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Article 1

BUSINESS POWER AND GLOBAL GOVERNANCE

The Power of Business

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Abstract

The introduction to the special issue develops a systematic and theoretically grounded framework for assessing business power in global governance. It is shown that power is said to have shifted from the world of states to the world of business. However, in order to evaluate such a claim first a differentiation of power in its instrumental, structural, and discursive facets is necessary. It is furthermore explained that the strength of such a three-dimensional assessment is that it combines different levels of analysis and considers actor-specific and structural dimensions and their material and ideational sources. Following a short introduction to the more empirical articles is provided summarizing their commonalities and differences.

KEYWORDS: business, power, discursive, structural, institutional

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Scholars and practitioners attribute an increasingly important role in global governance to business actors today. Kofi Annan created the Global Compact to draw on the resources of business in the provision of global public goods. Similarly, many practitioners in national and international politics tie the pursuit of sustainability to Corporate Social Responsibility (CSR). Simultaneously, scholars like Cutler, Haufler, and Porter (1999) delineate the increasing acquisition of “private authority” by business actors, which is reflected in the growing number and reach of self-regulatory institutions and public-private partnerships (see also Hall and Biersteker 2002; Higgott, Underhill, and Bieler 2000). Accordingly, scholars and practitioners have turned to the concept of global “governance” rather than “government” to capture the nature of politics in today’s globalized world (Rosenau and Czempiel 1992, Messner and Nuscheler 1996).

It can be no question that business in general, and transnational corporations (TNCs) in particular, have become a political force that has to be taken into account. TNCs have grown in number and, more dramatically, in size. UNCTAD (2000) reports the existence of approximately 63,000 TNCs with 700,000 foreign affiliates. Moreover, TNCs command financial and human resources of a magnitude previously unknown. Not surprisingly, therefore, the popular literature has repeatedly raised the question of the power of business. Numerous authors have voiced concerns that “corporations rule the world,” and that TNCs constitute a *de facto* world government and impose their preferences on the world at the expense of public welfare (Balanya et al. 2000, Klein 2000, Korten 1995). These authors point to a continuing growth in political power, in particular of TNCs, and an increasing divergence in resources between business actors on the one side and the state and civil society on the other as a source of serious concern for democracy, social justice, and sustainable development.

Despite these developments and concerns about their political implications, however, there is still surprisingly little systematic scientific research on the power of business in general and TNCs in particular in global governance. The majority of participants in the global governance debate adopt a functionalist perspective on global governance, which frames the relevant activities primarily in terms of the “management” of global affairs rather than the pursuit of interests and the struggle for influence. From this perspective, the debate tends to address business’s role in terms of its “new” political activities and contribution to global problem solving. However, it fails to link the exploration of these new activities to the question of power, the traditional core question of political science. It is only recently that studies have started to explore business power in global environmental governance, in particular climate change politics (Levy and Egan 2000, Levy and Newell 2005). Yet, these case and policy field specific inquiries fail to allow us a view of the bigger picture.

One source of this lack of systematic and comprehensive research may be the difficulty of capturing the many facets of business power in a globalised world. At the national level, assessments of the power of business in interest group politics have been extremely controversial ever since the heydays of pluralism. At the international level, analyses of power have focused almost exclusively on the power of states. The sources of power and the ways in which it is used, however, are likely to be at least partially different for states than for other actors.

In the popular literature, references to the political power of business in a globalised world frequently are framed in terms of comparisons in the size of TNCs versus small national economies, the cornering of global markets in certain products by a few companies, or the share of intra-firm trade in world trade (Ferguson and Mansbach 1999, Finger and Allouche 2002, Thomas 2000). However, these indicators can only - if at all - serve as extremely rough and indirect measures of business political power. After all, they completely ignore the question of the political process, i.e. of how these numbers translate into political influence. In consequence, theoretically grounded empirical analyses that assess the various facets of business power in global governance are urgently needed.

This special issue of *Business and Politics* pursues a more systematic study of the facets of business political power in global governance. In this endeavour, it takes the following steps. This introductory article develops a systematic and theoretically grounded framework for assessing business power in global governance. A range of empirical studies then explores the multi-faceted nature of business power as it unfolds in contemporary processes of global governance. Importantly, the issue as such does not aim to present a uniform assessment of the developments in business power depicted. Rather the selection of articles shows that although an increase in business power can clearly be seen, this increasing power derives from various sources and is employed on various levels and through different means. Furthermore, as the final article argues we cannot forget the larger theoretical questions of adequately assessing business political power in a globalised world. One of these questions is the feasibility of analytically separating business and state actors. Thus, the final paper does not only review but also synthesize and critique the insights of the individual contributions.

A Framework for Assessing Business Power in Global Governance

Power is one of the core concepts in political science. Yet, it is also one of the most controversial ones. Most political scientists would agree on very broad definitions of power, such as the ability of A to somehow affect the behavior of B. Likewise, Weber's definition of power as "jede Chance, innerhalb einer sozialen

Beziehung den eigenen Willen auch gegen Widerstreben durchzusetzen, gleichviel worauf dies Chance beruht [the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance, regardless of the basis on which this probability rests]" (1980, p. 28) is generally cited and accepted as one of the authoritative definitions. Yet these apparently basic definitions allow a diversity of views on the sources and exercise of power. Weber himself pointed out that the concept of power is relationally and sociologically amorphous.

International relations research faces particular problems when analyzing questions of power. As pointed out above, analyses of power in the international system have focused almost exclusively on the power of states (Baldwin 2002, Schimmelfennig 1998). The sources of power and the ways in which it is used, however, are likely to be at least partially different for states than for other actors. Second, while Comparative Politics and American Politics have dealt with the relationship between power and *Herrschaft*, i.e., legitimate rule, for a long time, the absence of a sovereign ruler in the international system frequently has caused an underestimation of the relevance of the question of legitimacy. Yet even in the international system, questions of legitimate power and therefore authority play a major role, as the debate on global governance indicates. An analysis of the power of non-state actors in global governance thus has to rely on broader foundations of Political Philosophy, Comparative Politics, and Sociology as well.

A few major perspectives on power dominate the discussion in political science and its sub-disciplines and neighboring disciplines today. They can be differentiated into instrumental approaches based on a methodological individualism, which analyze direct observable relationships of power between actors, and structural and discursive approaches, which assume that power and its use need to be studied in the context of socio-economic and ideational institutions and structures.¹ As Levy and Egan (2000) have shown convincingly, a systematic assessment of the power of business in global governance needs to draw insights from all three perspectives. The strength of a three-dimensional assessment after all is that it combines different levels of analysis and considers actor-specific and structural dimensions of power and their material and ideational sources.

¹ A number of scholars apply similar differentiations, but use different labels. Thus, Arts (2003) speaks of decisional power, regulatory power, and discursive power. Critical state theories, in turn, use instrumentalist perspectives on power as well, but extend the concept to refer to a broader range of specific mechanisms of business control on state policy such as "revolving doors" and social networks that facilitate lobbying and campaign finance (Miliband 1969, Poulantzas 1978).

Instrumentalist Approaches

Instrumentalist approaches to power employ an actor-centered, relational concept of power based on the idea of individual voluntary action and focus on the direct influence of an actor on another actor. Dahl's (1957) definition of power expresses this perspective very pointedly: "A has power over B to the extent that he can get B to do something that B would not otherwise do" (p. 201f). Such perspectives on power have their origins in the "realistic approaches" that became increasingly important in Renaissance Europe and are most prominently associated with Machiavelli, whose approach to power exemplifies the growing interest in strategic questions regarding power that replaced concepts of an *a priori* determined political and social order. Instead of the *bonum commune*, analyses started to focus on the acquisition and maintenance of power for its own sake. The triumph of the assumption of causality, in turn, was associated with the increasing success of the natural science perspective. Due to these developments, power came to be seen as a political actor's ability to achieve results.

In political science, instrumentalist perspectives have tended to explore how actors influence decisions by formal political decision-makers, i.e. policy output. The instrumentalist approach to power has found particularly fertile ground in the behavioralists' rise to dominance in the subfield of American Politics. Here, scholars have employed such an approach especially in efforts to assess interest group influence on politicians via lobbying and campaign finance.

Instrumentalist approaches to power can also be found in traditional power theories in IR, where scholars focus on the use of power by states in pursuit of national interests. Drawing on Hobbes, Morgenthau's (1948) classical Realism conceptualizes power as both the means and objective of states. Waltz (1979) has modified Morgenthau's approach to posit security as the objective of states, but continues to accept power as the primary means of states to achieve it. In his Neorealist approach, the relative power of a state determines its position in the international system and thereby shapes its behavioral options. Subsequent theoretical developments in IR theory have moved to include other sources of power, however, such as interdependencies between actors, or the characteristics of a problem situation (Keohane and Nye 1977, Müller 1993).

How does instrumental power apply to business actors? When looking at how business invests resources in order to exercise influence in the political process, lobbying and campaign/party finance activities come to mind. Obviously, these are the "traditional" political activities through which business exercises political power. This in turn, however, means that they tend to be neglected in much of the global governance literature. While case studies on specific issues in global governance tend to document considerable lobbying activity, general global governance accounts usually ignore it. However, if the case studies are

correct, lobbying is still an extremely important political activity of business, especially as a complement to its structural and discursive power, and it should not be forgotten in our fascination with the "new" forms of political activities by business. A comprehensive analysis of the power of business in global governance, then, would need to pay attention to business lobbying efforts at the national as well as supra- and sub-national levels, to business lobbying governments as well as International Governmental Organizations (IGOs).

What developments in the instrumental power of business in a globalized world does such a lens reveal? A broad review of evidence on developments in lobbying and campaign and party finance activities at the various levels suggests that these activities have expanded both quantitatively and qualitatively (Fuchs 2005). At the national level, one notices the political mobilization of business since the 1970s, as well as the growing incentives for political decision-makers to provide business actors with privileged access arising from the increasing complexity of policy issues, concerns about economic growth, and rising campaign costs. Most importantly, however, corporations and business associations have substantially expanded their lobbying activities in supra-national decision making arenas, in which the resources available to business actors tend to open up a competitive advantage over civil society actors (Higgott et al. 2000, Ledgerwood/Broadhurst 2000). Moreover, the trend to individual lobbying activities by large corporations or small coalitions of corporations means that a shift in influence can also be noticed among business actors, specifically between small and medium sized business actors and business associations on the one side and corporations on the other (Eising/Kohler-Koch 1994).

Structuralist Approaches

Proponents of structuralist concepts of power argue that the material structures underlying behavioral options and allocating indirect and direct decision-making power need to be analyzed to get a comprehensive assessment of the distribution and exercise of power. In contrast to instrumentalist approaches, then, structuralist approaches emphasize the input side of policy and politics and the predetermination of the behavioral options of political decision-makers.

Structuralist approaches to power gained momentum in the recognition that some issues never reach the agenda and some proposals are never made because the relevant actors know that these proposals do not have a chance of being adopted. On the basis of this perspective, they examine the broader context and identify the factors that make alternatives more or less acceptable before the actual and observable bargaining starts, i.e., the "second face of power": "The ability of financial institutions in the City of London to transfer billions of pounds overseas in seconds may be a more powerful influence were there to be a Labour

government than the representations of interest groups speaking for those financial institutions" (Wilson 1990, p. 12). Bachrach and Baratz, who first made this perspective famous with their 1962 "Two Faces of Power" article, point out:

Of course, power is exercised when A participates in the making of decisions that affect B. Power is also exercised when A devotes his energies to creating or reinforcing social and political values and institutional practices that limit the scope of the political process to public consideration of only those issues which are comparatively innocuous to A. To the extent that A succeeds in doing this, B is prevented, for all practical purposes, from bringing to the fore any issues that might in their resolution be seriously detrimental to A's set of preferences (Bachrach and Baratz 1970, p. 7).

In political science, the notion of an agenda-setting power of actors took hold particularly in analyses of actors' influence on negotiations, deriving from their position in institutional processes (Shepsle 1979). Moreover, in IR, there is a tradition of a focus on structural force (Galtung 1969).

Structuralist approaches have received the most attention, however, in IPE in the 1970s and 1980s.² Here, scholars considered the structural dependence of state elites on private sector profitability and emphasized the bargaining power of corporations - promising jobs and income - on the policy agendas of host governments (Cox 1987, Frank 1978, Wallerstein 1979). The major difficulty analyses of this agenda-setting power of business actors have had to face is the recognition and assessment of this power. While studies on lobbying and campaign/party finance may suffer from poor data or difficulties in attributing causal influence, business structural power may not 'leave a trace' to begin with, as per definition the threat to move investments and jobs should governments make unfavorable policy choices need not even be voiced. Due to these difficulties facing empirical analyses, the extent of the agenda-setting power of corporations has always been highly controversial.

Underlying economic structures and organizational procedures do not only provide actors with the ability to prevent decisions by others, however. They also may place them in the position to make decisions themselves, i.e., replace those

² The use of the terminology of "structuralist approaches" and "structural power" here should not be confused with Strange's (1988, 1996) concept of structural power. Strange uses the label quite differently from the earlier and much of the later MNC literature. Specifically, Strange defines structural power as "the power to shape and determine the structures of the global political economy within which other states, their political institutions, their economic enterprises and (not least) their scientists and other professional people, have to operate" (1988, p. 24f). In this conceptualization of power, she explicitly includes the ability to define the norms and terms for the satisfaction of needs in the international system. Thus, Strange combines aspects of the second and third faces of power in her concept.

holding the formal decision making power. In today's globalized world, in particular, economic and organizational structures, processes, and interdependencies mean that actors in control of pivotal networks and resources have the capacity to adopt, implement, and enforce rules affecting the general public as well. Thus, the traditional notion of structural power needs to be extended. Rather than just providing indirect agenda-setting power, positions in material structures and organizational networks may also endow actors with direct rule-setting power.³

Self-regulation and public-private partnerships, for example, present instances of the exercise of structural power by business. In such arrangements, business exercises rule-setting power, benefiting from its position in material structural contexts. Business's control over global economic networks and resources allows it to determine the existence as well as diffusion of private standards. The associated influence on the input-side of the policy process is the most direct in the case of self-regulation and held in combination with public actors in the case of public-private-partnerships. In both cases, however, this influence clearly goes beyond what a focus on instrumental power in the political process would lead us to expect. It is not limited to influencing governmental actors in efforts to obtain a certain vote or decision on a specific policy, but enters much earlier in the policy process. Self-regulation and public-private-partnerships allow business actors to influence the choice of area for which rules are designed as well as the actual design, implementation, and enforcement of these rules. Importantly, these forms of political activity thereby provide active structural power to business, rather than the more passive form traditionally discussed in the context of the mobility of capital.

A broad review of the empirical evidence on developments in the structural power of business suggests that it has grown considerably in both its agenda-setting and rule-setting facets (Fuchs 2005). Critical observers point out the growth in business agenda-setting power resulting from an expansion in competition between national as well as sub-national political entities over investments (Strange 1998). Furthermore, changes in production and financing structures have enhanced the TNCs independence from producing countries. In addition, the increasing share of speculative finance capital in global capital flows suggests an expanding structural power of business actors (Brand et al. 2000). However, the evidence in quantitative studies regarding the development of structural power of business actors is not unambiguous (Ganghof 2005, Garrett 1998).

The extent of rule-setting through TNCs has perhaps made the most dramatic quantitative and qualitative leap in recent decades. It is not an entirely

³ An interaction between agenda-setting power and rule-setting power exists, of course, in so far as agendas are about rules.

new phenomenon, of course. Examples of private governance had already existed in medieval times, as in maritime law or guilds (Cutler 1999). Corporatist institutions of European welfare states also often relied on self regulation (Mayntz/Scharpf 1995). However, the number of self- and co-regulating institutions as well as the degree of autonomy and influence of business actors within these institutions has increased substantially since the 1980s. The latter development partly follows from an expansion of self- and co-regulating institutions into the trans- and supra-national range in which the shadow of governmental hierarchy, characteristic of self regulation in corporatism, is not given or at least not present to a comparable extent. Besides, scholars point out that many of those private governance institutions are located in areas beyond the business actors' core activities (Weiser/Zadek 2000). Finally, scientists observe that private governance institutions have an increasing influence on governmental regulation, which leads to the attestation of a new political strength of business actors (Clapp 2001).

Discursive Approaches

Discursive approaches to power adopt a sociological perspective on power relations in society. According to this view, power is seen to be a function of norms, ideas, and societal institutions. It is reflected in discourse, communicative practices, and cultural values. Scholars attach increasing importance to this ideational dimension of policy and politics, identifying discourse as a pivotal location for political contests. Discursive power shapes perceptions and identities and fosters the interpretation of situations as of one type rather than another. Thus, it influences the frames of policy problems and solutions, of actors in the political process, and of politics and the political as such.

A range of perspectives on the role of discourse in politics exists (Holzscheiter 2005). These differ in the extent of their engagement with questions of power as well as with respect to their position in the agency-structure debate. Foucauldian and Gramscian perspectives, for example, tend to emphasize the power of and in discourse, while Habermasian approaches pay more attention to the struggle for understanding (Müller 1994). Schimmelfennig (1997), in turn, very astutely suggests the concept of "rhetorical action" to link questions of norm-orientation and the strategic pursuit of interest. Foucauldian approaches and the systems-theory approaches building on Luhmann, moreover, see discourse as "structural" in nature.⁴ Critical and Gramscian approaches, in contrast, underline

⁴ The use of the term 'structural' here refers to the role these authors attribute to the normative structures of social systems, and needs to be distinguished from the 'structural power' deriving from material socio-economic structures and networks discussed above. Luhmann (1975), for instance, argues that power is reflected in institutionalized rules, which regulate contingency and

the presence of agency in discourse. Lukes (1974), for instance, acknowledges that perceived needs and interests are the result of the "third face of power." He still argues, however, that this power can be used by actors in pursuit of their perceived interests:

To put the matter sharply, *A* may exercise power over *B* by getting him to do what he does not want to do, but he also exercises power over him by influencing, shaping, or determining his very wants. Indeed, is it not the supreme exercise of power to get another or others to have the desires you want them to have - that is, to secure their compliance by controlling their thoughts and desires? (p. 23)

From a structuration perspective, both agency and structure play an important role within the context of discursive power. Actors strategically use discourse to shape norms and ideas; for instance by employing symbols and story-lines, and by strategically linking issues and actors to established norms and ideas. At the same time, discursive power does not just depend on actor characteristics, but just as importantly on the system and its creation and support of certain norms and values. In other words, actors are embedded in a social setting determined by discourse, and while they may shape that discourse, they are at the same time enabled and constrained by it.

Two major insights derive from a discursive perspective on power. First, power does not simply pursue interests but creates them. Discursive power precedes the formation and articulation of interests in the political process due to its role in constituting and framing policies, actors, and broader societal norms and ideas. In other words, a focus on discursive power shows that an exercise of power may not just prevent conflicts of interest from showing up on the agenda. Rather, discursive power may induce that potential conflicts of interest will not even be perceived as such due to the influence of "soft types of power" such as authority, manipulation, positive reinforcement, or social conditioning, for example (see also Galbraith 1984). Thus, an analysis of the third face of power

determine the range of desired and acceptable behavior. According to him, these rules of institutionalized power rather than acts of self-interested use of power are the dominant influences on every day life in society. Likewise, Foucault (1980) perceives power as a universal societal phenomenon that exists prior to all interests, discourse and knowledge. It is not something an actor possesses, but exists in every social act and interaction and is exercised in everyday discursive practices. One consequence of these perspectives is the difficulty of identifying agency. The institutionalization of social power structures in the system, in other words, implies the depersonalization and anonymization of power processes (which, according to some scholars, is one of the defining characteristics of modern societies). In consequence, scholars have criticized these perspectives for removing intentions of actors in the exercise of power from their focus of analysis (Koller 1991).

would consider the socialization of politicians and the public into accepting "truths" about desirable policies and political developments (Lukes 1974).

Secondly and related to this last point, discursive power is closely tied to perceptions of legitimacy. After all, discursive power is relational in that it relies on the willingness of recipients of messages to listen and to place at least some trust in the validity of the contents of the message. In other words, in order to effectively exercise discursive power in the political process actors requires authority, i.e. the perception of their legitimacy as political actors. Authority, in turn, can derive from a variety of sources. Public actors generally have this authority on the basis of electoral processes and the formal authority associated with political offices. Actors can also obtain authority on the basis of the trust the public places in their ability to obtain desired results, what Scharpf (1998) calls "output legitimacy", as well as in their intentions. These latter sources of political legitimacy apply primarily to non-state actors and are frequently discussed in the literature on "private authority."

A number of political theorists and sociologists have emphasized the links among power, authority, and legitimacy (Arendt 1970, Weber 1980). Likewise, a range of IR scholars have explored the perceived legitimacy of international order, the role of discursive legitimacy, and a state's soft power in international politics (Milner 1991, Müller 1994, Nye 1991, 2002). Moreover, a wealth of analyses on the strategic promotion of certain ideas, norms, and discourses exists in public policy and IR (Finnemore and Sikkink 1998, Hajer 1997, Kingdon 1984, Riker 1986, 1996).

Within the context of globalization and global governance studies, however, scholars have paid particular attention to shifts in the political legitimacy and authority of non-state actors in the international system. Specifically, they argue that power and authority have become dispersed and that non-state actors now compete with state actors as sources of authority (Cutler, Haufler, and Porter 1999). Scholars show how actors use the discursive power deriving from this acquisition of authority in pursuit of their interests, for instance through "naming," "framing," and "campaigning" (Arts 2003, Holzscheiter 2005, Levy and Egan 2000, Levy and Newell 2002, 2005).

When applying the notion of discursive power to business's role in global governance, a range of activities and their underlying basis move into focus. First, it becomes obvious that business's efforts to influence the public debate on specific political issues as well as broader societal norms and values are examples of exercises of discursive power. Statements on liberalization by the World Economic Forum, on climate change by the Global Climate Coalition, or on corporate tax levels by individual CEOs all reflect attempts to influence the political process at national and supra-national levels. Likewise, efforts to frame actors in the political process, be it corporations themselves as good corporate

citizens, or NGOs and politicians as unreliable and incompetent are part of the discursive tool box of business. Finally, business promotion of consumer and entertainment culture also exerts a political influence in the broadest sense, as it shapes the public's attention and desires.

Moreover, a focus on the discursive power of business draws attention to its increasing legitimacy as a political actor in the public's and regulator's eye. Whether it is the creation and maintenance of public infrastructure or the provision of public goods such as health care, education and a clean environment, privatization and liberalization trends across the world clearly reflect the growing trust in business's ability and willingness to fulfill tasks previously considered the domain of government, too sensitive to be left to the market. This growing perception of business political legitimacy, then, is an important source of its political power in today's world. Not surprisingly, business actors invest quite heavily in this source of power through image campaigns, the sponsoring of entertainment or philanthropic events, and the promotion of corporate social responsibility and corporate citizenship discourses. Business discursive power, in sum, might show the most interesting and extensive development of its political role (Fuchs 2005). However, it has been the least explored so far, so that the evidence is sketchy. At the same time, business's legitimacy as a political actor is not uncontested (Prakash 2002). Hence, one has to denote this discursive power as potentially fragile. In this context, it is important to acknowledge business's advantages in the game for legitimacy, arising from its preponderance of resources, structural linkages between private mass-media and general business interests, and the difficulty of contesting this diffuse and pervasive power.

Outlook

In sum, a power-based perspective on the role of business in global governance emphasizes that business has a range of forms of power available. It can pursue its political interests and exercise its power in global governance through micro-level processes of bargaining as well as through constraints imposed by macro-level structures of socio-economic and discursive relations. Different dimensions of power offer alternative as well as complementary means to influence people and processes, allowing business to pursue contingent multi-dimensional strategies if necessary. Thus, business can employ material and ideational resources at the same time. It can also use them as substitutes, however, relying on "voice" in the absence of "exit" power, for example, i.e., on increased lobbying if the structural power is weak. Likewise, business can attempt to foster the diffusion of ideas and norms, thereby reducing the need for lobbying as well as for the reliance on its structural power. In other words, business can draw on its sources of power and

employ different forms of activities according to the requirements of the issue in question and its context.

In consequence, one needs to take into account the multi-faceted nature of business power in global governance, if one wants to understand fully business's political role and influence in a globalized world. Analyses of business power in global governance have to explore the instrumental, structural, and discursive facets of this power. They need to analyze business material resources, as well as its positions in material and ideational networks as sources of its political power. In pursuit of these efforts, finally, such analyses should consider lobbying, agenda- and rule-setting, and communicative activities by business actors.

The subsequent articles in this special issue do just that for specific policy fields: resource extraction (Kantz), environmental regulation (Schaper), and accounting (Nölke and Perry). They individually do not necessarily consider all of the facets of business power in global governance addressed here, but each of the articles clearly goes beyond a one-dimensional view of this power. Thus, the authors show how business agenda- and rule-setting powers interact as does the interdependence between business structural and discursive power.

The first article by Kantz addresses the question whether the cooperation of states with TNCs and NGOs in public-private partnerships (PPPs) can be an important tool to solve global governance issues, in particular in the policy field of security and conflict prevention. The case study focuses on the Kimberley Process where governments, NGOs, and the diamond industry collaborate in order to regulate the illicit trade in diamonds. The argument is advanced that the integration of TNCs into the scheme was vital for the norm creation process and that – although there is not yet an effective sanctioning mechanism in place – this particular PPP may be evaluated a partial success. Theoretically, TNCs are conceptualized as both socialising and socialised agents since they contributed actively to the problem-solving capacity of the scheme and are the targets of these regulations at the same time. All facets of power are thus present, but the interplay between NGOs and TNCs regarding structure and discourse influenced the policy outcome the most.

Schaper's article focuses on the environmental policies in infrastructure development. Looking at the power of financial actors such as the World Bank, Export Credit Agencies (ECAs), and specific private banks, which set up the so-called Equator Principles, he examines the application of financial leverage in greening infrastructure development in developing countries. The argument is advanced that these financial actors can be conceptualized as "conduits" that are used by states as well as by NGOs in order to pursue green policy goals. Through this process, on the one hand finance becomes the instrument of NGOs' discursive power and on the other hand the World Bank, ECAs and private banks gain structural power. The mostly – but not exclusively – positive outcome is that

large-scale infrastructure projects are now subject to environmental scrutiny even if environmental regulations are weak or absent in the recipient country.

Nölke and Perry explore the field of accounting, arguing that the shift towards common International Financial Reporting Standards (IFRS) represents a case of transnational private governance. They show that the empowerment of the International Accounting Standards Board (IASB), which formulates the IFRS, is a case where again all three facets of power become visible. On the one hand, the discursive power of capital, which is exemplified by a move towards fair value accounting, supports the financialization of businesses. On the other hand, the structural power of the IASB helps to keep the issue out of politics so that resistance is hard to organize. Finally, they describe how lobby groups from opposing sides of political spectrum use their instrumental power in order to resist the use of IFRS in particular parts of the German economy. Their rather negative outlook is, however, that the structural power of finance has become so strong that any opposition from the side of the Rhenish variety of capitalism will be hard to sustain.

The articles show that there are different manifestations and contexts of business power. Yet in all cases power is exercised through influence on the substantive contents, as well as the implementation and enforcement of standards. In the case of the Kimberley Process, business exercises power when it acts as a socialising agent as well as when it influences the design and enforcement of the Kimberley standards. In the case of environmental regulation as well as in the IFRS, power likewise rests in the rules set up. Moreover, in all three cases the discursive contexts should not be underestimated.

At the same time, the articles reveal considerable differences in evaluations of the developments in business power. On the one hand, business actors can be socialized to participate the regulation of conflict diamonds (Kantz) or the leverage of business can be used to advance environmental regulation (Schaper). On the other hand, the discursive and structural power of business can also develop into a threat to the economic constitution of a whole country (Nölke and Perry). Paying attention to the power of business in global governance thus does not necessarily allow uniform conclusions regarding the implications of developments in this power. It does, however, allow a more differentiated understanding of the developments and their costs and benefits.

The final article by Bieling critically reflects on arguments and analyses presented in the preceding articles. Bieling asks whether the prevailing view in most scientific debates – as well as in all contributions above – that the power of business is rising while the role of the state is progressively weakened and hollowed out is correct. Building on neo-Marxist and post-Weberian conceptualizations of the social character of the state, the article analyses the particular forms and processes by which business power is embedded in economy

and society. On this basis, Bieling suggests that the analytical separation between public and private actors pursued by the framework and empirical analyses in this special issue runs the danger of missing out on the interdependence between business and state actors. His conclusion that we are witnessing a business-oriented transformation of statehood and not a general retreat of the state thus suggests the need to further theoretical and empirical development in research on business power in global governance.

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