the argument. Tarek Masoud was a tenacious critic and a stern editor, who constantly challenged me to be more precise about the role of salience in politics. He came late to the book, but the final version owes much to his relentless skepticism. Many lunches with Archon Fung have been devoted to discussion of the ideas in this manuscript. I acknowledge the indigestion this must have caused with profound appreciation. Larry Dagenhart, my father-in-law, read multiple drafts of many chapters. He has taught me much about the finer points of poison pill defenses and the art of clear exposition, among many other things.

This book draws together a wealth of new information on corporate control across the advanced industrialized countries, as well as on the political episodes of corporate control in the country case studies. I could not have assembled all of this information without the help of an outstanding group of research assistants: Hiroshi Amemiya, Ben Ansell, Gregoire de Chammard, Nathan Cisneros, Dilyan Donchev, Jane Gingrich, Tomohiro Hamakawa, Anne Gaëlle Heliot-Javelle, Orie Hirano, Guillaume Liegey, David Vermijs, and Chiaki Yamada. I appreciate the work of each of these people and acknowledge my gratitude to them. Elizabeth Steffen and Paul Yoon provided excellent administrative assistance over the years.

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These final words are being written at the European University Institute, which is where the book was first born as a new project in 2003. Much of my time in between was spent at the Harvard Kennedy School. Both these institutions have proved congenial places to do research and to learn from colleagues and students. This research was supported financially by grants from the Weatherhead Center for International Affairs at Harvard University; the Mossavar-Rahmani Center for Business and Government and the Malcolm Wiener Center for Social Policy at the Harvard Kennedy School; and from the Abe Fellowship Program, which is supported by the Japan Foundation Center for Global Partnership and administered by the Social Science Research Council and the American Council of Learned Societies. For this financial support I am grateful.

The addition of the Japanese case has added much to this project, and even more so than for the European cases, I could not have done it without a great deal of support. Thanks to Nobuhiro Hiwatari and the Institute of Social Science at the University of Tokyo, and to RIETI, the Research Institute of Economy, Trade, and Industry, both of which provided institutional homes during my stay in Tokyo. Jun Kurihara was kind in assisting me in manifold ways with pursuing my research in Japan. On the personal side, I would like to thank Kay Shimizu, Shizuko Shimizu, and Michiko Shimizu for their unbounded generosity in introducing my family to the many delights of life in Tokyo, and for their help in navigating some of the unexpected challenges that arose during our stay there. Arigato gozaimasu.

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My family has been gracious in tolerating challenging transitions between Cambridge, Tokyo, and Florence as this book has taken shape. I am forever grateful to my wife, Mary Louise, for her moral and intellectual support. Thanks also to each of our four children – Sophie, Sebastian, Savannah, and Saralynn – for the gusto with which they have embraced the leap into cosmopolitan living, and for their patience with the occasional absences the research for this book has entailed.

I dedicate this book to my mother, Lynn Watson, who will find it hard to believe that I have written a book in which the word "quiet" figures so prominently.

Pepper D. Culpepper
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