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RESEARCH ARTICLE

Beyond formal politics: the epistemic facet of business power

Clara Heinrich

Freie Universitat Berlin, Berlin, Germany
Email: clara.heinrich@fu-berlin.de

Abstract

This article introduces "epistemic business power" as a distinct facet of corporate influence. Epistemic business power refers to the strategic communication of firms to influence the perceptions and beliefs of policymakers, experts, media, and the public regarding which issues, goals, norms, methods, and instruments to be politically considered. Rather than influencing decision-making and policy formulation directly, this form of power enables firms to intermediate the anticipatory dynamics of structural forms of business power and shape issue salience as well as the definition and recognition of topics as political problems. The article explores the scope conditions of epistemic business power, detailing the interaction of material aspects, corporate communication and issue salience dynamics. Based on quantitative and qualitative content as well as reception analyses, ownership data and interviews, a case study of the world's largest asset manager BlackRock illustrates how today's finance capital can use epistemic channels with regard to fundamental questions about the role of state capacity and private enterprise in capitalist democracies. By foregrounding the political nature of corporate public relations, the conceptual endeavor and its empirical illustration contribute to a deeper understanding of corporate power and its multifaceted role in shaping politics in capitalist democracies.

Keywords: business power; public relations; epistemic power; asset managers; finance capital

Introduction

Corporate power in advanced capitalism is a widely studied phenomenon. This article explores the concept of "epistemic business power" as a distinct dimension of corporate clout which refers to firms' public relations activities and their relevance in shaping public debates and policymakers', journalists', citizens' and experts' perceptions. The argument embeds the study of business power within the context of capitalist democracy, acknowledging that perceptions play a central role for both democratic and capitalist logic and can therefore become an object of power dynamics.[1]

Existing scholarship on instrumental business power discusses firms' strategic use of capital, career opportunities, personal engagement, or public campaigning as a means to influence the drafting of policy proposals and decision-making processes[2]. Traditional approaches of structural power emphasize politicians' reluctance to adopt policies that might affect firms' willingness to invest and provide employment and growth.[3] Culpepper and Thelen have recently underscored that consumer attachment of large platform firms can translate into political clout in a similar way.[4] Besides, scholars have introduced the concepts of infrastructural and institutional business power to account for the influence that firms can exert with regard to policy design, depending on their infrastructural positioning within political economies or the feedback-effects of their institutional

[1]Beckert (2013); White (2024).
[2]Kollman (1998); Hacker and Pierson (2002).
[3]Lindblom (1977).
[4]Culpepper and Thelen (2020).

relation to policy-making.[5] Hence, accounts of corporate power are usually concerned with corporate influence on policy-making throughout processes of agenda-setting, policy formulation, decision-making and implementation taking place within formal political arenas like government institutions or policy committees.

However, albeit resonating well with the rise of "policy-focused political science,"[6] the conceptual toolkit of corporate power offers very little to examine the influence of corporations on aspects of policy-making that take place beyond formal politics, such as the definition and recognition of issues as political problems.[7] Moreover, scholars generally recognize that public opinion and discourses in media as well as politicians' perceptions about folk reasoning influence democratic politics.[8] However, the agenda-setting literature focuses primarily on news media or political parties[9] and scholars of business power largely consider issue salience and perceptions as mediating forces of corporate influence, overshadowing that these aspects can themselves become objects of corporate power.[10]

This paper explores the political character of corporate epistemic activities beyond formal political arenas as an under-acknowledged form of business power. I suggest the concept of "epistemic business power" to account for firms' efforts to shape politicians', voters', experts', and journalists' "programmatic beliefs,"[11]—how they conceive of certain issues, goals, norms, methods and instruments—as well as politicians' perceptions of the dominant programmatic beliefs among voters, experts and the media.

In contrast to the power dynamics flowing from lobbying on-going policy negotiations (instrumental power), anticipated divestment (structural power), consumer attachment (platform power) or firms' positioning within political economies (infrastructural and institutional power), epistemic business power does not constitute antagonistic and repressing, Weberian, power relationships. Rather, studying epistemic business power emphasizes the "positive," producing, power dynamics unfolding across political economies and the ways in which such power interacts with other dimensions of power.

I detail the scope conditions of epistemic business power and argue that in general, the greater the structural prominence of a company in terms of capital intensity, employment, goods, services or growth provision and the more resources and efforts a company directs toward its discursive engagement, the more epistemic power it can exert. However, given the complexities of capitalist democracies, the extent to which a company succeeds in wielding epistemic influence in part depends on the interaction of the content communicated and preexisting dynamics of issue salience.

Highlighting the changing power of finance, a case study of the world's largest single shareholder and passive investor BlackRock in the United States and Germany traces the empirical imprints of epistemic business power, emphasizing the interaction of structural prominence, corporate communication, and issue salience. Despite the unprecedented concentration of capital, the conventionally applied conceptual tool-box of business power has little to offer for developing a comprehensive account of the world's largest asset manager: The surge in BlackRock's index-based investment increasingly constraints the company from posing exit-threats, questioning the conventional view of structural business power.[12] At the same time, its lobbying records are nowhere near that of previous financial giants like Fidelity in the United States or Allianz in Germany.[13]

Studying BlackRock's communication through qualitative content analysis of various data sources, I explore the asset manager's abilities to actively deploy sophisticated communication practices to promote programmatic ideas that frame the on-going concentration of corporate ownership and the

[5]Braun and Gabor (2019); Busemeyer and Thelen (2020).
[6]Hacker and Pierson (2014, p. 643).
[7]Laswell (1956); Baumgartner and Jones (1993); Althaus et al. (2022).
[8]Kingdon (2003 [1984]); Iyengar and Simon (1993); Diessner (2023).
[9]Burstein (2003); Dreier and Martin (2010); Soroka et al. (2012); Maurer (2017); For an exception see Berger (2001).
[10]Bonardi and Keim (2005); Culpepper (2011).
[11]Berman (1998).
[12]Braun (2022).
[13]Kim (2018); Deutscher Bundestag (2023).

rising assets under management on balance sheets of private financial institutions as a politically desirable and necessary development, especially in light of the need for infrastructure investment and decarbonization efforts. Through quantitative and qualitative media reception analyses, expert interviews, and a study of corporate ownership data, I demonstrate how BlackRock's structural prominence secures public and political attention and influences actors' affirmative perception of the asset manager's communication in terms of legitimacy and authority.

By highlighting how the asset manager's epistemic business power re-enforces existing structural power dynamics, the case-study underscores the importance of envisioning corporate power in capitalist democracies as a multi-faceted phenomenon that extends far beyond formal politics to include processes of the formation of perceptions, problem definition, and recognition that largely take place in the public sphere.

The remainder of this article is structured as follows. After briefly re-viewing existing business power scholarship in the following section, the subsequent section develops the concept of epistemic business power. Next, I present the empirical case study of BlackRock. A final section discusses the implications of the argument and concludes by suggesting avenues for future research that take into account the multifaceted role of businesses in shaping democratic politics in capitalist economies.

Business power and policy-making in democratic capitalism

Scholarship on business power is generally concerned with studying the influence of corporate actors on policy-making, which political scientists conceive of as a complex "policy-cycle" comprising distinct processes.[14] While the policy-cycle model has been criticized for oversimplifying policy-making and ignoring feedback effects between different aspects of policy-making, its merits clearly lay in acknowledging the various dynamics that feed into policy-making.[15] Accordingly, before a topic appears on the policy-agenda and policies are formulated, policy-making begins with the definition and recognition of "issues of challenge."[16] In democratic societies, these processes take place not behind closed doors, but in the public sphere comprising general medial debates and public discourses among experts or professionals.[17] In contrast, the subsequent steps of policy-making—formulating and negotiating draft proposals, adopting policies through decision-making processes, implementing and enforcing policies—are located within formal political institutions like parliaments, government agencies, or ministries.

The more recent accounts of institutional and infrastructural business power highlight constraints on policy agendas, policy formulation, decision-making, and implementation when private firms are infrastructurally or institutionally entangled with state actors.[18]

Studies of instrumental business power trace lobbying activities like campaign financing, donations or consultations with the aim of linking them to processes of policy formulation and decision-making as well as respective policy outcomes.[19] Scholars generally consider firms' lobbying activities to have more influence when issues are of low public salience because such "quiet politics" shield policymakers from potential electoral backlash.[20] Albeit the dynamics of issue salience are pivotal aspects of problem definition, recognition and agenda-setting, business activity is not considered as endogenous to issue salience dynamics and research on lobbying treats issue salience primarily as an exogenous constraint on business power.[21]

While some scholars acknowledge that firms may at times also strategically pursue "noisy politics," they do so only in terms of contrasting the dominant reading of lobbying success in times of low-

[14]Laswell (1956); Jann and Wegrich (2017).
[15]Nakurama (1987); Sabatier (1999).
[16]Gaventa (1980, p. 226).
[17]Fraser (1990); Habermas (1992); Jann and Wegrich (2017).
[18]Busemeyer and Thelen (2020); Braun and Gabor (2019).
[19]See for example Klüver (2013); Kim (2017); Junk (2019); Eun, Lee, and Jung (2022).
[20]Culpepper (2011).
[21]Morgan and Ibsen (2021).

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salience quiet politics with the fact that firms may also fuel dynamics of noisy politics through outside lobbying.[22] Outside lobbying refers to businesses' abilities to lobby policymakers indirectly through the public in order to mobilize the electorate in their own interest and "change how constituents think about a policy."[23] Albeit research considers outside lobbying to capture "interest group influence on public opinion," this influence is in fact generally understood in terms of ongoing policy debates.[24]

Hence, instrumental power perspectives of both direct and indirect (outside) lobbying focus on formal policy formulation and decision-making processes and the relevance of public opinion dynamics throughout these processes. However, since they consider issue salience as given, these accounts have little to offer for understanding business influence beyond formal political arenas, when the struggle is not (yet) about particular policies, but about more general programmatic beliefs that "define the problems to be solved by such policies; the issues to be considered; the goals to be achieved; the norms, methods, and instruments to be applied; and the ideals that frame the more immediate policy ideas proposed to solve any given problem."[25]

Scholars have suggested the concept of ideational business power to study how businesses use ideas when lobbying policymakers in order to convince them of adopting a certain view.[26] While there is clearly merit in highlighting the epistemic dimension of business power, these accounts only do so by implementing respective considerations into conventional accounts of lobbying ongoing policy negotiations. Consequently, they ignore the power dynamics in processes that precede policy formulation and decision-making.

A given in Marxist scholarship, Lindblom's widely cited assertion that corporations are in a privileged position in capitalist democracies popularized the idea of a structural source of corporate influence that sees corporate power as rooted in material dependency relations.[27] Accordingly, since governments in market-based systems rely on companies to provide employment and economic growth, politicians' face incentives to create and maintain the conditions under which businesses fulfill these functions. The dominant reading of Lindblom throughout the 1990s became that of an "automatic structural power argument" according to which business influence is a form of "nonintentional domination" that does not require any agency of the firms themselves.[28] Rather, structural power operates through policymakers' anticipation of potential adverse economic consequences, creating a "mechanism of automatic punishing recoil."[29]

In the tradition of this "automatic structural power argument," Culpepper and Thelen suggest that platform companies like Amazon or Uber possess a distinct form of power since they provide goods and services that are central to private and public life. Like structural power, this "platform power" operates automatically "in the minds of politicians" since policymakers want to avoid the anticipated "political fallout to which overeager regulators would expose themselves by messing with the infrastructure of people's lives."[30]

Hence, structural and platform power suggest that some aspects do not make it into policy drafts or not survive the processes of policy-negotiation and decision-making since politicians anticipate potential economic or electoral backlash.

Scholars have criticized this view, arguing that firms can wield structural power only if they make "active" use of their structural prominence through "action and signalling."[31] Hence, for structural and platform power to work, firms do not need to be "in principle" able to reallocate investment, reduce economic growth or stop providing goods and services that consumers value. Rather, politicians

[22]Keller (2018).
[23]Kollman (1998, p. 103).
[24]Dür (2019, p. 531).
[25]Schmidt (2008, p. 306); See also: Berman (1998).
[26]Selling (2021); Obendiek and Seidl (2023).
[27]Poulantzas (1973); Lindblom (1977).
[28]Woll (2014, p. 48).
[29]Lindblom (1982, p. 330).
[30]Culpepper and Thelen (2020, p. 293).
[31]Young (2015, p. 464); See also Culpepper and Reinke (2014); Woll (2016).

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themselves need to consider these events as realistic consequences of their political decisions or they must expect their voters—who are also workers and/or consumers—to consider these events as realistic consequences, even if the politicians themselves do not.[32] Understanding the mechanisms of structural and platform power by looking solely at material dependencies is therefore not possible unless one subscribes to rationalist assumptions about the perceptions and behavior of actors.

While research on business power acknowledges the role of politicians' ideas and perceptions in mediating instrumental and structural power, it does not provide conceptual space to account for corporate efforts to wield respective influence.[33] Rather, some scholars focus on "the changing institutional and structural contexts"[34] in which politicians operate, while others emphasize the "cultural capture" individuals can experience in light of the revolving door between politics and the private sector as well as professional networks.[35]

Paradoxically, scholars of platform power strongly emphasize the "automatic" character of platform power in conceptual terms while at the same time providing empirical records of the "skilful framing and storytelling" platform firms deploy policy battles in order to shape perceptions.[36]

In this article, I suggest that accounting for the role of businesses in actively shaping the beliefs of policymakers and how they perceive of the beliefs of their constituency, experts, and the media can meaningfully inform our understanding of business power. In other words, I do not only posit that structural and platform power is mediated ideationally. Additionally, I suggest that an epistemic business power perspective allows us to study how businesses themselves actively engage in epistemic practices that can influence these respective ideas and their salience.

Likewise, the "faces" of power debate suggests that understanding power dynamics properly requires to account for different facets of power and their interaction.[37] While instrumental power can be understood as the "first face" of power—Dahl's Weberian definition of power as an actor A's ability to "get B to do something that B would not otherwise do,"[38] structural, infrastructural, institutional, and platform power come closest to what Bachrach and Baratz have coined the "second face" of power, actors' ability to create or reinforce "barriers to the public airing of policy conflicts."[39] Eventually, scholars introduced the concept of the "third face" of power to account for an additional dimension on which "conceptions of conflict can be directly shaped" through communication and information flows which influence values and ideas.[40]

The "faces of power" debate therefore suggest that we can better understand structural and platform power (the "second face") if we also account for power in terms of its "third face." In fact, since the definition and recognition of issues as political problems is influenced by dominant values and ideas, considering power in its third dimension also allows to account for corporate political clout beyond formal politics.[41]

Lindblom acknowledged the relevance of this power dimension, but he became a "victim of his own rhetorical success"[42] insofar as the reception of his work on corporate clout is strongly biased toward his argument of structural corporate privilege. In fact, he also emphasizes that firms may engage in the "corporate molding of volitions" to legitimize their privileged role in policy-making or to prevent undesired political change by removing issues like redistribution or threats to private enterprise from politics.[43] Close to Lukes' notion of the "third face" of power, Lindblom suggests that business can do

[32]Swedberg (2018); Diessner (2023).
[33]Hacker and Pierson (2002); Woll (2016); Babic et al. (2022).
[34]Bell (2012, p. 663); See also: Bell and Hindmoor (2014); Bell and Hindmoor (2017).
[35]Kwak (2013); Tyllström (2021).
[36]Seidl (2022, p. 370); See also: Thelen (2018); Collier, Dubal, and Carter (2018); Serafin (2019).
[37]Lukes (2005 [1974]).
[38]Dahl (1957, p. 203).
[39]Bachrach and Baratz (1970, p. 8).
[40]Gaventa (1980, p. 255).
[41]Blumer (1971).
[42]Culpepper and Reinke (2014, p. 429).
[43]Lindblom (1977).

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this by providing business-friendly educational materials and research or by engaging in public debates in order to influence how issues are framed and perceived. The tobacco industry's notorious efforts aimed at casting doubt on the health risks of smoking, known as the "tobacco-strategy," arguably serves as a pertinent example of such corporate activities.[44] Philosophers debated the tobacco strategy in epistemic terms, but a well-developed account embedded in business power theories and applicable for systematic empirical endeavor is lacking.[45]

In fact, two scholars have suggested to incorporate the "third face" of power into the study of business power, but none of them offer an account of corporate political influence that informs, rather than challenges, existing conceptual frameworks of business power. In her study of transnational corporations and their role in global governance, Fuchs suggests the concept of "discursive power" to account for multinational corporations' capacity to shape the norms and ideas guiding policy-making through media or educational functions.[46] However, while she does consider capital and political legitimacy as important sources of discursive power, her strong conceptual and methodological focus on discourse arguably does not make the concept particularly attractive to business power scholars who focus on institutional, personal, and material dimensions of corporate influence. Elsewhere, Hathaway suggests to replace the existing conceptual tool-box of instrumental and structural power altogether with an alternative theoretical framework of business power that differentiates between agential and structural aspects of visible, hidden, and invisible dimensions of power in order to account for the political nature of firms' commercial activities.[47]

Besides business power scholarship, there are accounts of power and discourse which have been productively used in philosophical contexts or as part of holistic frameworks of power, but they are not particularly informative for a concept of corporate clout because their empirical applicability is limited.[48] Other concepts over- or under-emphasized the role of ideas along the classical lines of conflict between materialism and constructivism.[49]

Beyond formal politics: Exploring the concept of epistemic business power

There is room for business power research to move forward conceptually and account for the distinct ways in which businesses can influence how politicians, citizens, journalists, and experts conceive of certain issues and how politicians assume the media, experts, and their constituencies to conceive of them. Such a perspective does not only inform accounts of structural and platform power but can teach us about corporate clout in processes of problem definition and recognition, aspects of policy-making taking place beyond formal politics.

In fact, economic sociologists acknowledge the power dimension inherent in the formation of perceptions.[50] Moreover, political theorists consider the public sphere as a "product of active opinion management"[51] by incumbent and challenging political actors, interest groups, and civil society representatives which is crucial for accountability, normative legitimacy and political efficacy of democratic politics.[52] Likewise, studies of medial agenda-setting dynamics and its impact on policy-making have a long tradition in political science.[53] However, the preceding review suggests that

[44]Mejia et al. (2014).

[45]Weatherall et al. (2020); Herzog (2022); Within the business and management literature, there have been attempts to establish the notion of corporate agenda-setting, but they have neither experienced an echo in the field, nor have they been taken up by scholars of business power. Berger (2001); Bonardi and Keim (2005).

[46]Fuchs (2007).

[47]Hathaway (2018).

[48]Habermas (1992); Flynn (2004); Ritzi (2021); Barnett and Duvall (2005); Korpi (1985); Strange (1994); Schmalz, Ludwig, and Webster (2018); Schwartz (2019); Jungherr, Posegga, and An (2019).

[49]Carstensen and Schmidt (2016).

[50]Beckert (2016).

[51]Own translation. Sarcinelli (2011, p. 56).

[52]Habermas (1992); Seeliger and Sevignani (2021a).

[53]Kingdon (2003 [1984]).

established theories of business power almost exclusively focus on corporate clout during the processes of drafting, negotiating, adopting, and implementing policies that take place within formal political arenas. Moreover, albeit research has demonstrated the political relevance of "policymakers' ideas about folk reasoning," policymakers' perceptions are largely not considered as an object of business power—neither within nor beyond formal political arenas.[54] The primary aim of this article is therefore conceptual in that it suggests the following definition of epistemic business power:

> Firms wield epistemic business power when they communicate to public or political audiences in ways which influence policymakers', voters', journalists' and experts' programmatic beliefs and how policymakers perceive of the programmatic beliefs of their electorate, experts, and the media.

As the "third face" of business power, epistemic business power enables firms to shape policymakers' "actions and conceptions about conflict or potential conflict," addressing not the negative, repressive, dimension of power but its potential "positive," producing, effects.[55] Distinct from outside lobbying, epistemic business power is not about policies, but addresses ideas at the middle-range between policies and philosophies: Programs.[56] For the study of business power, I understand "programmatic beliefs" as paradigms that suggest certain understandings of the state of the economy including the respective role of firms or industries and their positioning vis-à-vis political authorities, journalists, voters, and consumers. As such, programmatic beliefs shape which issues are perceived as political (non-)problems and which ideas, norms and instruments are considered legitimate to address these issues.

Table 1 lists the different ideal types of business power and their distinctive characteristics, detailing for each form of business power how (*mechanisms*) which business actors (*subject*) can influence what (*object*) and with which means (*channels*). Despite instrumental and epistemic power, all concepts concentrate on structural features of capitalist democracies. These accounts emphasize that threat perceptions constrain policymakers and model the mechanism of business power in line with Lindblom's "punishing recoil." In contrast, epistemic and instrumental business power capture corporate clout through active businesses agency with regard to ongoing policy negotiations (instrumental) and more general public conceptions and debates (epistemic).

Accordingly, epistemic business power relates to politics in a twofold sense: First, it describes firms' abilities to contribute to debates circulating in the public sphere, the "battlefield" of problem definition and recognition, where issues are problematized and politicized before they enter formal political discussions.[57] Second, epistemic business power shapes policymakers', voters', experts', and journalists' perceptions and influences how policymakers conceive of the beliefs salient among experts, constituents and in the media. Since formal processes of policy-formulation and decision-making are tied back to public debates and politicians' perceptions of constituents' reasoning,[58] epistemic business power can therefore also indirectly influence policy-making by shaping (perceived) issue salience, thereby affecting firms' lobbying success, or by intermediating the anticipatory mechanisms of structural forms of power.

There are certain conditions under which epistemic business power can be expected to be higher or lower—These conditions depend on *who* communicates *how* and *what* is communicated in *which context*. First, a firm has "claim to a hearing" if it has the legitimacy to speak, based on delegation, authority derived from formal hierarchies and/or prestige by virtue of professional status, success, and expertise.[59] Therefore, how a firm is positioned within a society influences how much public and political attention the firm receives. Existing concepts of business power suggest that firms' positioning can vary by the degree to which politicians and consumers rely on the firms' goods and services (platform power), companies' provision of employment and economic growth (structural power) or

[54]Diessner (2023), p. 4; See also: Cohen, Tsfati, and Sheafer (2008).
[55]Gaventa (1980), p. 20; See also: Foucault (1977 [1975]); Lukes (2005 [1974]).
[56]Berman (1998); Schmidt (2008).
[57]Blumer (1971); Fraser (1990); Baumgartner and Jones (1993).
[58]Bell and Hindmoor (2014); Swedberg (2018).
[59]Kingdon (2003 [1984]), p. 180; See also: Gusfield (1981); Bell (2012).

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Table 1. Ideal types of business power and their scope conditions

Concept	Channels	Mechanisms	Status of business agency	Subject	Object	Relation to policy-making
Hacker and Pierson 2002; Kollman 1998	Lobbying (inside: consultations, informal and formal networks; outside: mobilizing the public, campaigning)	Regulatory capture	Active	Interest groups	Policies	Direct: policy formulation and decision-making
Structural (Lindblom 1977)	States' dependency on the provision of employment and economic growth by private business	Policymakers' anticipating disinvestment	Inactive	Firms of crucial importance for economic growth and employment	Policies (affecting business performance)	Indirect: agenda-setting, policy formulation and decision-making
Infrastructural (Braun and Gabor 2019)	Market-based governance (policy instruments relying on private infrastructure)	"Policymakers' expectation that harming particular markets would blunt their own policy instruments and thus diminish their control over the economy" (p. 400)	Inactive	Firms providing (financial) market infrastructure	Policy instruments and policies relying on privately provided infrastructure	Indirect: agenda-setting, policy formulation, decision-making and implementation
Institutional (Busemeyer and Thelen 2020)	States' dependency on the continued involvement of businesses (as a consequence of delegation, deregulation, accretion and subsequent dynamics of path dependency or feedback/lock-in effects)	Policymakers' anticipating the exit of firms	Inactive	Firms part of public-private arrangements	Policies changing private actors' involvements in the provision of goods and services	Indirect: agenda-setting, policy formulation, decision-making and implementation
Platform (Culpepper and Thelen 2020)	Consumers' appreciation of the convenience digital platforms provide in every-day life	Policymakers' anticipating "political fallout to which overeager regulators would expose themselves by messing with the infrastructure of people's lives" (p. 293)	Inactive	Large platform firms	Policies threatening platform firms	Indirect: agenda-setting, policy formulation and decision-making
Epistemic	Public communication (newsletters, interviews, media coverage, podcasts, public letters, educational materials, etc.)	Shaping of programmatic beliefs	Active	Structurally prominent firms (employment, growth, consumer attachment, key services and goods provision)	How policymakers' perceive of the programmatic beliefs held by themselves, their constituent, experts and the public	Direct: problem definition and recognition, agenda setting; indirect: policy formulation and decision-making

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their institutional or infrastructural positioning (institutional and infrastructural power). However, informal networks between business representatives and journalists can also secure public and political attention to firms' epistemic efforts, even in cases where firms' structural prominence is low.

Second, material advantages improve firms' epistemic capacities to define "the (im-) possible, the (im-)probable, the natural, the normal, what counts as a problem:"[60] More available capital enhances firms' abilities to communicate publicly, for example by running generously staffed public relations departments, funding think tanks or by setting up extensive campaigns across various communication channels. Moreover, since the agenda-setting role of established media outlets is on decline and patterns of media consumption and information flows are changing in light of the rise of social media, firms can increasingly bypass traditional media channels through own podcasts, apps, digital newsletters or videos.[61] Depending on the channel of communication, firms can strategically address certain audiences—expert communities, journalists, politicians, voters, and consumers varying by socio-economic status, age or region. The epistemic capacity of a company is higher if it uses more channels and a more sophisticated form of communication. Both aspects are arguably largely shaped by the amount of capital firms can and do spend to leverage their communicative capabilities.

Although material aspects shape epistemic power, there is no universal translation of economic dominance into epistemic influence. The level of epistemic business power does not only depend on the extent to which firms' receive attention given their structural prominence and the sophistication and scope of their epistemic capacity, but also on the content and the context in which firms communicate.

Since the general and medial economic interest focuses on the aggregate economy, epistemic business power is higher when companies do not propagate niche topics, but offer narratives of the current state of the overall economy and the potential needs to increase overall economic prosperity.[62] In this regard, priming and framing are relevant aspects of the study of epistemic business power since these techniques allow actors to influence others' interpretation and conception of an issue.[63] Moreover, since discourses are more credible if they are consistent and coherent, epistemic business power is higher when the narratives communicated resonate with respective political and macro-economic events.[64] For example, in the aftermath of the financial crises, the salient economic facts triggered ideational change among UK policymakers that was so at odds with banks' and institutional investors' portrayals of the situation that these business actors were unable to establish a narrative in the public debate that could prevent politicians from considering and implementing stricter regulation.[65] Accordingly, the public and political context affects epistemic business power by influencing the external coherence of firms' communication.

Considering the public and political context also requires to account for issue salience. Research has established that firms have a hard time lobbying policymakers if the respective policy issue is of high public salience because of electoral incentives and public pressure.[66] In such times of noisy politics, outside lobbying strategies may be more rewarding.[67] As such, the perspective of epistemic business power is at odds with arguments about business power in times of "quiet" and "noisy" politics since an epistemic business power perspective focuses on dynamics that precede the specific policy negations and respective lobbying activities that are at the center of these arguments. Epistemic business power aims at shaping perceptions of issue salience by communicating respective narratives to policymakers, voters, consumers, experts, and journalists. Given the complexity of information flows and attention dynamics in the public and medial sphere, the level of epistemic business power is likely to depend on the ways in which existing dynamics of issue salience and corporate epistemic engagement interact.

[60]Hayward (2000), p. 35.
[61]Twenge, Martin, and Spitzberg (2019); Seeliger and Sevignani (2021b); Ausat (2023).
[62]Jacobs et al. (2021).
[63]Maurer (2017).
[64]Schmidt (2008); Dür (2019).
[65]Bell and Hindmoor (2015).
[66]Culpepper (2011); Culpepper (2021); See also: Schattenschneider (1960); Lindblom (1977).
[67]Keller (2018); Feldmann and Morgan (2021).

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In general, for a firm with a given structural prominence and epistemic capacity, decreasing the salience of issues that are already of high salience can be expected to be more difficult than increasing the salience of new issues, especially if the firm in question is involved in the high-salience issue in a way that decreases its legitimacy to speak about the issue and offer alternative interpretations. As in the aforementioned case, existing attention dynamics of high salience and dominant narratives regarding the financial industry made it impossible for banks and institutional investors to convey alternative interpretations of the situation.[68] However, if a company can offer a coherent and redeeming perspective on a high-salience issue that does not primarily identify the company or industry as part of the problem, the existing high salience can leverage the reach of corporations' epistemic efforts. Corporate actors might therefore be more successful in influencing how politicians, voters, experts, and journalists conceive of certain issues and how politicians assume journalists, experts, and their constituencies to conceive of them when the issues in question are not already of high salience or, if they are, when firms can convincingly provide a solution to a pressing issue in a way that does not appear as a defense strategy.

In summary, assessing the level of a firm's epistemic power requires to account for the structural and material dimensions of epistemic business power (structural prominence and epistemic capacity), the content of the epistemic efforts as well as their interaction with existing issue salience dynamics.

Epistemic Business Power in Practice: Re-considering the Power of Finance

This section explores the empirical imprints of epistemic business power through a case study of BlackRock, the largest single shareholder in the world. With an increasingly large chunk of its almost $10trn assets under management invested in passive funds, BlackRock is generally not considered to be a firm that actively exerts corporate clout, albeit the concentration of capital and corporate ownership suggests that the asset managers in principle holds substantial structural power.[69] In fact, given its business model, BlackRock has an interest in a (macro-) economic environment of rising asset prices and growing financial markets as well as an increasing role of private finance in peoples' lives, ranging from the popularity of retail investment to privately managed pension savings and public-private partnerships for infrastructure projects.

However, since passive funds only sell shares according to changes in the underlying indices, the asset manager's abilities to "enforce" such favorable conditions through credible divestment threats are constraint by its passive investment model. Braun therefore argues that the structural power of finance is changing from exit- to control-based power. Accordingly, in order to balance "maximizing assets under management, while minimizing the risk of political and regulatory backlash,"[70] asset managers are today increasingly exercising control-based power through "political voice," addressing portfolio-firms and individuals in their various identities as politicians, consumers, (potential) clients and voters. While Braun does explain that this "political voice" resonates with Hirschman's understanding of voice as a "political action," he does not spell out how this "control-based power" can be understood conceptually or studied empirically.[71] Against this background, this section provides a case study of BlackRock's epistemic efforts in Germany and the United States in order to detail how a systematic epistemic business power perspective can meaningfully inform an account of the power of finance in particular and accounts of business power in general.

Dominant typologies of advanced capitalist economies consider Germany and the United States as two most distinct cases.[72] Comparative research on the role of asset managers in advanced economies

[68]The Bank of England (BoE) provided narr atives that supported ideational change among policymakers, and the expert-status of the BoE officials arguably played a role in claiming a hearing. (Bell and Hindmoor 2017).

[69]Passive funds, conventionally referred to as exchange-traded funds (ETFs), replicate the performance of an index such as the S&P500 or MSCI world, aiming at tracking, rather than outperforming the market. On BlackRock's structural power, see Fichtner, Heemskerk, and Garcia-Bernardo (2017).

[70]Braun (2022, p. 642).

[71]Hirschman (1970, p. 16).

[72]Hall and Soskice (2001); Baccaro and Pontusson (2016).

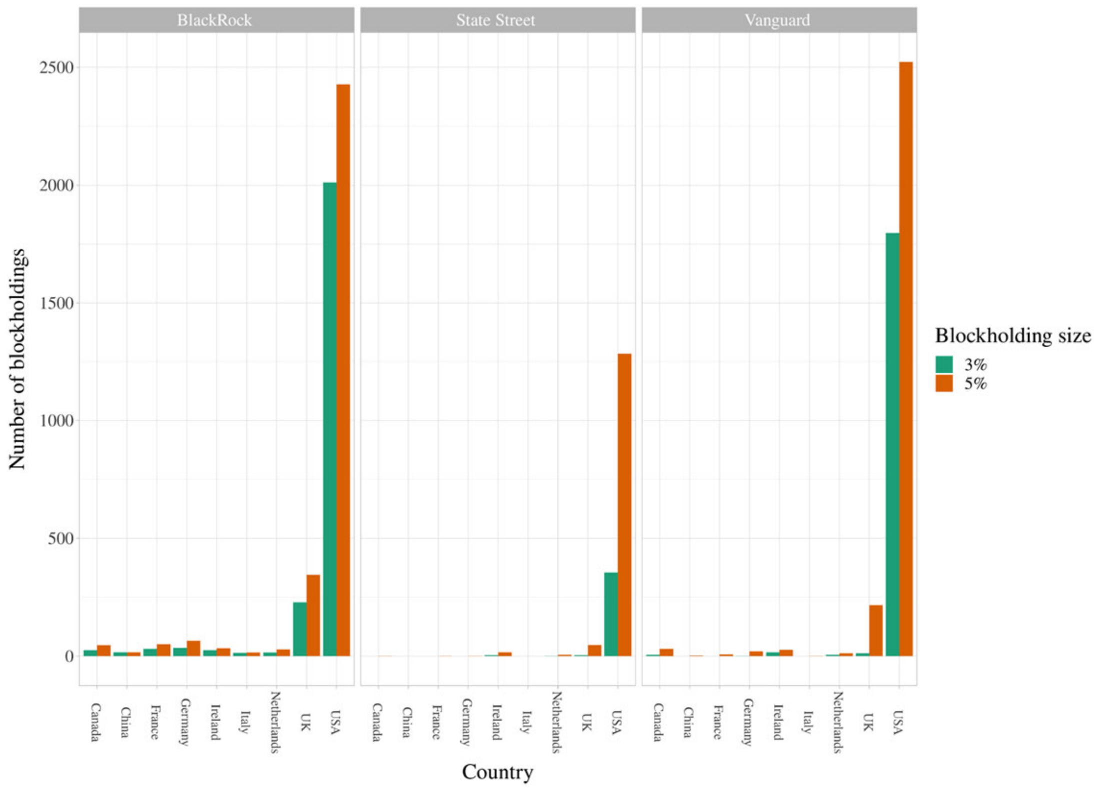

Figure 1. Blockholdings of the big three by country. Own figure based on Fichtner and Heemskerk 2020.

underscores the difference of the two countries: Shown in Figure 1, the Big Three passive investors, of which BlackRock is by far the biggest, hold the largest share of their corporate ownership stakes in US-American firms, and only a minor portion of its overall shareholdings are stocks of German companies. Focusing on these two distinct cases therefore also sheds light on the role of finance capital across capitalist democracies.

In general, the aim of the subsequent case study is not the identification of causality, but rather to empirically explore the working of epistemic business power in the first place. A systematical analysis of epistemic business power needs to address firm characteristics (structural prominence), epistemic capacity (channels and sophistication of communication) and the content communicated (speakers and topics introduced, narratives and frames deployed). Audience reception in scope and quality is the most important aspect for identifying any influence of firms' epistemic engagement, and it is expected to be influenced by firm characteristics, epistemic capacity, and the interaction of firms' communication with existing issue salience dynamics. Hence, while the faces of power debate suggests that the empirical imprints of the "third face" of power are apparent in communication processes, epistemic business power adopts a political economy perspective that considers these processes as comprising not only the communication itself (what is communicated and how), but also the characteristics of the firm and the discursive environment (who communicates and in which context).

However, the empirical study of epistemic business power does not come without difficulties. Identifying the degree of preference attainment, detecting attributed influence via surveys or applying process tracing are common ways of studying influence in policy-making.[73] Recently, scholars also began to emphasize the applicability of text-based methods such as citation analysis, text-reuse analysis

[73]Dür (2008).

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or discourse analysis.[74] Respective studies primarily focus on decision-making or policy formulation. However, dynamics of epistemic business power cannot be considered in these narrow contexts alone since they unfold largely beyond these processes, making it difficult to clearly identify and isolate a "process" to be studied through process tracing or an "immediately obvious unit of measurement" that can be subjected to analyses of preference attainment or other text-based analyses.[75]

Existing research on agenda-setting dynamics within governments as well as ideational approaches therefore suggest to rely on interviews in order to identify attributed influence or cues that can be considered as such.[76] Moreover, scholars have emphasized the value-added by methodological triangulation and the combination of different data sources such as media content, government documents, surveys, interviews and interest group communication when studying interest group influence.[77]

Taking these methodological considerations into account, the analysis proceeds as follows. I start with exploring BlackRock's structural prominence in Germany and the United States based on corporate ownership data of firms included in national benchmark indices obtained from Corporate Ownership Data (United States) and previous research by Röper as well as data provided by Frankfurt Stock Exchange (Germany). I also briefly present data on lobbying expenses obtained from Lobbyview (United States), the German lobby register and the European transparency register. Next, I analyze the epistemic capacity and the content dimension of BlackRock's epistemic activities. Since data on the input-side of epistemic capacity, capital spend on communication or public relations activities as well as respective organizational characteristics (number of employees or departments), is not available, I use data on the output-side from the asset manager's website.[78] I analyze the content of BlackRock's public communication qualitatively, systematizing the data according to topics, speakers, narratives, and frames. Subsequently, I study audience reception by combining different data sources and methodological approaches, relying on qualitative and quantitative analyses of newspaper coverage of BlackRock's communication as well as sentiment analysis and expert interviews. The empirical section closes with a discussion of the findings and its implications for the power of finance.

Appendix A lists the material used for qualitative analyses. I focus primarily on BlackRock's annual "CEO-letters," public letters formally addressed to the CEOs of BlackRock's portfolio-firms, published every January between 2012 and 2022. The topics addressed throughout the letters are coded inductively using MAXQDA.[79] I also use videos of interviews and panel discussions of BlackRock-CEO Fink and Vice Chairman Hildebrand at the World Economic Forum in Davos in January 2023 and 2024.

I quantify media reception based on a larger corpus of German and US-American news articles from 2009 until August 2023 obtained via keyword-search from Nexis.[80] I also qualitatively analyze audience reception based on policy documents from the United States and a corpus of German newspaper articles that explicitly refer to BlackRock's public letters. Moreover, I apply quantitative sentiment analysis in order to measure these articles' affirmation of the public letters.[81] Furthermore, I conduct ten semi-structured expert interviews with German politicians, a journalist and a supervisory board member of a DAX firm. Appendix B lists information on the interviewees' backgrounds and the questions used as a guidance throughout the interviews. I quote from the recorded interviews to

[74]Christensen (2023); Obendiek and Seidl (2023).

[75]March (1955).

[76]Kingdon (2003 [1984]); Jacobs (2015).

[77]Dür and De Bi‘evre (2007).

[78]I also briefly sketch the characteristics of the epistemic efforts by Fidelity and Allianz based on their online appearance.

[79]See D.1 for the code-book.

[80]"Blackrock" OR "Larry Fink"

[81]Newspaper articles have been obtained via keyword-search from Nexis: ("BlackRock" AND "CEO-Brief") OR ("BlackRock" AND "Brief" AND ("CEO" OR "Chef") OR ("BlackRock" AND "Fink" AND "Brief")). For the sentiment analysis, I rely on the *Augmented dictionary* which has been proved to outperform other German sentiment dictionaries when applied to media content and political speeches (Rauh 2018).

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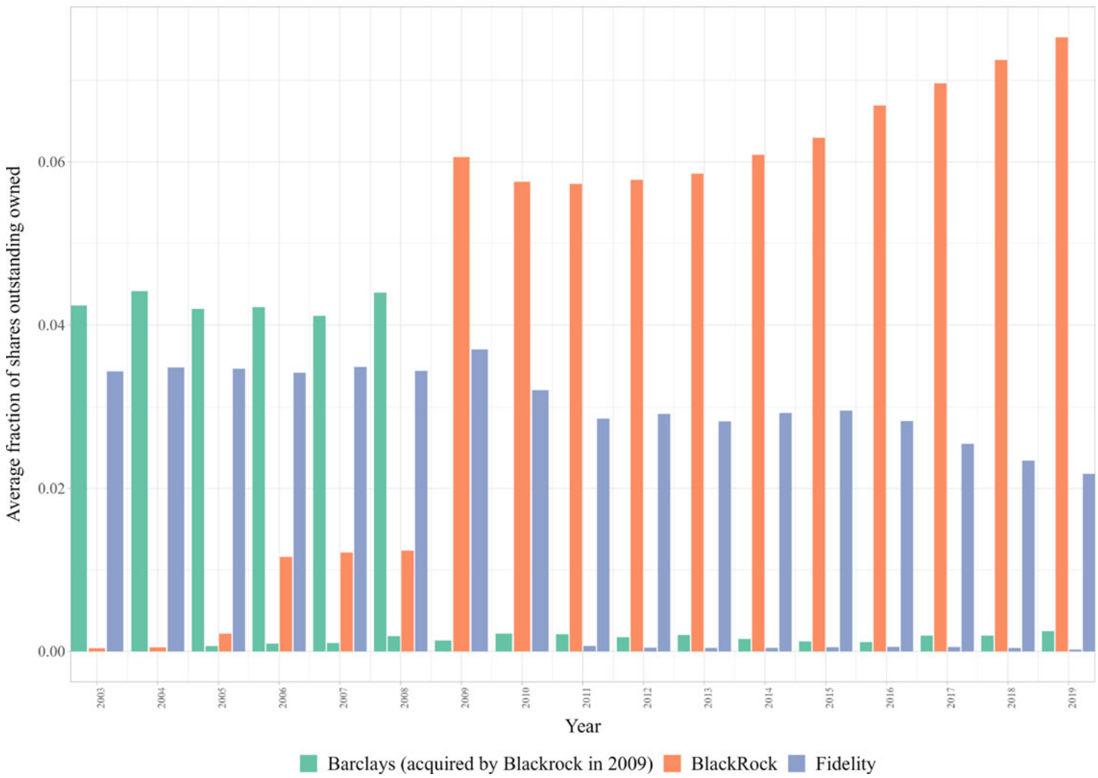

Figure 2. Average shareholdings of S&P500 firms. Own figure, data: corporate ownership of S&P 500 firms (Amel-Zadeh, Kasperk, and Schmalz 2022).

illustrate how policymakers and experts perceive of BlackRock's epistemic efforts and impact of BlackRock's communication on policy-making and public discourse.

Structural prominence

In the United States, market-based finance and deep stock markets have a historical record.[82] In recent decades, however, the dominant actors of US finance capital changed as US-households' stock market participation is increasingly mediated by passive rather than mutual funds:[83] Illustrated in Figure 2, BlackRock overtook Fidelity, once considered the "main character" of US finance capital, as the largest average shareholder of S&P500-firms, when it acquired Barclay's in 2009.

Other than the United States, institutional dynamics in Germany are historically not considered favorable to market-based finance such as asset management.[84] Up until the 1990s, the cornerstone of the German post-war economy has been the "Deutschland AG," a network of banks, industrial firms and insurance companies with interlocking directorates. However, in the late 20th century, the close ties of the network were crumbling as retained earnings allowed firms to rely less on banks which turned increasingly to international markets and households to compensate for the loss in revenues.[85] Furthermore, reforms of financial market regulation ultimately led to a deepening of German stock markets and international institutional investors started to increase their holdings in German firms.[86]

[82]Berle and Means (1932).
[83]Davis (2008).
[84]Deeg (2009).
[85]Hardie and Howarth (2013); Braun and Deeg (2020).
[86]Deeg (2001); Detzer (2019).

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Table 2 illustrates BlackRock's increasingly dominant role as a shareholder of firms included in the German benchmark index DAX. Out of the 31 firms studied, BlackRock was the largest shareholder in no firm in 2003, in seven firms in 2014 and in thirteen firms in 2022, replacing members of the former Deutschland AG like Allianz AG and Deutsche Bank. Hence, even though holdings in German companies make up only a small part of BlackRock's overall portfolio (Figure 1), they reflect significant changes in the German landscape of corporate ownership. However, the surge in BlackRock's index-based investment increasingly constraints the company from posing exit-threats, questioning the applicability of the conventional structural power argument.

Likewise, an instrumental power perspective suggests that despite BlackRock's unprecedented concentration of corporate ownership both in the United States and Germany, the asset manager lacks behind its predecessors: Lobbying data suggests that since 2010, BlackRock spent around $2.5M annually on lobbying activities in the United States, which compares poorly to the $3.5M to $4.7M spent annually by Fidelity.[87] The asset manager cannot keep pace either with regard to the "revolving door" between the private and public sector: On average, every fifth BlackRock-lobbyists has held more than one previous high-level position in politics, while for Fidelity it is almost every second. In Germany, BlackRock spent around 600.000€ on lobbying in 2022, which is nowhere near the 3.9M€ the Allianz AG spent that year.[88] Likewise, at the European level, BlackRock's annual expenditure on lobbying is only around a third of that of Allianz, and the number of meetings BlackRock has had with the European Commission since 2020 (10) is far behind that of its predecessor (16).[89] BlackRock clearly does not stand out in terms of *instrumental* business power.[90]

Notwithstanding, BlackRock's shareholdings have been growing across the United States and Germany as a by-product of its asset management business. The flip-side of this rising ownership concentration is BlackRock's increasingly diverse and international client-base, featuring corporate clients, retail investors, government agencies and pension funds from around the world. In 2020, BlackRock managed the retirement savings of 35 million workers in the United States and it frequently announces new partnerships with governments for infrastructure funds, recent examples include New Zealand and Saudi Arabia. Besides these financial links, the asset manager is involved in policy-related consultation regarding issues like the Covid-19 emergency programs (Federal Reserve) or banking regulation (European Union). Additionally, BlackRock also serves as a technology provider with its risk and investment management software Aladdin (Asset, Liability, Debt, and Derivative Investment Network). While reliable data on its usage is lacking, it is generally considered to be widely used across the industry.

Considering this rising structural prominence in terms of corporate ownership as well as client-, consultant- and partnership-relations suggests that the asset manager is "situated" in an increasingly advantageous position to be heard, setting it apart from previous financial giants like Fidelity or Allianz.

Epistemic capacity

Whereas Fidelity, Allianz, and BlackRock are present on Facebook, YouTube, Instagram, offer regular webinars and a general newsletter, BlackRock uses a number of additional communication channels. Probably most popular, BlackRock-CEO Fink has been featured in newspapers from 2012 to 2022 with his annual public letters to all CEOs of the firms BlackRock is invested in. Over the years, the length of the letters grew steadily; the 2022-letter contained almost ten times as many sentences as the letter from 2012.[91] Since 2016, the letters have not been published any longer in a simple format,[92] but rather in a more complex layout with subheadings, highlighted passages, and hyperlinks. Beginning in 2018, the

[87]Kim (2018).

[88]The transparency register lists six different subsidiaries of the Allianz group, which have registered varying lobbying expenditures. The numbers given are the sum of all expenditures. Deutscher Bundestag (2023).

[89]European Commission (2023).

[90]I disregard lobbying efforts through business organizations and lobbying coalitions here.

[91]18 sentences in 2012, 175 sentences in 2022.

[92]*Dear CEO // [mainpart] // Sincerely, Larry Fink*

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Table 2. Largest shareholdings in DAX firms. Data from 2003 and 2014: Röper (2018) (Q2): frankfurt stock exchange (2022). See appendix C for more information on the methodology

	Largest shareholder			% of shares		
Company	2003	2014	2022	2003	2014	2022
Adidas AG	–	The Capital Group	The Desmarais Family Residuary Trust	< 5	6	7.14
	BlackRock: Third largest shareholder (4.94) in 2022					
Allianz SE	Münchener Rück	BlackRock	BlackRock	18.1	5.1	6.71
BASF SE	Allianz AG	BlackRock	BlackRock	9.4	5.1	5.14
Bayer AG	Allianz AG	The Capital Group	BlackRock	5.9	10.9	6.56
BMW AG	Quandt Family					
Brenntag SE	*Not in DAX*		BlackRock			5.41
Continental AG	Barclays Global Investors	Schaeffler GmbH	IHO Group	5.5	50.0	46.0
Covestro AG	*Not in DAX*		BlackRock			6.05
Deutsche Bank AG	–	BlackRock	BlackRock	< 5	5.1	5.23
Deutsche Börse AG	The Capital Group	BlackRock	BlackRock	5.1	5.0	6.69
Deutsche Post AG	German state	German state	KfW	68.8	24.9	20.49
	BlackRock: Second largest shareholder (4.73) in 2022					
Deutsche Telekom AG	German state	German state	KfW	42.8	31.7	16.6
E.ON SE	–	BlackRock	RWE	< 5	5	15.0
	BlackRock: Third largest shareholder (4.81) in 2022					
Fresenius SE & Co. KGaA	*Not in DAX*		Else Kröner-Fresenius-Stiftung			26.4
	BlackRock: Second largest shareholder (4.69) in 2022					
HeidelbergCement AG	*Not in DAX*		Ludwig Merckle			25.0
	BlackRock: Third largest shareholder (4.69) in 2022					
HelloFresh SE	*Not in DAX*		BlackRock			4.60
Henkel AG & Co. KGaA	Henkel Familiy					
Infineon AG	Siemens AG	Dodge & Cox	BlackRock	12.5	10.0	6.95
Linde plc	Allianz AG	Sun Life	Linde plc	12.6	5.1	9.81
	BlackRock: Second largest shareholder (6.28) in 2022					
Mercedes-Benz Group AG (formerly Daimler/ DaimlerChrysler)	Deutsche Bank	BlackRock	Investment Global Co., Ltd.	12.5	5.7	9.98
	BlackRock: Fourth largest shareholder (4.96) in 2022					
MERCK KGaA	*Not in DAX*		BlackRock			6.75
MTU Aero Engines AG	*Not in DAX*		The Capital Group Companies			9.94
	BlackRock: Second largest shareholder (8.97) in 2022					

(*Continued*)

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Table 2. (*Continued*)

Company	Largest shareholder 2003	Largest shareholder 2014	Largest shareholder 2022	% of shares 2003	% of shares 2014	% of shares 2022
Münchener Rückversicherungs-Gesellschaft AG	Bayerische H+V	Berkshire Harthaway	BlackRock	10.0	10.2	6.46
PUMA SE	*Not in DAX*		Kering S.A., Artémis S.A.			32.5
	BlackRock: Second largest shareholder (4.85) in 2022					
QIAGEN NV	*Not in DAX*		Black Rock			13.45
RWE AG	Allianz AG	RWEB	BlackRock	7.6	16.2	6.96
SAP SE	Hasso/Hopp/Plattner Family					
	BlackRock: Second largest shareholder (5.15) in 2022					
Siemens AG	–	BlackRock	Siemens AG	< 5	5.0	6.18
	BlackRock: Third largest shareholder (5.92) in 2022					
Symrise AG	*Not in DAX*		MFS			9.65
	BlackRock: Second largest shareholder (6.63) in 2022					
Volkswagen	Land Niedersachen & Porsche Holding					
Vonovia SE	*Not in DAX*		Norges Bank			9.82
	BlackRock: Second largest shareholder (7.72) in 2022					

letters additionally came with a title, generating an increasingly sophisticated appearance that reminds the reader more of an opinion piece than a letter.[93]

In January 2023, at the time of the year when previous CEO-letters have been published, Fink participated in a high-level panel at the World Economic Forum in Davos on trade, growth, and investment.[94] Bloomberg also broadcast interviews with Fink and BlackRock Vice Chairman Hildebrand, a former member of the Governing Board of the Swiss National Bank, from the last two World Economic Forums.

Besides the public outreach every January, the asset manager offers in-person and virtual seminars on investment practices and risk management since 2013 as part of its "BlackRock Educational Academy." In 2020, the asset manager also launched the "BlackRock Future Forum," a series of online events on "topics influencing markets and impacting society the most." Moreover, other than for Fidelity and Allianz, there is not only one general newsletter available for subscription, but several ones, including regular overviews of "key market developments," monthly market-commentaries, specific information about ETF markets or the performance of BlackRock's ETFs, tips on portfolio construction and a "thought leadership" newsletter. BlackRock also publishes weekly video-commentaries on the current market outlook in its "Know-wow" series and offers an app, the "BlackRock insights app" which features region-specific financial market news and investment tips.

The overview of BlackRock's communication suggests that the asset manager is using an increasing number of communication channels featuring different, and increasingly sophisticated, formats. Steadily rising over the last ten years, its epistemic capacity sets its apart from Fidelity and Allianz.

[93]For example "Purpose & Profit" in 2020 or "A Fundamental Reshaping of Finance" in 2021.

[94]Alongside Ngozi Okonjo-Iweala, general director of the World Trade Organization, Alexander de Croo, Belgian prime minister and German economy and energy minister Robert Habeck.

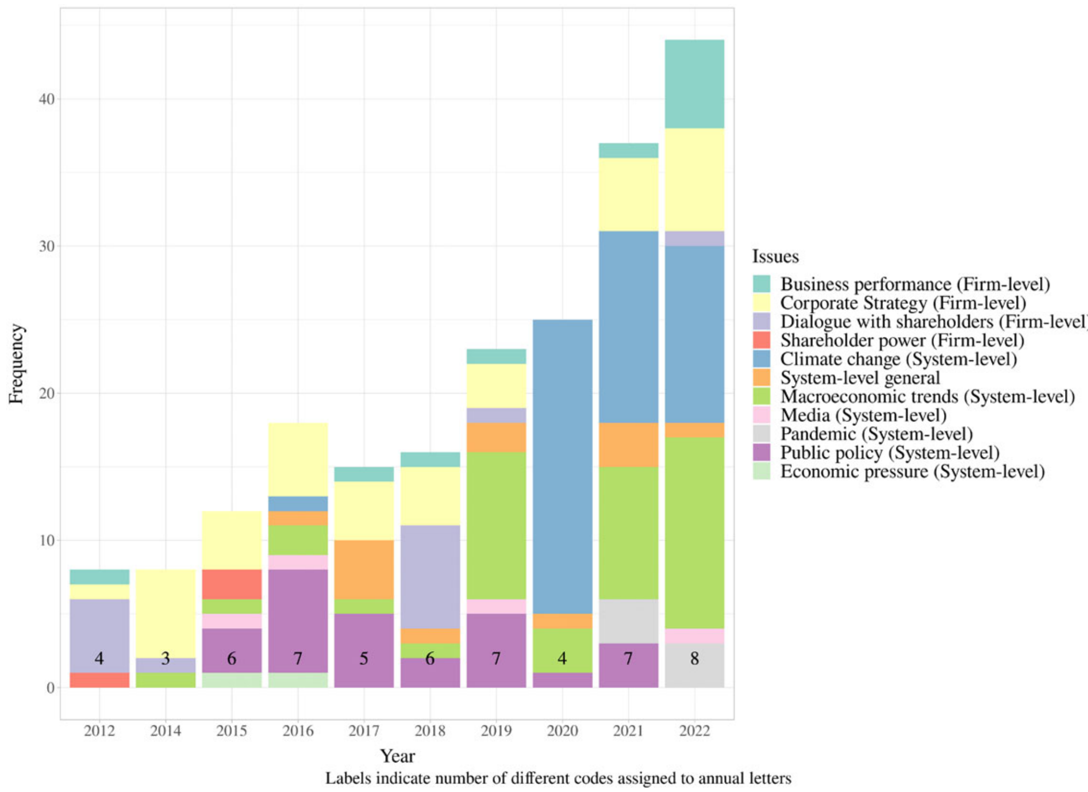

Figure 3. Topics in CEO letters by year, grouped into system-level and firm-level references. The results are robust to changes in the number of words and the number of sentences.

Content

Illustrated in Figure 3, a content analysis suggests that the CEO-letters address increasingly broad topics. Overall, BlackRock discusses public policy and macro-economic trends twice as much as corporate governance aspects, albeit the letters are officially addressed to the CEOs of BlackRock's portfolio firms. While early letters discussed firm-level issues like corporate strategies (2012, 2014), the letters have since turned to system-level issues such as public policy and taxation (2015), globalization and political backlash (2017), corporations and community (2018), retirement concerns (2019), climate change (2020), democracy (2021), and systemic questions regarding capitalism (2022). This thematic expansion goes hand in hand with the changes in format and length mentioned in the previous section. Throughout the letters, Fink repetitively emphasizes the legitimate authority and "indispensable" "leadership" of private business, since "many governments [are] failing to prepare for the future, on issues ranging from retirement and infrastructure to automation and worker retraining" (2018) and "society is increasingly looking to companies [. . .] to address pressing social and economic issues." (2019)

When Fink participated in a high-ranking panel discussion at the World Economics Forum in Davos in January 2023, he discussed the role of the private sector in global economic growth and development, stating that "we cannot depend on central bank behaviour" or governments alone, but that "there is a greater need for governments to be working with the private sector, especially in the areas of infrastructure, decarbonisation." Presenting government's low fiscal flexibility as a fixed, incontrovertible fact and stating that "private capital seeks the highest and fairest return," he emphasizes the necessity and desirability of public-private partnerships.

With a similar focus on overall economic development, Vice Chairman and former Swiss central banker Hildebrand explained in January 2024 that "infrastructure is the big story in private markets in

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the next ten, twenty years." Reflecting on BlackRock's recent acquisition of Global Infrastructure Partners which makes BlackRock one of the largest manager of alternative assets (including infrastructure) in the world, he stated that BlackRock is eager to play a central role in this regard—in the United States, Europe, and Asia alike. Again, a high emphasis is put on the narrative that "given stretched governments," public-private partnerships are inevitable for infrastructure projects.

Besides the annual public outreach via letters or talks, the content of the webinars, podcasts, apps, and newsletters similarly focus on political-economic issues which are framed in a way that emphasizes the necessity of a leading role of private finance as opposed to building up state capacity via public debt, regulatory intervention or planning. The logic of the arguments is simple and boils down to the programmatic belief that government failure necessitates a leading role of businesses "as the most trusted, competent, and ethical source of information—more so than government, the media, and NGOs," as Fink puts it in the 2022-letter. Accordingly, as he goes on, "creative public-private partnerships" are needed to overcome funding gaps related to infrastructure, green energy, and other climate change mitigation projects.

Such reasoning is reminiscent of public choice theory which considers governments and public agencies as inefficient, suggesting that private actors should be central in providing social welfare.[95] The public choice jargon which feeds into BlackRock's propagation of public-private partnerships (PPPs) is arguably best understood against the background of the "Wall Street Consensus" (WSC), a term Gabor has coined in order to conceptualize a paradigm according to which funding gaps are best closed not through extensive industrial policy and public planning.[96] Instead, states should engage in "de-risking" practices that aim at manipulating risk-return profiles of infrastructure projects or broader development agendas in order to attract private investors.

By emphasizing on the one hand that governments are "already stretched" and have only very limited fiscal space, as Fink put it in a Bloomberg interview broadcast from Davos, and on the other hand, that there is a rising urgency to invest in infrastructure and decarbonization, a prominent role for the financial sector through public private partnerships and private initiatives is presented as a natural consequence.

BlackRock's efforts to represent the WSC as natural, necessary, and desirable is consistent with its desire to smooth the tension between its business model and potential political backlash. If the prevailing programmatic beliefs privilege financial interests and ascribe a central role to private finance for pension security, infrastructure and development projects, public discourse, and policymakers' respective perceptions of folk reasoning do not threaten but favor BlackRock's business model and structural prominence.

Likewise, with regard to monetary policy, BlackRock has used its public communication to reproduce an under-complex narrative of inflation dynamics, focusing on a trade-off between unemployment and inflation. In fact, literature has emphasized the need to account for labor market policies, workers' bargaining power, and supply-side disruptions, such as those caused by the Covid-19 pandemic and the Russian war against Ukraine.[97] Albeit more recently, BlackRock has acknowledged that supply constraints and energy shocks may drive up inflation, the solutions the asset manager suggests are still ignoring possible regulatory interventions such as price-caps. Instead, BlackRock argues that the choice is between accepting higher inflation "or destroy[ing] demand to squeeze wages and prices to rein in inflation." Research has shown that such "folk ideas" can be powerful not because policymakers can be convinced of their truth, but because policymakers may consider their voters to believe in them.[98] Similarly, several interviewees emphasized that they believe analysts and journalists are picking up on BlackRock's communication, as outlined below.

[95]Buchanan and Tollison (1984).
[96]Gabor (2021).
[97]Weber et al. (2024).
[98]Diessner (2023).

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Audience reception

The audience BlackRock reaches expands alongside its structural prominence. Measured as the mentions by the New York Times Group, to which previous research has ascribed an agenda-setting role,[99] BlackRock's annual media presence in the United States grew steadily and more than doubled since it bought Barclay's iShares in 2009. Over the same period, BlackRock's assets under management grew from $3.3trn to more than $9trn.[100] By the same measure, Fidelities' annual media presence increased steadily in the 1990s, fell by half in 2000 and has been on a downward trend since. Strikingly, data for Germany also suggests that despite the country's different historical trajectory, BlackRock enjoys increasing media attention, with annual news mentions tripling between 2012 and 2018 and remaining at a high level since then. The media presence of Allianz, former member of the "Deutschland AG," is nowhere near as pronounced as that of BlackRock. Since 2012, it amounts to only 17% of BlackRock's.

What BlackRock says seems increasingly relevant to the media. Emphasizing the public salience of BlackRock's CEO-letters, Strampelli has described the annual publication of the letter as an "particularly anticipated event for the financial markets and observers."[101] Arguably, these letters became a brand of BlackRock which grants the asset manager access to an exclusive niche of publicity. The Financial Times refers to Fink as "the undisputed king of Wall Street" and Germany media describes the CEO as "perhaps the most powerful man on wall street," the "four-billion dollar man" or "the most ardent propagandist of today's capitalism."[102] In line with this, a sentiment analysis suggests that the German media is increasingly positively affirmative of BlakRock's CEO-letters.[103]

Correspondingly, interviewee five, a member of the German parliament, explains that "of course it is important what they have to say. BlackRock is an immensely successful company. They are experts in their field." Similarly, interviewee four, another member of the German parliament focusing on finance, states that the CEO-letters have a prominent standing in financial discourses and that "many analysts and investors are guided by them because they assume that if Larry Fink says it, it is right."

In fact, the 2020-CEO letter made headlines across the German media landscape[104] and interviewee one, a German finance journalist, explains that "when BlackRock published its "super-letter" on climate action, they did not see it coming, the wave they had triggered. But people were euphoric. I remember my colleges in the editorial meetings were thrilled. They scheduled interviews with climate scientist who themselves were excited and convinced that this was an important step forward." Perhaps unsurprisingly, the asset manager has also been accused of green-washing, but in terms of its 2020 climate communications, the positive audience reception has the upper hand, suggesting that BlackRock's "expert" status grants the asset manager not only attention, but also considerable authority. Interviewee one, an employee of a member of the German parliament, explains that her office instrumentalized BlackRock's public communication "in political discourse to bring legitimacy to the issue of sustainable finance," thereby implicitly ascribing a substantial degree of authority to BlackRock and the narratives propagated by the asset manager. BlackRock picked up on the public interest in the question of how climate change mitigation can be organized and was thus able to benefit from the high salience of the topic. The media reception analysis and the interviews indicate that the solutions the asset manager suggested, that private finance needs to play a leading role in guiding transformation processes, received remarkable attention and appreciation both in the general public debate as well as among political officials.

[99]Golan (2006); Zhang (2018).

[100]From before the acquisition of Barclay's to 2022, BlackRock's media presence has even tripled and assets under management have increased more than six-fold.

[101]Strampelli (2020, p. 5).

[102]See Appendix A for a list of media sources.

[103]See E in the appendix for figures and more information on the methods.

[104]Among others with headlines such as "BlackRock becomes GreenRock."

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In 2023, however, BlackRock's strategy of emphasizing the relevance of private finance by presenting it as part of the solution to environmental or social problems has increasingly triggered a political backlash in the United States: Initiated by Florida's Republican Governor DeSantis, 19 US states[105] signed a joined statement signaling to "leverage our state pension funds to force change in how major asset managers invest" since "the proliferation of woke ideology" through ESG-related considerations, puts the "individual freedoms of hardworking Americans" at risks "rather than prioritizing investment decisions on the highest rate of return."[106]The statement was communicated as a reply to US president Biden's threatened—and later realized—veto of the Congress' ambitions to overturn the Department of Labour's retirement investment rule according to which ESG considerations are permitted in investment decisions for 401(k) retirement savings plan. BlackRock is thus caught between partisan political fronts. The initiative lead by DeSantis was preceded by several states withdrawing state funds from BlackRock of up to $2bln. Moreover, Florida's Governor DeSantis presented a bill prohibiting the use of ESG-ratings for bank lending and the issuing of state bonds as a blueprint of further state-level efforts.[107] In June 2023, Fink publicly declared to not use the term ESG any longer "because it's been entirely weaponised by the far left and weaponised by the far right" and he does not intend to do any political statements. However, DeSantis repeatedly accused Fink of wanting to "impose a left-wing agenda" with BlackRock's investment practices, eventually triggering a direct response by Fink in December 2023, when he published a comprehensive statement on LinkedIn, stating that BlackRock has no political agenda besides delivering for its clients.

Epistemic business power: The new power of finance?

BlackRock's high degree of concentration and diversification combined with restricted liquidity sets it apart from its predecessors in the United States and Germany in structural terms, both with regard to corporate ownership records of S&P500 and DAX firms as well as the corresponding linkages to households, firms, central banks, (local) governments, regulatory agencies, and competitors through client, partnership, or advisory relationships. The records of BlackRock's epistemic engagement illustrate that the asset manager actively deploys the authority flowing from its structural prominence in ways which stretch well-beyond the corporate governance issues one would expect the asset manager to address in its role as a shareholder.

BlackRock's epistemic efforts address the acceptable or necessary role of state intervention and private finance for economic growth, development agendas and social security matters by highlighting "government failure" as well as a "necessary" and "legitimate" "leadership" of private enterprise across policy areas. By framing it as given and immutable that governments are "stretched" and have limited fiscal space, a prominent role for the financial sector through public private partnerships and private initiatives is presented as the most obvious and desirable approach for addressing the urgent investment needs in infrastructure and decarbonization. In fact, the interviews and media reception analysis suggest that the respective narratives BlackRock deploys do indeed resonate in the public sphere. In this sense, BlackRock's epistemic business power underpins or even bolsters the structural prominence of private finance and the degree to which this translates into structural power—"Power serves to create power."[108]

However, as illustrated by the United States, BlackRock's epistemic efforts do not come without cost. What might work in favor of BlackRock for a progressive public can trigger political backlash and capital reallocation among conservatives like US Republicans and vice versa.

[105]Alabama, Alaska, Arkansas, Florida, Georgia, Idaho, Iowa, Mississippi, Missouri, Montana, Nebraska, New Hampshire, North Dakota, Oklahoma, South Dakota, Tennessee, Utah, West Virginia and Wyoming.

[106]Albeit largely unregulated, environmental, social and governance (ESG) criteria have become the main label of sustainable finance aspects. For a critical assessment, see Fichtner, Jaspert, and Petry (2023).

[107]Moreover, the bill demands financial institutions managing state (pension) funds to exclude nonpecuniary factors, such as "social, political, or ideological" aspects from their investment considerations and exercise shareholder rights only in pecuniary terms that maximize shareholder value.

[108]Gaventa (1980, p. 256).

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One consequence of this is the refinement and differentiation of BlackRock's epistemic agency. The asset manager tries its best to navigate website visitors according to country and client type (financial intermediaries, institutions, general public, retail investors) to "their" version of BlackRock's online content. Moreover, the asset manager apparently abandoned its popular CEO-letter, suggesting that the asset manger moved to raising its political voice in a more careful and targeted way rather than claiming news headlines across countries with the same message. In fact, Fink's and Hildebrand's presence at the World Economic Forums and their broadcast talks with Bloomberg in recent years suggest that the asset manager focuses its epistemic efforts on those parts of the public that are less vulnerable to broad media attention but still of high salience for political and economic expert communities. However, at the time of writing-up this article in April 2024, Fink has just published an open letter to BlackRock's investors, discussing how and why "capital markets will be key" for retirement policy and infrastructure projects, prompting news headlines such as "Why BlackRock's C.E.O. Wants to Rethink Retirement" (New York Times) or "Larry Fink Says World Leaders Must Address Growing Retirement Crisis" (Wall Street Journal). It therefore remains to be seen through which epistemic channels BlackRock will continue to makes use of its growing structural prominence. This article provides a conceptual background and proposes a systematic empirical strategy for corresponding future research.

Conclusion

For social scientists, and especially scholars studying corporate power, the fact that corporations represent their interests comes as little, if any, surprise. Traditional concepts of instrumental and structural business power, as well as concepts of infrastructural, institutional or platform power have been productively used to improve our understanding of business power dynamics. However, this article suggests that firms defend their interests also in distinct ways that have been largely under-acknowledged by business power scholarship.

Corporate actors do not only try to shape policies when proposals are formulated, adopted, and implemented, but corporate actors also try to influence which policies are discussed in the first place and the context in which the subsequent steps of policy-making take place. Accordingly, it is premature to dismiss corporate public communication beyond on-going policy discussions as mere advertising or image politics.[109] Rather, these activities can also disseminate programmatic beliefs—certain understandings of issues, goals, norms, methods, and instruments regarding the state of the economy, including the respective role of firms or industries and their positioning vis-à-vis political authorities, journalists, voters, and consumers. Therefore, this article suggests the concept of epistemic business power in order to account for firms' abilities to communicate narratives to public or political audiences in ways which influence the programmatic beliefs of policymakers and how policymakers perceive of the programmatic beliefs of their constituency, experts and the media. As such, epistemic business power involves the generation and distribution of information and the strategic framing and interpretation of knowledge.

Despite the focus on perceptions and beliefs, the case study of BlackRock in the United States and Germany emphasizes the inherently material dimension of epistemic business power: Material resources enhance firms' abilities to use different epistemic channels in a more sophisticated way. Corporations' structural prominence shapes corporations' access to discursive spaces by influencing the public interest in the firm and the extent to which corporate actors are featured in news media. Furthermore, the conducted interviews and the reception analysis highlight that structural prominence legitimizes corporate epistemic efforts and influences the reception of firms' communication.

Therefore, epistemic corporate clout depends on firms' structural prominence and firms' epistemic capacities in terms of sophistication and scope of communication formats. Moreover, epistemic business power is higher when firms can frame their epistemic contributions as solutions to publicly acknowledged political problems.

[109] Woll (2019).

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The implications of the argument for future research are twofold: On the one hand, an epistemic business power perspective implies to comprehensibly embed the study of business power within the context of capitalist democracies, accounting for the public sphere and the political processes beyond formal political institutions. In this sense, epistemic business power is a critical variable for tracing corporate clout in what Hacker et al. have called "meta-politics," aspects shaping "the terrain on which the rest of political life (including mass politics) plays out."[110] In that sense, an epistemic business power perspective also informs existing accounts of power by highlighting how firms can influence perceptions and issue salience, aspects which are otherwise considered largely as exogenous mediating forces of business power dynamics.

On the other hand, there is potential for a fruitful dialog with discourse, media, and communication studies to operationalize the concept of epistemic business power further and apply diverse, quantitative and qualitative, approaches to study epistemic influence. Furthermore, the conceptual argument advanced in this article suggests to re-consider the largely unorganized scholarship on corporate communication and fraud in various industries from a business power perspective. The most prominent examples are historians' detailed accounts of the fossil fuel industry's efforts to sow uncertainty about global warming as well as research on tobacco manufactures' strategic campaigning to sow uncertainty about the health risks of smoking.[111] However, journalists, anthropologists, scholars of public health and media studies also discuss cases related to the automotive industry, food and beverage firms, the sugar industry, plastics and waste disposal companies, the alcohol industry, and gambling companies.[112] Business power scholars have already called for more studies focusing on the media sphere in light of the rise of populism, fake news, and polarization.[113] However, the conventional conceptual apparatus has a hard time to grasp the extent to which businesses' own medial activities translate into political clout.

In this respect, the present article suggests epistemic business power as a novel approach to examine the dynamics between individual companies' public relations, public opinion and perception, issue salience, and policy-making. Accordingly, studying epistemic business power means to move beyond either-or approaches of structure and agency, and to grapple with the complexities of the public sphere that result from the interplay of democratic politics and capitalist markets. The case-study of the world's largest asset manager BlackRock suggests that this perspective is relevant not least for understanding the power of finance.

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[110]Hacker et al. (2022, p. 198).

[111]Oreskes and Conway (2011); Supran and Oreskes (2021); Mejia et al. (2014).

[112]See for example Rogers (2006); Schüll (2012); Markowitz and Rosner (2013); Kearns, Schmidt, and Glantz (2016); Aronczyk (2018).

[113]Culpepper (2021).

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