

When Big Business Loses (?) : The Political Economy of Regulation in the Context of Noisy Politics

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Overview of Presentation

- 1 Introduction
- 2 Theoretical Framework and Important Concepts: Noisy Politics
- 3 Side-By-Side: Paper Summaries and Critical Discussion
- 4 Synthesis: What Unites the Two Papers?
- 5 Contextualization: Noisy Politics and the Political Economy of Regulation
- 6 Conclusion and Discussion

Introduction

- Massoc, Elsa. 2019. "Taxing Stock Transfers in the First Golden Age of Financial Capitalism: Political Salience and the Limits on the Power of Finance." *Socio-Economic Review* 17 (3): 503–22. <https://doi.org/10.1093/ser/mwx039>.
- Feldmann, Magnus, and Glenn Morgan. 2021. "Brexit and British Business Elites: Business Power and Noisy Politics." *Politics & Society* 49 (1): 107–31. <https://doi.org/10.1177/0032329220985692>.

Research Focus

Massoc (2019) :

- Why did powerful financial actors fail to prevent the adoption of stock-transfer taxes in France and New York?
- **Focus:** how public discontent + political framing raised salience and undermined “quiet politics.”

Feldmann and Morgan (2021):

- Under what conditions can business elites be effective in a context of noisy politics, and why did their influence differ between 1975 and 2016?
- **Focus:** how incentives, legitimacy, and cohesion shape business influence in high-politicization referendum campaigns.

What brings these papers together?

Both papers examine how political visibility and public contestation reshape business/financial influence

- Massoc (2019) shows how politicization of a tax issue enabled politicians to override strong financial lobbying.
- Feldmann and Morgan (2021) analyze how changing political conditions over time affect business effectiveness in high-visibility referendum campaigns.

Common Question

- *Under what conditions do business actors struggle to assert influence?*

Theoretical Framework and Important Concepts: Noisy Politics

Culpepper's Framework: Quiet vs. Noisy Politics

Core hypothesis: The more the public cares about an issue, the less business can exercise influence over regulation. Business power decreases as political salience increases (Culpepper 2021).

Quiet Politics	Noisy Politics
Issues are technically complex and low in public salience. Business dominates through expertise monopoly and structural dependence.	Issues become publicly salient and politicized. Media attention and public engagement constrain business influence and organizations become cautious and may avoid public positioning.

- **Three forms of business power:** structural, instrumental, and ideational
- **The challenge:** Business power persists even in noisy politics through technical complexity, strategic network-building, and control of core growth sectors.

Side-By-Side: Paper Summaries and Critical Discussio

Feldmann and Morgan (2021) : Brexit and British Business Elites

The question: When can business elites influence “noisy politics”?
Comparing EU Referenda

Three determinants of business effectiveness:

Factor	1975 (Won: 67% Yes)	2016 (Lost: 52% Leave)
Incentives	Existential threat (alternative economic strategy)	No clear threat; ambiguous stakes
Legitimacy	“Modernization” narrative resonates	Dismissed as “Project fear” + establishment
Cohesion	415/419 chairmen united; 800 firms mobilized	Only 1/3 FTSE 100 sign pro-remain letter

The mechanism

- 1975: Unified business presence in workplaces → counter-framing succeeds

Massoc (2019) : Stock Transfer Tax & Political Salience

The puzzle: Same anti-finance sentiment → Different outcomes.

Why?

1903: Stock transfer tax proposed

↓ Public anger: Financial crisis + anti-finance sentiment

↓ Finance opposition: Massive

→ **Outcome:** Rejected

1905: Stock transfer tax proposed (same tax!)

↓ Public anger: Same level

↓ Finance opposition: Same level

→ Difference: Political champions (Senators Lewis & Raines)
publicly framed issue

→ **Outcome:** Passed

The answer: Framing creates salience

It requires political entrepreneurs who:

- Reframe complexity as simple antagonism (“finance vs. people”)
- Have incentive to alienate finance (party positioning)
- Actively publicize the issue (top-down process)
- Same structural conditions; different political choices = different outcomes

Critical review – What actually causes business defeat?

Framing as a cause – Massoc's logic:

- Shows political agency matters
- Same conditions → different framing = different outcomes
- Does not explain why framing succeeds in some contexts not others

Elite fragmentation as a cause – Feldmann & Morgan's logic:

- Shows structural vulnerability enables defeats
- 975 cohesion defeats framing attempts; 2016 fragmentation allows framing to succeed
- Does not explain how fragmentation becomes politically visible

Synthesis: What Brings These Papers Together?

Two Sides of the Business–Politics Struggle

The papers map the conditions that shift the balance in favor of politicians or business.

Two axes of analysis

- *“Anti-Business Offense” vs “Business Defense”*
 - Massoc: How can political actors mount an effective anti-business offense?
 - Feldmann and Morgan: When can business can (or cannot) successfully defend itself in noisy politics?
- *Noisy Politics Manicheanism: From New York and France to Brexit*

Anti-Business Offense” vs “Business Defense”

Massoc: Anti-Business Offense

- Offense is politically constructed, not automatic.
- Politicians create salience and frame issues in moral, binary terms.
- Framing channels diffuse public anger into a focused attack on finance.

Feldmann and Morgan: Business Defense

Business defense works only when three conditions align:

- 1 Incentives to engage — business must see existential stakes.
- 2 Legitimacy — messages must be perceived as serving the public, not narrow interests.
- 3 Cohesion — unified signaling increases credibility and influence

Anti-Business Offense” vs “Business Defense”

- Massoc (2019) explains how politicians win by activating the offense whereas Feldmann and Morgan (2021) explain how business can (or cannot) counterattack.
- Offense gains power when issues are moralized, simplified, and made public. Under the same conditions, business loses:
 - Harder to mobilize
 - Less legitimate
 - More divided

In brief

- Massoc describes the conditions for business defeat; Feldmann and Morgan describe the mechanics of business resistance.
- A full political-economy picture emerges only when offense and defense are examined together.

Manicheanism

“Politics is a struggle between good and evil. [...] The Manichean worldview sees the struggle between opposing camps as an inherently moral one.” (Jungkunz, Fahey, and Hino 2021)

Manicheanism in Massoc (2019) and Feldmann and Morgan (2021)

- Massoc (2019)
 - Central to the offense: “Speculators vs. workers”
 - Turns a technical tax into a moral crusade, neutralizing expert arguments.
- Feldmann and Morgan (2021)
 - Not named as “manicheanism,” but structurally identical: Brexit as “the people vs. the establishment.”
 - Business expertise becomes delegitimized (“Project Fear”).
 - Manicheanism collapses the three conditions for effective business defense.

Synthesizing Manicheanism

Manicheanism as the bridge between defense and offense

- Manichean framing empowers anti-business offense
- It simultaneously undermines business defense by:
 - Making business appear self-interested
 - Casting warnings as elite manipulation
 - Punishing technocratic/complex messaging
 - Fragmenting business coalitions

Across contexts separated by a century, Manichean politics reorders power:

- Politicians gain room to attack
- Business loses the capacity to respond

Contextualization: Noisy Politics and the Political Economy of Regulation

The Shift of the “Big Gun”: From Legal Sanctions (Session 5) to Political Strikes (Session 9)

Category	Legal Sanctions: Institutional Ideals	Reality: The Breakdown	Political Strikes: The Shift to Noise
Regulatory Model	Benign Big Gun (Ayres et al. 1995) Strong legal sanctions such as license revocation	Broken Gun Legal power disabled due to 'Too Big to Fail'	Political Big Gun (Massoc 2019; Feldmann and Morgan 2021) Political strike using Public Salience
Regulatory Actor	Organized PIGs (Public Interest Groups)	-	Unorganized Public
Regulatory Mechanism	Institutional deterrence Constant surveillance within the pyramid	Loss of regulator's bargaining power	Non-institutional Explosion External pressure via public mobilization)
Target Behavior	Voluntary Compliance	Evasion or Capture	Coerced Submission
Regulatory Effect	Stable Deterrence + High sustainability	Regulatory Void	Temporary impact (vulnerable to rollback) + High volatility

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