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Rethinking the Concept of a 'Financial Elite': A Critical Intervention

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Abstract

While the concept of a 'financial elite' has become prominent within politics and the social sciences, it is not clear what value it holds for the analysis of inequalities of income, wealth and power under financial capitalism. Who are the financial elite, and what distinguishes them from other economically powerful groups? We delineate 'distributive', 'categorical' and 'relational' approaches to financial elites, arguing that various unresolved tensions have hampered clarification of the *differentia specifica* of the concept, and blunted its normative significance. We develop a new concept of financial elites that combines insights from elite studies and financialisation studies. We argue that the *financial* elite possess not only high incomes, but income primarily derived from 'rentier' channels, as endowed by the institutional structures of financialisation. Financial elites demonstrate the capacity not only to capitalise on these new accumulation channels, but to shape the institutional and regulatory landscapes in which they operate.

Keywords

elite studies, financialisation, political economy, elites, financial elites, inequality, power, rentierism

Introduction

In the years following the Global Financial Crisis, processes of financialisation and their relationship to inequality have garnered significant public, political and academic attention (Chomsky, 2012; Davis and Kim, 2015; Oxfam, 2016; Piketty, 2014). In these accounts, the financial system is held as key to understanding increases in the fortunes of the world's richest people against the

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backdrop of stagnating real wages and living conditions in many advanced economies (International Labour Organization, 2020: 31). While post-financial crisis social movements including Occupy and the European anti-austerity movements have focused on the social destructiveness and moral illegitimacy of financialisation, academic literature has focused on the relationship between financialisation and inequality. Defined in terms of the increased importance of 'the role of financial motives, financial markets, financial actors and financial institutions' (Epstein, 2005: 3), financialisation has been shown to increase inequality whether measured in terms of the Gini coefficient, the capital/labour share or the income shares of the 1% (Flaherty, 2015; Huber et al., 2017; Stockhammer, 2017). Since the 1970s, advanced capitalist countries have seen: 'a period of extraordinary income inequality . . . The ability of the rich to extract enormous incomes has been associated with the financial system. Inequality is a characteristic feature of financialisation' (Lapavitsas, 2013: 3).

It is not surprising, then, that a new generation of elite scholars have drawn attention to the role financialisation has played in creating novel forms of elite power. In a formative moment in 'new' elite studies, Savage and Williams (2008) claimed that elites had been 'remembered in capitalism and forgotten by social sciences', calling for a renewal of elite studies that would place the financial system at its heart. Ten years later, Davis and Williams (2017: 4–5) proposed 'an intellectual reset of elite studies around a new agenda . . . [in which] financialization is key'. In terms of 'intellectual strategy', Savage and Williams (2008: 3) posited, 'our major concern is to connect elite theory with a social analysis of money, finance and power, which focuses attention on the rise of the new kinds of intermediaries who act as (often financial) brokers between diverse fields of action'. In making the case that 'financialization provides a point of entrance for understanding changing elite fortunes in our time' (Savage and Williams, 2008: 4), the intended focus of this new elite studies is not just how financialisation has reworked the power and affluence of traditional elites, but also how it has provided the conditions for the emergence of a newly powerful elite group, the so-called 'financial elite'.

Today, the study of financial elites is a vibrant though developing area of study within the renewed field of elite studies, also attracting attention within the literature on financialisation (Beaverstock et al., 2013; Bellamy Foster and Holleman, 2010; Elliott and Atkinson, 2009; Van Veen, 2018). However, as we explore in this article, the study of financial elites is not straightforward. While older frameworks for analysing elites have been deemed inadequate to the task of capturing and analysing new financial elites, newer frameworks for analysis are troubled by a range of elisions, imprecisions and conceptual difficulties. In particular, it is not always clear what distinguishes a financial elite from other economic elites (including corporate, business or wealthy elites, especially the '1%'), nor where – or whether – to draw the line between these 'elites' and the powerful financial intermediaries that seem to dominate both the management and analysis of financial capitalism (Davis and Kim, 2015; Folkman et al., 2007; Savage and Williams, 2008; Sayer, 2015). Conceptual difficulties are compounded by difficulties of identification: until recently, so-called financial elites have been particularly hard to capture, given the opacity of their activity, and public invisibility (Blackburn, 2006; Piketty, 2014; Sayer, 2015). These factors have combined to create a situation where the concept of a 'financial elite' has greater rhetorical than explanatory power, and where the groups referred to by this label are neither as well-identified nor as well-understood as we might hope.

Recognition of these problems provides motivation for the guiding questions of this paper. Who are the financial elite? What value, if any, does the concept of a financial elite hold for understanding contemporary inequalities of income, wealth and power under financial capitalism? In addressing these questions, we pursue the intuition of contemporary elite studies that there *are* powerful actors driving and benefitting from the structures of financial capitalism that should be identified for analysis and critique, and aim to articulate a framework for the conceptualisation of financial elites that overcomes some of the difficulties identified.

In section 'Promises and problems of the concept of a financial elite', we discuss why the concept of a financial elite should be considered valuable to the study and critique of inequality under financialisation, and identify problems with the concept as it is currently deployed. In section 'Distributive, categorical and relational approaches', in order to make sense of a relatively unstructured and emergent field of study, we introduce a distinction between 'distributive', 'categorical' and 'relational' approaches to conceptualising financial elites. This allows us to identify (often liminal) differences and tensions between approaches, including an uncertainty around how the agentic power of financial elites relates to their structural context of financialisation. In section 'Towards a new account of financial elites', we offer a new approach to defining financial elites, as actors who both benefit from and shape the financial structures of accumulation. Drawing on ongoing work in the fields of critical political economy and financialisation studies, we outline how 'rentierism', as an accumulation channel endowed by the institutional structures of financialisation, allows us to capture the *differentia specifica* of financial elites in a way that distinguishes them from other kinds of elite, as well as from less powerful intermediaries in the field. This approach enhances the normative and critical content of the concept of financial elites, by focusing on the specific mechanisms of accumulation open to financial elites, as well as their unique capacities to shape their fields of action. We conclude with a summary of the key characteristics of a 'financial elite' and discuss the utility of the concept for further theorisation and analysis of elites within the field of inequality studies.

Promises and problems of the concept of a financial elite

The recent focus on financial elites has arisen as part of a broader and sustained focus on 'financialisation'. Financialisation is typically defined and measured as growth in the Finance, Insurance, and Real Estate (FIRE) sectors, relative to the 'real economy' (i.e. manufacturing, construction, transport). Aside from growth in output and productivity within the FIRE sector, it variously includes the development of new financial instruments, expansion of debt, formation of asset price bubbles and growing interconnectedness of global financial markets (Bell and Hindmoor, 2014). It also has clear historical policy underpinnings, linked to the deregulation of capital markets, state retrenchment from social protection and public service and utility privatisations (Krippner, 2011; Van der Zwan, 2014).

Of relevance to the conceptualisation and study of 'financial elites', processes of financialisation have been shown to favour a greater transfer of output and power to capital relative to labour, particularly since the 1970s–1980s (Davis and Walsh, 2017; Duménil and Lévy, 2001; Harvey, 2010) and to have contributed to rising inequality, indebtedness and economic instability (Flaherty, 2015; Godechot, 2016; Stockhammer, 2015; Tomaskovic-Devey et al., 2015). Specifically, financialisation has enabled the channelling of investment from productive to private destinations, enhancing private enrichment (Arrighi, 1994; Blackburn, 2006; Palley, 2013). Within firms, financialisation is linked to rising CEO and executive remuneration due to the greater use of stock options and performance-indexed bonuses (Davis and Kim, 2015; Kus, 2012; Savage and Williams, 2008; Volscho and Kelly, 2012). At national level, the banking and financial sectors were major beneficiaries of public funding in the wake of the financial crisis of 2008, where financial sector losses were transformed from private to public debt at enormous social cost (Tooze, 2018). The cumulative effects of these changes within the financial system included an increase in capital's share of national income, and increasing shares of total income accruing to the top 1%.

Along with the flourishing of scholarship around financialisation, there has been a revitalisation of 'elite studies' in recent years (Davis, 2018; Friedman and Laurison, 2019; Khan, 2012; Milner, 2015; Savage and Williams, 2008; Shipman et al., 2018; Wedel, 2017). Indeed, after a protracted period of unpopularity, the concept of an elite is now back in vogue in the social sciences. Part of the reason for this renewal of interest in 'elites' may be attributed to the fact that the *concept* of an elite is explanatorily and normatively significant in a context of accelerating inequality (Moran, 2023). Its significance derives from its capacity both to identify small groups of powerful people in particular domains that are sometimes obscured by broad survey or structural analyses (Savage and Williams, 2008), and to signify the undeserving nature of excess power and wealth accrued by the groups in question (Moran, 2023). Despite dissatisfaction with older elite frameworks (Davis and Williams, 2017; Froud et al., 2006; Savage and Williams, 2008), however, no clear paradigm has emerged to replace the Millsian or Bourdieusian approaches that dominated earlier phases of elite studies. Consequently, older frameworks remain in place even as they are deemed inadequate to the analysis of new formations of elite power in financialised societies.

It is in the context of both a revival of the field of elite studies and a proliferation of work on financialisation and inequality that efforts to establish the concept of a *financial elite* must be understood. Drawing on resources from both fields, the emergent category of a 'financial elite' seems to be descriptively and analytically advantageous for several reasons. First, an emphasis on financial elites focuses attention on the agency and decision-making power of small powerful groups that have come to prominence under financialisation, challenging hyper-structuralist accounts that understand causation purely in terms of disembodied market forces. The financiers, hedge fund managers and heads of private and central banks that played such a key role in the financial crisis and its aftermath, and that have been the subject of sustained political attention and public anger (Johnson and Kwak, 2012; Rothkopf, 2009) though largely obscured in social scientific analyses of financialisation, are brought back into view. As Mills (2000 [1956]: 21–22) previously observed,

> [t]he course of events in our time depends more on a series of human decisions than on any inevitable fate . . . in our time the pivotal moment does arise, and at that moment, small circles do decide or fail to decide. In either case, they are an elite of power.

Second, the concept of a financial elite seems to capture and potentially explain something of the capacity of powerful figures within the financial system to channel wealth not only to the firms generally, but also to enrich themselves. Third, the specificity of the concept of a financial elite seems valuable for distinguishing these economic actors from other economically powerful groups including corporate, industrial and wealthy elites. By making clear the distinctions between different elite groups, the way is opened for analysis of the interactions *between* financial elites and other economic elites, as well as between financial elites and key decision-making actors in other fields such as government and not-for-profit sectors. Finally, the concept of a financial elite – like the concept of an elite more generally – carries strong normative force insofar as it suggests that acquisition of disproportionate levels of power and wealth by a select few under financialisation is illegitimate, and ought to be resisted in the pursuit of greater equality or enhanced democracy (Moran, 2023).[1] As such, the concept is valuable to a critique of inequality that animates these fields.

So far, however, it is not clear that the promises of the emergent concept of a financial elite have been realised. In existing work, the concept of a 'financial elite' is routinely used in a way which suggests the existence – and meaning – of 'financial elites' is self-evident, without any accompanying definition or explanation (Blackburn, 2006; Davis and Walsh, 2017; Murray and Scott, 2012).

Where the term *is* used with clearer analytic intent, there remain some problems concerning, first, the conceptualisation and identification of financial elites, and second, the treatment of elite agency. We suggest there exists an uneasy and unresolved tension between what we identify as *distributive* approaches that focus on the amount or share of resources (typically income or wealth) held by different groups; *categorical* approaches that emphasise the advantages accruing to discrete social categories of occupation or class; and *relational* approaches that focus on locations within broader structures or systems of power. We also find uncertainty over the extent to which *structures* or *agency* should be emphasised in explanations of elite power. To draw a necessarily crude distinction, the tendency within elite studies is to use the category of 'elite' to characterise the disproportionate decision-making power of small groups, in contrast to accounts from financialisation studies, which tend to emphasise disembodied structures of the financial system. While it is important to avoid excessively voluntarist explanations, or tendencies towards an incipient methodological individualism (Elder-Vass, 2010), viewing 'causes' solely in terms of 'deregulation', 'neoliberalism' or 'shareholder managerialism' means that the agents of these significant financial changes are, for the most part, under-theorised. In what follows we offer a comprehensive and sympathetic analysis of the dispersed literature on 'financial elites', which we then synthesise and further develop to arrive at a novel conceptualisation of financial elites with significant utility for both financialisation and elite studies.

Distributive, categorical and relational approaches

Distributive approaches

In work adopting a distributive approach to elites, the tendency is to locate the so-called financial elite within the ranks of the richest 1% of the income or wealth distribution (Navidi, 2018; Shipman et al., 2018), or to align them to this group without specifying their exact relationship, sometimes even running the two categories together (Piketty, 2014, 2020).[2] There are, of course, good grounds for conceiving of financial elites in terms of accumulated wealth and income. Elites under capitalism are typically and usefully understood to command high incomes or possess high stores of wealth, and finance itself has played a key role in channelling wealth upwards. Yet it is not the case that all members of the '1%' acquired their wealth through overtly financial mechanisms (Piketty, 2014: 521-4) as inheritance, corporate remuneration and conventional profits or dividends from industrial or commercial ventures all continue to play a role. Neither does the fact that these other modes of wealth accumulation have themselves become 'financialised', or that there has been a 'fusion' of corporate and financial capital in recent years (Maher and Aquanno, 2022), mean that we should collapse financial, wealthy or corporate elites into a single category, for this underplays the distinct role powerful financiers have played precisely in the active financialisation of these sectors and sources of wealth accumulation. Thus, although occupation of top income and wealth percentiles is an important contributor to financial elite status, some other grounds for distinguishing these groups in terms of their primary or defining activities and sources of power are required if we are to avoid undermining the very specificity of the category of *financial* elite.

The construal of the financial elite in predominantly distributive terms also either by-passes or is agnostic on the relationship of structure to agency central to the conceptualisation of elite power. Partly for methodological reasons, there is in this distributive literature a tendency to focus on institutional drivers of national-level changes in the total income share of, that is, the top 1%, including political and policy changes (Huber et al., 2017), and the relation of contexts of deregulation to greater income capture (Flaherty, 2015; Godechot, 2016). While valuable explanations, the concept of a 'financial elite' itself does no analytical work here, as these political and institutional processes render the holders of wealth passive recipients of their fortunes. But it is well-recognised elsewhere that powerful financiers have been able to influence these political and institutional processes, through lobbying and consultancy on government policy (Kus, 2016). Overall then, the synonymy of the 1% with financial elites should not be assumed in the absence of additional criteria that specify the activities associated with the 'financial elite', including how they may have actively shaped the financial system to their specific advantage.

Categorical approaches

Perhaps the most common way of identifying the financial elite is in terms of their occupation, as 'financial managers' (Savage et al., 2013), 'financial intermediaries' (Folkman et al., 2007) or as those working in financial firms or in 'the city' (Davis, 2018) more generally. Thus, Beaverstock et al. (2013) define financial elites as 'investment bankers, corporate lawyers, senior employees in finance-related advanced producer and professional service firms, and private equity and hedge fund partners' (p. 835). Savage and Williams (2008: 10–11) define financial elites as 'high income financial intermediaries' who are 'employed at a principal or partner level in investment banking, hedge funds and other kinds of trading and private equity'. This starting point is valuable insofar as it identifies what it is these elite actors *do* in terms of their primary economic sector or activities, thereby remedying some of the deficiencies of a distributive approach. However, where this understanding is developed in a 'categorical' way, it tends towards offering relatively static accounts of financial elites as groups with fixed characteristics arising from their occupation or social status; and once more the specificity of their activities as *financial actors* both driving and benefitting from financialisation is lost.

A key tendency here is to treat occupation as a proxy for social class, and in virtue of this, to include other social class dimensions including 'elite' education, social networks or consumption preferences in defining the financial elite. Thus, historically Kadushin (1995: 206) has defined the French financial elite as those who hold 'leading positions in the major financial institutions', but supplemented this with measures of 'club membership' and 'social prestige' (see also Cassis, 1991; Daunton, 1992; Thompson, 1997). More recently, and drawing on broadly Bourdieusian understandings of social class, Savage et al. (2013) identified 'financial managers' as key members of the so-called 'elite class', while Friedman and Laurison (2019) construe 'elites' as those in 'top' or 'professional' occupations, including in finance, with both accounts making much of the cultural and social markers of status and sources of privilege accompanying these classed positions. While valuable for drawing attention to elite reproduction across a range of dimensions, these approaches, nonetheless, end up providing descriptive accounts of the characteristics of elite groups generally, in place of offering an explanation for the sources and consequences of elite power and activity specifically, in this case, in the domain of finance. They therefore risk confusing *privilege*, the special advantages or immunities granted to high status or highly resourced actors, with *power*, an agent's actual position in structural processes that enables influence over those processes and their outcomes (see Young, 2011 for further reflections on this distinction).

At any rate, as Beaverstock et al. (2013) argue, these lifestyle and social privileges are more associated with 'older' financial elites, given that 'more recently financial elites are formed less by virtue of their educational and social background, and increasingly through their working practices (p. 836)'. In this respect, the notion of 'the working rich', a term occasionally used synonymously with 'financial elite', may be more fruitful insofar as it deliberately signals the high incomes such groups command precisely through their occupation and power in the financial sector (Savage and Williams, 2008; Sayer, 2015), rather than through their social class generally. But by collapsing the financial elite into a broader social class, the categorical approach loses sight precisely of those powerful sectoral working practices which seem to be the source and site of much of their power.

A second 'categorical' tendency is to collapse the category of a financial elite into a broader category of corporate or business elite in virtue of their executive or director roles in the world's largest corporations, including financial firms (Maclean et al., 2006; Mizruchi, 2013; Moran, 2008). Within the 'interlocking directorate' literature (Burris, 2005; Useem, 1984), the specificity of any group that might be termed a *financial* elite is lost as part of a bigger thesis that defines elites in terms of the shared interests of 'inner circles' maintaining favourable business environments, thus superseding any apparent sectoral or other divergences of interest. It may here be argued that in a context of the enmeshing of finance with the 'business' or corporate world, and the increasing financialisation of so-called 'non-financial' firms, it does not make sense to distinguish a discrete category of financial elite. But even where the literature posits the existence of a generalised corporate or business elite, it nonetheless (implicitly or otherwise) also concedes the existence of different or specific activities on the part of its financial actors. Mizruchi (2013), for example, has argued that the 'fracturing of the corporate elite' has seen 'the community of Wall Street financial companies . . . exhibit a narrow self-interest' (p. 289). More recent arguments positing a fusion of finance and corporate capital also need not entail the claim that there is no distinction between a financial and corporate elite. Even on their own account it seems that what has happened is that powerful financiers have come to dominate the management and profit-seeking ambitions of even 'non-financial' firms (Maher and Aquanno, 2022): thus, we could say that a 'financial elite' has displaced an older corporate elite as part of this process of financial and industrial capital fusion. Furthermore, insofar as the wholesale financialisation of corporations is contingent rather than inevitable – neither passive nor evolutionary but in some sense intentional – then the actors who must have been involved in this process are obscured by the collapsing of a financial elite into a general corporate one.

In general, a categorical approach that merges a financial elite with a broader social or business class tells us little about the relationship of 'financial elites' to processes and structures of financialisation generally. Where the emphasis is directed towards understanding how these 'financial elites' maintain their own power, advantage and distinction vis-à-vis other elite and non-elite groups, the question of the influence of financial elites on the emergence and evolution of the financial system, or the role of the financial system itself in generating these elites, is sidelined. The limits of a categorical approach is here further apparent in relation to the conceptualisation of the occupationally defined 'financial intermediary' – positioned as a go-between rather than at the top, and of whom there are many rather than few – as in the absence of any further specification, it is not clear why these actors should be construed as an elite specifically (Folkman et al., 2007; Savage and Williams, 2008; Sayer, 2012). Some other means of understanding the agency of financial elites within structures of financialisation is thus required.

Relational approaches

The essence of what we call the 'relational approach' is captured in Scott's (2008) proposition that 'in its most general sense . . . "elite" is most meaningfully and usefully applied to those who occupy the most powerful positions in structures of domination' (p. 33). In contrast to the categorical approach, the emphasis rests on the power that derives from holding a particular position within a system of domination, rather than from the discrete occupational advantages held by the professional 'men of power'. Classical approaches within elite studies historically have been relational in this sense – Mills (2000 [1956]) understood elite power to derive from occupation of the 'command posts' in key corporate, political and military structures, while Bourdieu (1984, 1996) understood elites in terms of their relative positioning in fields created by struggles over various forms of capital. However, efforts to update these approaches for new financialised times have often lapsed into categorical understandings, as described above (Friedman and Laurison, 2019; Savage et al., 2013). And although Maclean et al. (2017) pursue a more deliberately relational logic in attempting to locate the activities of 'hyper-agents', including financial elites, within a Bourdieusian 'field of power', they ultimately conclude that membership of this business elite 'remains predominantly a matter of class' (p. 144), and have little to say about their specific activities in terms of 'managing or resisting institutional change' (p. 143), or more generally the practical and decision-making power of these elites in relation to the structures of financialisation. Thus, the relation of elite agency to financial structures remains largely opaque as emphasis settles once more on their field-specific struggles for advantage and distinction over others.

In contrast to these approaches, we are interested in accounts which, though they may begin from occupation, nonetheless, develop this understanding in deliberately relational ways. Indeed, if we take the concept of a financial intermediary (including those senior board members of the interlocking directorate analyses) but treat it relationally rather than categorically, potentially more fruitful lines of inquiry open up. Here we can follow the lead of some of the financialisation literature, which, rather than use the concept of financial intermediary as a proxy for any and all jobs in the financial sector, ties it directly to the prior concept of *financial intermediation*. This is in the sense set out by Davis and Kim (2015: 204) who argue that '. . . how finance is intermediated in an economy – that is, how money is channeled from savers (investors) to borrowers (households, companies, governments) – shapes social institutions in fundamental ways'. The relational articulation of a concept of financial intermediary that arises from this account – as the actors who intermediate finance in an economy – seems to offer some important scope for tying a conception of a financial elite to the financial system.

This seems to be the logic driving the important interventions by Folkman et al. (2007) and Savage and Williams (2008), though they do not develop it sufficiently to arrive at a working definition of a financial elite. Beaverstock's et al. (2013) account of a financial elite is similarly fertile insofar as it specifies that the financial intermediaries '*have played a significant role in shaping processes of financialization*' (p. 835, emphasis added) – though, again, they do not develop the basic concept of a financial elite that allows them to capitalise fully on this insight. Sayer's (2015) account of the 'working rich' of contemporary capitalism offers a further potentially fruitful pathway here too; rather than view CEOs and senior financial sector employees in categorical terms as simply high-salaried workers, Sayer uses the concept of the rentier to show that their income is nonetheless drawn from the extraction of rent and interest from assets and productive contributions – thereby once more tying these financial intermediaries directly to the machinations of financialisation. In all of these cases too, the grounds for viewing financial intermediaries as *elites* specifically become clearer, by suggesting that it is in virtue of their powerful role in *intermediating* finance in the economy, rather than simply being employed at a senior level in a financial firm, or as a senior financial officer in a 'non-financial' firm, that they command high levels of wealth, power and status under financialisation. A deliberately relational notion of a financial intermediary could also be used to update Millsian notions of elites as holding 'command posts' in dominant social structures – for it suggests that the most powerful financial actors need not be the 'head' of public or private financial institutions, but rather be positioned to control the flows of finance and shape the structures which enable this. The Bourdieusian concept of a field is likely also to be helpful in conceptualising this relational space of action and control.

Reconsidering the concepts of financial intermediary and working rich in these relational terms seems promising – but further work is required. We suggest that what is needed is a revision of the ontology of the category of financial elite; specifically, one that captures its *differentia specifica* as a group whose constitution, reproduction and societal impact is *inherent* to financialisation, rather than 'read-off' from either its macro-level tendencies or inferred from the occupations that constitute its everyday functioning. There is more to being 'elite' than merely holding quantities of money, or working in a particular sector, but, as the relational approach demonstrates, also involves the complex interplay of structures and agency in constituting elite power. Thus, we believe that the concept of a financial elite would benefit significantly from placing these powerful actors within the systems they both actively construct and benefit from – as shaping the processes of financialisation (across 'non-financial' sectors as much as overtly financial ones) that also sustain, enrich and empower them. It is to this task that we now turn, as we offer a new concept of a financial elite that more clearly ties their reproduction to the financialised contexts they actively construct.

Towards a new account of financial elites

To be an 'elite', we suggest, is to reside within a context-specific network of accumulation and power, and to shape or avail of certain exclusive resources within these networks to one's material or social advantage. Conceptualising elites as such involves interpreting their power in terms of their capacity to activate causal mechanisms in a given structural context.[3] Crucially, this formulation involves recognition of a combination of agentic and structuralist notions of power, since elites are understood to play a key role in shaping and reproducing the structures which also generate and provide the context for their power. Thus, rather than look for elites at 'the heads' of institutions, or the centre of high-status networks, we should look for them by locating the central causal mechanisms of a given structure, as contingent rather than necessary features, and then searching for those actors with the power to activate them to their own advantage.[4] If financialisation constitutes a social structure of accumulation specific to place and time and distinct from those that went before, then key to the specificity of *financial* elites is this distinctive political-economic context in which they activate key causal mechanisms in service of their ongoing accumulation. We argue here that the concept of 'the rentier' as both a relational position within such financialised networks of accumulation, and the related concept of 'rentier income' allows us to sharpen the concept of an historically specific 'financial elite', and to articulate the unique causal pathways through which their rewards accrue.

Rentierism and the political economy of financial elites

As discussed at the outset, the contribution of financialisation to rising inequality is well-understood, as are the structural and institutional characteristics that comprise its causal pathways. We know that in contexts where financial regulation is weaker, where state retrenchment from social security is high, and where protections for labour are weak or decentralised, inequality rises proportionally (Kohler et al., 2018; Kus, 2012). As emphasised within the distributive literature, financialisation plays a key role in the growth of incomes of a specifically small minority, not only in terms of 'the 1%' (Flaherty, 2015; Huber et al., 2017; Volscho and Kelly, 2012), and the capital-labour split of national income (Flaherty and Riain, 2020; Kristal, 2010; Stockhammer, 2017), but also importantly in terms of rentier income shares (Duenhaupt, 2012; Seccareccia and Lavoie, 2016). Based on these measures, it is clear that the fortunes of select minorities have risen considerably since the 1970s, and under the very specific circumstances of financialisation.

But to understand how this has occurred through the activities and to the benefit of a specifically 'financial' elite, we must appreciate how financialisation has intervened in important ways in the flow of value from production to distribution, as this has raised opportunities for an elite minority to exert disproportionate claims on economic rents (Christophers, 2020). Coupled with work on the 'history of institutions' given by the financialisation literature, we observe how the financial and regulatory landscape of recent decades has been shaped by what we are calling financial elites themselves (Van der Zwan, 2014), to their material advantage. The concept of rentierism is essential to this. Rentiers feature in classical political economy as an economic group who derive income primarily from ownership and control of scarce natural resources, or finite assets (Sayer, 2015). By contrast, modern rentiers derive income from the ownership and control of financial or rent-yielding assets, rather than income deriving from entrepreneurial activity or labour alone (Christophers, 2020; Duenhaupt, 2012). The utility of the rentier concept to defining financial elites as a distinct group is further emphasised by the tendency among Keynesians to treat 'rentierism' and the 'real economy' as discrete yet interacting sectors. Indeed, Keynes spoke in his *General Theory* on the desirability of the eventual 'euthanasia of the rentier', as a distinct social group with interests opposed to the productive classes of entrepreneurs and workers (Seccareccia and Lavoie, 2016: 207). In strictly descriptive terms, modern rentiers are defined as those deriving income not exclusively or necessarily from salaries, but also from interest, investment yields, dividend payments or property rents. This extractive relation may be 'active' in the case of asset-holding senior managers or financiers, or 'passive', in the case of those merely holding assets such as private bonds or property, yet not necessarily involved in production or management (Duenhaupt, 2012). It is the former group which especially concerns us in our articulation of a concept of a financial elite, given their causal activity in enabling such extraction.

Rentier incomes are central to understanding broader inequalities of outcome under financialised capitalism. As national product is distributed between the principal economic groups of capital and labour, it is further distributed among capital as retained earnings or dividends, and labour as wages, salaries and self-employment compensation. Atkinson (2009) refers to this as the 'missing piece' of income distribution studies, as much work in this area focuses on personal income distributions, ignoring the allocation of income at higher levels between capital and labour, and the power dynamics that determine this. It also illustrates how several potential class distinctions arise when we attempt to derive group boundaries from this expanded income distribution model – that between 'capital and labour', but also that between productive and unproductive investment, where returns to capital may be reinvested in expanding production, consumed privately or merely hoarded. The clearest indication of this growing disparity is in the near-continuous rise in capital's share of national income at the expense of workers in most Organisation for Economic Co-operation and Development (OECD) nations since the 1970s (Flaherty and Riain, 2020; Guschanski and Onaran, 2022; Kristal, 2010). The structural features of financialisation that condition this disproportionate and ongoing flow of income towards rentiers and capital include not only the erosion of worker's collective power and driving down of wages (Guschanski, 2017), but also practices such as share buybacks which raise dividend payments, and a general shift in firm management practices from 'retain and reinvest' to 'downsize and distribute' (Kohler et al., 2018).

These practices that erode general working conditions are consistently shown to benefit capital income shares at the expense of labour (Damiani et al., 2020). Recognition of these effects sharpens the normative content of the concept of 'financial elites' by showing how the private actors and corporate entities implicated in these practices derive their benefits largely at the expense of workers. For capitalism under financialisation, where corporate incentives emphasise keeping dividend disbursements high, this is often met by borrowing on capital markets (potentially raising the vulnerability of the firm's financial position), or aggressive reduction in labour costs (Duenhaupt, 2012). Financial elites within this system are immunised to the instabilities this produces relative to labour, owing to their relative mobility, and diversity of their income sources which include not only 'earned' income, but income deriving from dividends or other investment yields. Recognition of these new forms of income composition focuses our concept on the sets of qualitatively distinct accumulation channels available to *financial* elites that mark them apart from those of different eras.

Shaping the institutional space of financial elite action

While the characteristics of income – either quantity or composition – are important components of being an elite, the *differentia specifica* of a financial elite rests also on their location within the networks and pathways of accumulation defined by financialisation, as well as their capacity to activate and shape institutional and regulatory systems to their advantage. This capacity to shape institutional space also includes the effective blocking of regulatory mechanisms that would curb their power, and the influencing of public opinion on the value of finance and responsibility for risk. Regulation theorists characterise the period since the 1970s as a distinct 'social structure of accumulation' (McDonough et al., 2021), with that of 'finance-drive capitalism' merely the most recent in the history of evolving socioeconomic structures. According to the regulation perspective, states underpin capital accumulation by maintaining systems of law, private property, finance and currency, and are charged with enforcing their regulation and governance. These are politically determined, insofar as the shape of regulatory structures underpinning accumulation arises from struggles between capital, labour and state over their regulatory preferences – with powerful actors favouring light-touch regulation or 'beneficial constraints' in capital and financial markets (Wright, 2004).

Financialisation was premised on decades of coordinated action against financial regulation, taxation reform and corporate restructuring (Kus, 2016). The passage of the US Financial Services Modernization Act in 1999 – formally ending the historic separation of commercial and investment banking legally in place since the great depression – was predicated on aggressive repeal lobbying since its inception in 1933 (Crawford, 2011; Guttman, 2008). Unfettered lending and debt securitisation would subsequently form a disastrous context to pre-crisis financialisation in the US, and other economies. This regulatory environment shaped by financial elites also disproportionately benefitted their incomes. From 1980 to 2008, 6.6 trillion dollars in profits was captured by the US financial sector, 65% of this within the banking sector alone (Tomaskovic-Devey and Lin, 2011: 553). Kus' (2016) account of the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act in the United States in 2010 shows a process fraught with contention between financial institutions and state actors. Her timeline shows how powerful interests from the financial sector were able to lobby effectively for a watered-down bill by shifting blame for the financial crisis to poor consumer financial literacy and knowledge of risk, rather than the industry's creation of such risk through aggressive lending practices and sub-prime mortgage securitisation (Kus, 2016).

What all of this demonstrates is that the concepts of financier or financial intermediary, as understood in a categorical sense, are insufficient to constitute financial elite membership. It is not enough simply to be a highly remunerated go-between or conduit, or senior manager, in the financial sector. Instead, financial elite status requires that high-level causal mechanisms are activated. Not just making trades but deciding the direction of trading; not just availing of legal and taxation loopholes but enacting sufficient pressure on government to make them available; not just calculating profits and losses, but actively participating in and shaping the processes and systems that enable and obscure this. To be a financial elite is thus not only or exclusively to profit through the channels of financialisation depicted above, but to shape its institutional and regulatory architecture in a way that perpetuates the reproduction of group boundaries, and secures a context of continued, predominantly rentier-based accumulation.

Conclusion

Our argument for a concept of 'financial elite' takes its cue from three emergent modes of defining and modelling financial elites, that we have delineated as 'distributive', 'categorical' and 'relational' approaches, but ultimately moves beyond these in order to more fully realise the promise of the concept. We also emphasise the value of developing a concept of a financial elite that is specific to the era of financialisation. As such, our final conceptualisation rests on several related claims. (1) Financial elites possess not only fixed or relative quantitates of income, but substantial 'rentier' incomes deriving from the active holding of interest or rent-yielding assets. (2) These incomes derive from channels specific to the institutional and regulatory structures of financialisation, such as investment instruments, debt, shares, property, bonds or stock options. (3) Financial elites display loosely coordinated preferences for regulations beneficial to their ongoing accumulation, and are capable of activating networks of influence – political, corporate or lobbyist – to shape the structures of accumulation in which they reside.

The value of this approach is that it provides grounds for linking financial elites directly to the structures of financialisation, and their causal role within them. Such causal activity can be combined with classical criteria including income and occupation, thereby foreclosing on narrower interpretations of a financial elite. This also allows us to distinguish a financial elite within the broader ranks of financial intermediaries, as those highly remunerated actors who activate the causal mechanisms of financialisation, across non-financial (corporate, legal) as well as overtly financial sectors. This approach further allows for clarity on the distinction between different kinds of economic elite, including financial, corporate and 'wealthy' elites who may reside within the so-called 1%. The key to their distinction lies in the character of the activities through which they acquire and reproduce their power and wealth – financial and rent-generating activity for financial elites, compared to the corporate acquisitions and profit-making for corporate elites, or inheritances and property for wealthy familial elites.

In addition, by retaining and prioritising the category of financial elite over the broader notion of a financial intermediary, our concept places the classical notion of *unearned* income centrally, thereby sharpening the normative significance of the category of financial elite. Our emphasis on rentierism as central to accumulation under financialisation provides a political-economic basis for this normative assertion, and also suggests the illegitimacy of the position held. Finally, our approach offers a means of sharpening the identification of sub-categories of actor within other structuralist class groupings such as capital and labour, by reintroducing elite agency as a necessary condition to the concept. It is clear that elites and capital are not inherently synonymous: 'Capital' broadly defined is likely comprised of many elite groups, as well as some non-elite groups – such as those workers with private pensions or investments in underwritten saving schemes, but who are distinctly non-elite. Thus, just as not every group who possesses capital should be understood as 'elite', not every group who possesses wealth deriving from financialisation should be understood as a financial elite: in both cases, this disregards the specific causal power and activities that should be central to an understanding of elite power. Merging the insights of diverse distributional, categorical and relational approaches in this way, and combining this with a critical understanding of power in terms of the activation of causal mechanisms within systems of domination, offers, we suggest, a productive avenue for further research on financial elites, and a justification for policies aimed at reigning in their constitutive power, and rates of accumulation.

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Notes

1. As Sayer has argued, many of the most valuable concepts in the social sciences are 'thick ethical concepts' that evaluate as well as describe. Rather than being thrown out for fear of 'bias', they should be carefully used for their epistemic qualities, as 'refraining from using evaluative terms may weaken rather than strengthen the descriptive adequacy or truth status of our accounts' (Sayer, 2011: 45).
2. In 'Capital and Ideology', Piketty (2020) equates the 'the highest income group' with the 'commercial and financial elite' (p. 39), characterising them as the 'Merchant right' (which he opposes to the 'Brahmin Left', comprising cultural and intellectual elites); while in his earlier 'Capital in the 21st Century', Piketty (2014) uses the term elite relatively descriptively to refer to the upper centile and decile in national income and wealth distributions, sometimes qualifying these groups as the 'economic and financial elite' (p. 506).
3. In setting this out, we are influenced by the paradigm of critical realism, a particular strength of which is its treatment of causation, including its particular interpretation of the relationship of structure to agency, and its focus on generative mechanisms (Gross, 2018). As Scambler and Scambler (2019) put it, '. . . there exist structural, cultural and agential mechanisms each possessing the generative or causal power to influence events' (p. 48). However, since the principles of critical realism are immanent or explicit in many social scientific and political-economic approaches, we use it here as it is intended, that is to say, as an 'underlabourer' for the social sciences (Archer et al., 1999) rather than as an explicit organisational feature of the argument above.
4. We acknowledge that this 'critical realist' account of structure and agency has a certain correspondence with the Bourdieusian concept of a field, but do not have space to develop this further here.

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