International Inequalities Institute

A Relational Analysis of Top Incomes and Wealth: Economic Evaluation, Relative (Dis)advantage and the Service to Capital

Katharina Hecht

PhD Candidate in Sociology, LSE

Department of Sociology

Working paper 11

May 2017

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

LSE International Inequalities Institute

The International Inequalities Institute (III) based at the London School of Economics and Political Science (LSE) aims to be the world's leading centre for interdisciplinary research on inequalities and create real impact through policy solutions that tackle the issue. The Institute provides a genuinely interdisciplinary forum unlike any other, bringing together expertise from across the School and drawing on the thinking of experts from every continent across the globe to produce high quality research and innovation in the field of inequalities.

For further information on the work of the Institute, please contact the Institute Manager, Liza Ryan at e.ryan@lse.ac.uk.

International Inequalities Institute
The London School of Economics and Political Science
Houghton Street
London
WC2A 2AE

Email: Inequalities.institute@lse.ac.uk
Web site: www.lse.ac.uk/III
@LSEInequalities
LSE Inequalities

Abstract

While an impressive body of economic literature documents increases in top incomes and wealth in liberal market economies, few studies focus on the social and cultural processes constitutive of this inequality. Drawing on a mixed-methods study in the UK, this article elaborates how top incomes and wealth are made sense of and produced by economic 'elites' through the cultural process of *economic evaluation*. Economic evaluative practices are based on the idea that 'the market' is a neutral and fair instrument for the distribution of resources. Due to economic evaluation and inequality at the top, top income earners experience *relative (dis)advantage*; while recognizing their advantage compared to the general population they experience disadvantage when 'looking up'. Top incomes are produced via economic evaluative practices which conceptualize the value of labour based on increases in the value of capital. Hence the legitimating purpose of top incomes and wealth is *service to capital.*

Editorial note and acknowledgements

This paper was written during the LSE International Inequalities Institute Thomas Piketty Masterclass. I would like to thank Thomas Piketty and my colleagues from the masterclass, the department of Sociology and the International Inequalities Institute for their helpful feedback and suggestions. Special thanks to my supervisors, Mike Savage and Sam Friedman, for their continued guidance and advice. I have also received valuable feedback from participants at the International Inequalities Institute Annual Conference, the Society for the Advancement of Socio-Economics Annual Meeting and the International Sociological Association Forum of Sociology Conference. I also wish to thank my anonymous participants. Thank you very much for taking the time to be interviewed and surveyed for this research.

1. Introduction

This research presents new findings on how the richest individuals, those situated at the very top end of the income and wealth distributions in the UK, perceive and produce top incomes and wealth. I analyze the cultural processes and the micro-level experiences and actions through which top incomes and wealth are made sense of and produced. By doing so, I seek to draw together studies of economic inequality with sociological studies of 'elites'. While economists have demonstrated that the richest 1 percent are increasing their advantage over others, social scientists have paid remarkably little attention to the social, and in particular cultural, processes which constitute top incomes and wealth (Chin, 2014; McCall *et al.*, 2014). Cultural processes are often missing from analyses of inequality (Lamont *et al.*, 2014) even though "social norms regarding fairness of the distribution of income and wealth" may be "the ultimate driver of inequality and policy" (Piketty and Saez, 2014, p. 4). My study addresses this limitation and contributes to the emerging literature on perceptions of increasing economic inequality in liberal market economies from the viewpoint of the top (Page *et al.*, 2013; Chin, 2014)[1].

Top incomes are 'socially-constituted' (Bandelj, 2009). Rather than simply providing context, the social and cultural processes through which top incomes are made sense of are constitutive of the economic actions that produce them (Bandelj, 2009; Zelizer, 2012). Due to vast absolute differences among the 1 percent, top income earners experience 'relative (dis)advantage'; they are disadvantaged compared to others at the top while being aware of their advantage compared to the general population. I argue that top incomes and wealth are produced by micro-level actors who are *relatively (dis)advantaged* amidst vast economic inequality at the top, and act informed by the cultural process of *economic evaluation* (Fourcade, 2011; Lamont *et al.*, 2014). Top incomes result from evaluative practices, which are used to assess individuals' economic value. The production of top incomes unfolds in the structural context of organizations, including investment banks, hedge funds and barristers' chambers. Consequently, top incomes are seen as legitimate if they consist of a share of 'value created' for shareholders, investors or clients. Hence I conclude, building on Bourdieu (1998), that the purpose of contemporary economic 'elites' is the *service to capital.*

I base my argument on a study of 30 UK-based top income earners, defined as those with annual incomes within the top 1 percent of the distribution, many of whom are also within the top 1 percent of the wealth distribution. Participants were interviewed and surveyed about their views on top incomes and wealth. A focus on those in the top 1 percent conceptualizes 'elites' as "those who have demonstrable economic resources, not necessarily cultural status or political power as sociologists have previously conceptualized elites" (Mears, 2015, p. 24). Participants can be conceptualized as economic or wealth 'elites' (Bourdieu, 1998; Savage, 2015a) given their "vastly disproportionate control over or access to [economic] resource[s]" (Khan, 2012, p. 361).

In the remainder of the article, I draw on the relevant literature to demonstrate that the cultural process of economic evaluation provides the missing link between micro-level action and social comparisons by top income earners and macro-level inequality at the top. I then describe my sample and research methods. Next, I present the findings of my study. The cultural process of economic evaluation illuminates how inequality at the top, between as well as within organizations, is produced and legitimized. Due to vast economic inequality at the top and evaluative criteria based on the idea that a neutral and fair market decides who is 'best', participants experience and produce top incomes from a position of relative (dis)advantage. Top incomes are attributed to individuals based on economic evaluative practices which conceptualize the value of labour as based on the achievement of increases in the value of capital. Hence, I conclude that the purpose of contemporary economic 'elites' is the service to capital. However, there is variation in the sample. A majority of participants are 'economic evaluators' who perceive market outcomes as fair, are not concerned about issues of distribution, and demonstrate a Weberian imperative for economic success. By contrast, a significant minority are 'critical evaluators' who question evaluative practices based on money as a metric of worth, do not view market outcomes as necessarily fair and are concerned about top incomes and wealth shares. I conclude with a brief discussion of the research implications.

2. The production of top incomes and wealth

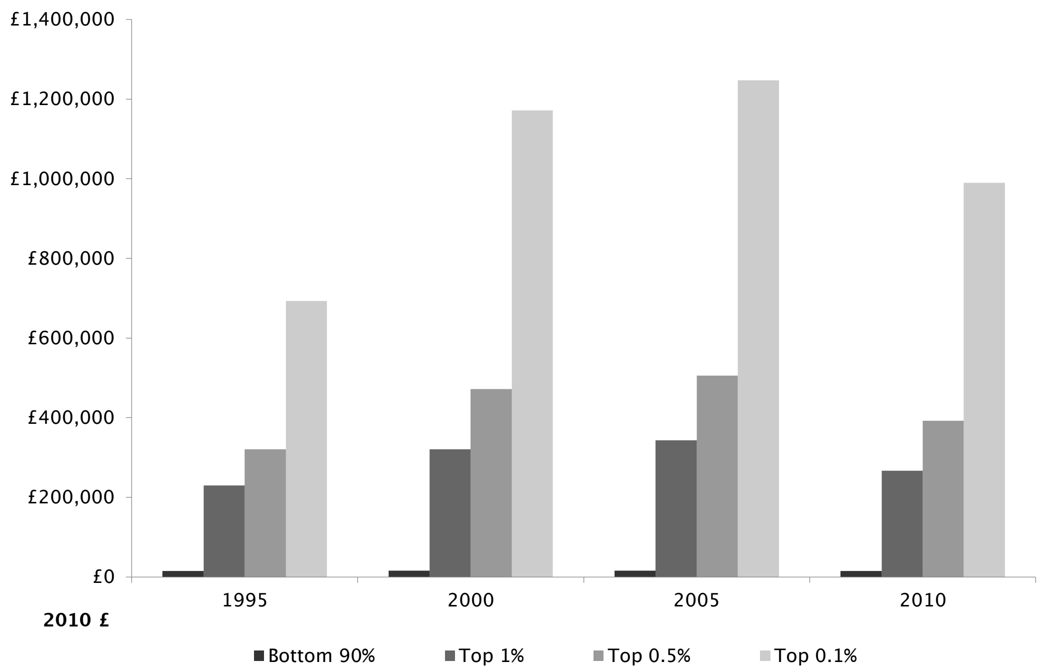
2.1 Macro-level economic inequality in the UK

The UK provides a suitable setting for this study which focuses on top income and wealth shares as a measure of inequality. The UK and the US have seen the sharpest increases in top income shares; they are among the most unequal countries of the global North (Atkinson *et al.*, 2011; Piketty, 2014). These countries are liberal market economies in which "firms coordinate their activities primarily via hierarchies and competitive market arrangements" (Hall and Soskice, 2001, p. 8). Drawing on cross-national data which shows that increases in top income shares have been much sharper in the US and the UK compared to Europe and Japan, Piketty (2014) argues that social norms and historically shaped institutional differences constitute important explanations for rising income inequality. Conversely, some scholars attribute increases in top incomes in these countries to 'skill-biased technological change', the proposal that unique skills and new technology cause workers at the top of the distributions to be comparatively more productive (Katz and Goldin, 2008; Lemieux *et al.*, 2009). This claim is opposed by other scholars who instead highlight the importance of economic rents at the top of the distribution (DiPrete *et al.*, 2010; Piketty, 2014; Weeden and Grusky, 2014), institutions (Angeles *et al.*, 2016), politics (Volscho and Kelly, 2012), policies (Alvaredo *et al.*, 2013; Nolan *et al.*, 2014) and increasing financialization (Flaherty, 2015). Currently, this literature does not directly focus on social and cultural processes as potential drivers of top incomes (though see Khan, 2015).

In the UK, the share of the top 1 percent of total income increased from 6 percent to 13 percent between 1979 and 2012 (WID by Alvaredo *et al.*, 2017), and the share of the top 1 percent of total wealth rose from 23 percent to 28 percent between 1980 and 2010

(Piketty, 2014). Therefore, wealth in the UK is much more concentrated than income; however income inequality has increased more steeply. The impressive historical data on the evolution of the distribution of income and wealth (Piketty and Saez, 2006; Atkinson and Piketty, 2007; Atkinson *et al.*, 2011; Alvaredo *et al.*, 2013; Piketty, 2015) is based on Kuznets' (1953) and Atkinson's (Atkinson and Harrison, 1978) pioneering work on top incomes. This body of work demonstrates that those in the top 1 percent (and even more so those in the top 0.1 or 0.01 percent) have been able to increase their material advantage compared to the rest of society (Figure 1). Therefore, focusing on this group is important for the study of inequality (Khan, 2011). The increasingly vast absolute economic differences at the top of the distributions (Godechot, 2012) has implications for how top incomes are experienced.

Figure 1. Average UK adult income by income group



Source: The World Wealth & Incomes Database by Alvaredo *et al.* (2016). Data inflation adjusted using the UK ONS CPI.

2.2 Micro-level social comparisons

The social comparisons and evaluations that top income earners draw upon for the production of top incomes are made in the context of macro-level inequality at the top (Khan, 2015). My findings include that those at the top experience what I conceptualize as 'relative (dis)advantage', feelings of relative advantage compared to the general population, alongside relative disadvantage and a striving for 'accumulation' (Savage, 2014). Top income earners, defined as those in the top 1 percent of the income distribution (Piketty, 2014), are in social contact with, or aware of others who are likewise situated at the top. In their daily lives they are surrounded by vast absolute income inequality because the differences between top income earners are much higher than those between individuals situated in the middle of distribution. For illustration, in 2010, the average income in the UK (gross before tax) among the top 1 percent, the top 0.5 percent and the top 0.1 percent of income earners was £267k, £392k and £990k respectively (Figure 1). These vast differences at the top mean that someone with a gross annual income of £200,000 might be working for someone earning £500,000. An absolute income difference of £300,000 may give rise to the experience of relative disadvantage. The same principle applies to the experience of wealth inequality.

I hypothesized that top income earners experience 'relative disadvantage' building on the social psychological concept of 'relative deprivation'[2] (Stouffer, 1949; Runciman, 1966; Merton, 1968). The concept of relative deprivation was originated to denote "*feelings* of deprivation relative to others" in one's comparative reference group (Runciman, 1966; Lister, 2004, p. 22). However, Townsend (1979, pp. 47-48) argued in his work on poverty that relative deprivation should instead refer to "*conditions* of deprivation relative to others", stressing the objective aspect of the concept (Lister, 2004). Arguably, top income earners experience feelings of relative disadvantage when they compare themselves to others in their reference group who earn more, or are richer than them, but they also experience conditions of relative disadvantage given the vast absolute differences among the 1 percent. The 'reference group hypothesis' is a special case of availability bias (Evans and Kelley, 2004). Khan (2015) argues that similarly to other individuals, 'elites' are affected by availability bias; the homogeneity of our reference groups (the similarity in education, occupation and income among our family and friends) results in a distorted 'subjective sample' from which we generalize to the wider society (Evans and Kelley, 2004). Social comparisons are fundamental for perceptions and the production of top incomes. Comparative reference groups provide a frame of comparison through which people evaluate themselves and others (Merton, 1968). Comparisons are not made in a cultural vacuum; rather they rely on culturally shared ideas of evaluative criteria.

2.3 Meso-level cultural processes: Economic evaluation (categorization and legitimation)

Cultural processes are the missing link which can explain how macro-level inequality at the top is made sense of and produced by individual actors at the micro-level (Lamont *et al.*, 2014). These processes are "ongoing classifying representations/practices" (Lamont *et al.*, 2014, p. 14; p. 22) which operate "in micro-level interactions between actors through the application of meso-level scripts and frames, [but are] also instantiated at the meso-level through the practices of organizations, firms and institutions". I will focus on the cultural process of evaluation, which together with standardization is part of the wider cultural process of rationalization. Weber (2003) viewed modernization and the rise of capitalism as based on the emergence of 'rational' principles. These were "intended to maximize efficiency" and "generally perceived as 'neutral' and 'fair' (based on merit)" (Lamont *et al.*, 2014, p. 19). Bourdieu (1998, p. 387) critiqued Weber's conception of rationalization and merged it with Freud's[3] asserting that "while there is progress in "rationalization," it is in the sense of Freud, more than Weber; the mechanisms that tend to "rationalize" practices and institutions, by layering them with justifications likely to conceal their arbitrariness, become increasingly effective". In line with Bourdieu's perspective (1998, pp. 375-376; 386-387), I conceptualize rationalization as a cultural process which reproduces and generally legitimizes inequality (Lamont *et al.*, 2014). I view the production of top incomes as combining Weberian 'rational' evaluative processes, which simultaneously 'rationalize' top incomes in the Freudian sense, because the process is perceived as based on neutral and fair principles.

Top incomes are relational and socially-constituted because they are produced in negotiations by social actors (Bandelj, 2009; Zelizer, 2012). Actors draw on social comparisons and apply culturally shared and contested evaluative criteria (Lamont, 2012). Importantly the cultural process of evaluation does not necessarily involve the intentional action of dominant actors (Lamont *et al.*, 2014, p. 1). A focus on evaluation as a cultural process shifts attention away from an individualized approach and towards social relations (Zelizer, 2012). Evaluation, "the negotiation, definition and stabilization of value in social life", "involves several important sub-processes, most importantly categorization […] and legitimation" (Lamont, 2012, p. 21). Evaluation requires categorization and may also involve legitimation. These sub-processes are difficult to differentiate (Lamont, 2012, p. 216); participants' narratives of categorization are often enmeshed with legitimation. Lamont (2012) distinguishes between evaluation and the related evaluative practices, such as ratings and rankings.[4]

The evaluative practices which participants refer to when discussing top incomes and wealth are of an 'economic' nature, hence I refer to "economic [e]valuation" (Fourcade, 2011, p. 1721). Fourcade (2011, pp. 1721-1722) demonstrates that the idea of money as a metric of worth stems from liberal economic theory which conceptualizes "what people are willing to pay […] as a good enough indicator of the value of things". Thus, "commodities are basically worth their market price". Whether this logic extends to top incomes and wealth, i.e. whether the remuneration of 'super managers' (Piketty, 2014) or CEOs (DiPrete *et al.*, 2010) is seen a reflection of their economic value or their ability to 'seek rent' (Weeden and Grusky, 2014), is the subject of intense debate in the social sciences. My study investigates how top income earners themselves evaluate top incomes and wealth. I ultimately argue that relatively (dis)advantaged micro-level actors create top incomes through applying meso-level economic evaluative criteria which are based on liberal economic ideas.

3. Data and research methods

The data for this research was collected using in-depth, semi-structured interviews combined with a short survey questionnaire[5]. The research aim was to understand how top incomes and wealth are perceived by top income earners. Due to their disproportionate economic and political power, the views of this group are important for the distribution of material resources (Page *et al.*, 2013; Piketty, 2014; Laurison, 2015). This dataset is unique in the UK context due to the specific focus on top incomes and wealth and the extremely high incomes and net worth of the participants. However, Chin (2014) has compiled an impressive dataset with comparable data for the US.

Sampling top income earners is justified because a significant portion of the gains accruing to the top 1 percent is due to an unprecedented rise in top wage incomes, rather than income from capital, leading to a shift towards the 'working rich' (Atkinson and Piketty, 2007; McCall and Percheski, 2010). In the UK, the threshold for the top 1 percent of income earners was £140,000 before tax and £92,000 after tax for the 2010/11 tax year (HMRC data from the Survey of Personal Incomes, SPI, 2013). Approximately half of the interview participants have a gross annual income between £140,000-400,000 (n=16), and 13 have incomes of half a million pounds and higher (Table 1).

Table 1. Distribution of income and wealth among participants

Income	%	n	Wealth	%	n
£140-400k	53%	16	<£1.4 million	32%	9
£401k-<1m	17%	5	£1.4-4.9 million	25%	7
£1-<5m	10%	3	£5-49 million	18%	5
£5-50m	20%	6	£50-250 million	25%	7
	100%	30		100%	28
Mean income = £4.3m; median = £350k			Mean wealth = £38.2m; median = £2.7m		
Note: 1 case was estimated.			Note: 2 cases with missing values were omitted.		

Many of the research participants also have high levels of wealth; 7 participants have a net worth of at least £50 million and of those, 5 have fortunes greater than £100 million. Further, 3 respondents indicated that they are on the Sunday Times Rich List. The interview participants are clearly among the most economically advantaged in the UK. Participants also belong to the highest occupational social class and many have attained the highest levels of education. The vast majority has degree-level education, and many have postgraduate degrees or have been educated at an Oxbridge college or at a London-based Russell Group University. All participants are either employers (n=10), employed (n=15) or self-employed (n=5) in higher managerial and professional occupations in finance or law. Focusing on the financial industry is justified as much of the increase in pay at the top of the UK distribution is due to the financial sector and in particular bankers' bonuses (Bell and Van Reenen, 2014). The sample of participants reflects the underrepresentation of women and ethnic minorities among the top 1 percent (Keister, 2014). The 'conditions of possibility' to be a top income earner are intersectional (Crenshaw, 1989; Keister, 2014). Atkinson *et al.* (2016) found that only approximately 1 in 6 among the top 1 percent of the income distribution in the UK are female. Among the research participants, 22 are male (20 white, 2 Asian) and 8 are female (7 white, 1 Asian). The names of individuals and organizations have been anonymised throughout this working paper. Direct quotes are indicated by double quotation marks or by indention.

Participants were recruited through the chain-referral method or were invited by cold-call[6] to take part based on their economically successful position in the City of London (n=12). The response rate for the latter strategy was approximately 40 percent. Without doubt the prestigious reputation of my university as well as my familiarity with the field and its language (Lamont, 1992) has aided the recruitment process. The interviews[7] were conducted between May 2015 and March 2016. After the recorded interviews were transcribed verbatim, the data was analyzed using thematic analysis, "a process for encoding qualitative information" (Boyatzis, 1998). I pursued a hybrid approach using deductive and inductive codes because I expected to derive thematic codes from the research questions and the related theoretical framework, as well as from themes which emerged spontaneously (Shildrick and MacDonald, 2013).

For the analysis of the interview data, it is important to dismiss the idea of gaining access to the intimate interior of a person, and instead focus on what the interviews contain in terms of performativity and discourse (Rapley, 2001). Back (2010, p. 9) made this point by referring to Silverman's (2007) statement that even 'manufactured' interview data can be useful if understood as an "activity awaiting analysis and not as a picture awaiting a commentary". Therefore I analyze my data as a performed conversation between a researcher, immersed in the social science literature on top income and wealth inequality, and participants, immersed in the discourses of their professions but interested in the interview topic. Possible biases in the data include sampling bias and social desirability bias; individuals who view top incomes and wealth as worthy of discussion were probably more likely to agree to be interviewed, and respondents may have been more likely to justify their earnings in discussion with a sociologist.

Interviews are suitable because they allow the study of micro-level practices that constitute the cultural processes which produce top incomes (Lamont *et al.*, 2014). The limitations of the research design include that the thick description of the perspectives of the research participants is necessarily limited compared to ethnographic approaches to the study of 'elites' (Khan, 2011; Mears, 2015; Glucksberg, 2016; Nichols and Savage, forthcoming). My focus on top income earners excludes perspectives of partners of top income earners who may not necessarily be top earners themselves (as investigated by Glucksberg, 2016 and Sherman, 2016). I take seriously Jerolmack and Khan's (2014, p. 236) warning of the "attitudinal fallacy", the misguided idea that reported attitudes are equivalent to situated behaviour. Unlike ethnographic work, my study does not focus on potential illuminating differences between participants' accounts and their actions (Khan and Jerolmack, 2013). However, interview data are useful for investigating the social comparisons and cultural processes that participants draw on, with implications for the explanation of social action (Lamont, 1992).

4. Findings

4.1 Cultural process of economic evaluation

Many participants see money as an appropriate yardstick for worth, value or success (Fourcade, 2011). This finding is perhaps unsurprising given that participants work in finance or related industries[8]. Participants routinely refer to 'the market' as an explanation for top incomes and wealth, and income differences more generally. I will demonstrate that participants evaluate top incomes and wealth based on a market logic (Lamont, 2012). The market – consisting of investors, clients and shareholders – is seen as a legitimate judge of worth (see Fourcade, 2011). A focus on market performance as an evaluative metric for definitions of worth has been termed 'neoliberal' (Harvey[9], 2007; Hall and Lamont, 2013; Lamont *et al.*, 2014). I will show how top incomes and wealth are produced and legitimated by evaluative categorizations and practices, including rankings, ratings and performance pay formulas. Top incomes and wealth are narrated as legitimate if they are derived from a share of 'value created' for clients, investors or shareholders.

To connect micro-level meaning making with macro-level inequality, we need to focus on the practices of actors within organizations (Bandelj, 2009; Zelizer, 2012) and the cultural processes which enable and constrain these mechanisms (Lamont *et al.*, 2014). Evaluation as a cultural process is fundamental for the distribution of material resources between as well as within organizations (McCall, 2014). Participants' organizations (investment banks, hedge funds, barristers' chambers) are the context in which economic evaluation and other relational inequality producing processes unfold (Tomaskovic-Devey, 2014). I distinguish between economic evaluative practices of between- and within-firm inequality (Tomaskovic-Devey *et al.*, 2016), addressing these in turn.

Comparisons *between* firms are based on evaluative practices guided by the liberal economic conceptualization of money as a metric of worth. For instance, a barrister explains the hierarchy among chambers by turning to his computer and logging onto a website with industry rankings. He explained that his barrister's chamber is ranked "one of the top three or four in the country" because the financial value of the legal services provided is an important measure[10] of who is doing the "best", "most desirable" and "most important work". Chambers are ranked based on market performance:

> Certainly to some degree, you can use money as indices of how important the work is. But that's not unreasonable, right? If someone has a case that's worth £500 million, then the people they choose, they're going to choose very carefully […] that's the market and the advisors and the reputation judging who does the market consider is good enough to do [that] case. And so when I say the top three or four, what I mean is when you have a case that's important to someone, they [the clients] will choose the same [barristers' chambers] more often than others.

How an organization is ranked in the hierarchy affects the perception of the economic value of their staff. For instance, participants refer to shared understandings of investment banks' rankings. They explain there is the "gold standard" Goldman Sachs, followed by JP Morgan and Morgan Stanley. Rankings, in contrast to ratings, are zero-sum, resulting in winners or losers (Lamont, 1992). A former investment bank CEO explains: "[W]ould people at RBS ever attract people from Goldman Sachs? No". Participants view the symbolic capital (Bourdieu, 1998) of a financial company as important for the production of top incomes. For instance an investment banker explains that one of the reasons for his high income is the brand value of the investment bank for which he works. Companies will hire his team because "no one is going to look stupid if they made a decision based on [investment bank's] advice". Therefore, he views his work as fairly remunerated, even though the bank only pays him a small share of the economic value he 'creates'. This idea that market-based remuneration in highly ranked investment banks accurately reflects employees' economic value is somewhat challenged by another participant:

> [W]hat successful people will forget is that if you work for Goldman Sachs, you have to get in. That's a tough challenge, but when you are in [… it is questionable] how much of that success of that person, on an M&A transaction, is due because of Goldman Sachs or due because of the quality of that person?

Comparisons *within* firms form the basis of the distribution of material resources. These are based on economic evaluative criteria which follow a market logic. Economic evaluative practices within firms, including formulas to calculate bonuses for investment bankers or traders, are narrated as market-based because they consist of a share of "value" created for clients, investors or shareholders. The market is seen as a legitimate judge of worth which distributes rewards meritocratically, based on skill and effort. The closer someone's work is to the ideal of being "market-determined", the more legitimate and deserving it is. For instance, whether one is categorized as a "revenue generator", and therefore eligible to receive high bonuses, or as a support function has important implications for one's pay. Many participants internalize these market-based evaluations of personal worth. For instance, a senior investment banker explains differences in incomes with "the value that [people] are bringing" and his own income as a share of the economic value generated for the firm:

> Companies will pay for me to help them because I help improve shareholder returns by saving companies quite a lot of money [on] their financing cost. So every year I have a sheet of how much revenue I brought to the bank, and it's always very difficult to attribute to who brought what because we all work in big teams. But I generate, I am associated with $150-200 million of revenue per year but I get a small proportion of that. The amount of money I save companies; it's probably 20 times that $200 million. So it's probably $4 billion a year.

Likewise, the evaluative practice of paying traders using a performance-based formula makes traders internalize a market logic. This is done intentionally so traders are 'incentivized' to produce higher returns. A former investment bank CEO explains how formulas for traders work:

> [T]he bank will calculate your cost which is square meters you use, the desk, the chair, the system, being Bloomberg, Reuters, whatever you have, your phone, your newspaper, plus a few costs that will be linked to some of the services you need, like research or other things. That costs equivalent, let's say, to $1 million. For anything above $1 million you have a formula, you make money. And you could make 20 or 30 percent of that amount. So the first million is for nothing, and then a million to 10 [million] you may make 20 percent, if you make over 10 million you make another 30 percent.

The economic evaluative practices which produce top incomes are inherently based on social relations. Top incomes are produced through formal negotiations which can be contractually fixed as in the example of the trader's formula, or informally as in the example of the investment bank revenue sheet. Top incomes are produced by actors with culturally shared ideas about who generates 'economic value'. An investment bank insider explains that bonus payments are the result of:

> ... hours in front of an Excel page trying to justify why Sophia should have this, Andrew should have that, how much is the department. You try to do some amazing formula to calculate all of that and at the end of the day, the pool is always too small.

Zooming in on the economic evaluative practices used by individuals to determine top incomes demonstrates that these processes are gendered, as well as classed and 'racialized' (Skeggs, 2003; Mears, 2015; Glucksberg, 2016). Glucksberg's (2016) work on the 'invisible' labour performed by 'elite' women demonstrates this; women's work is often unrecognized even by themselves. White privileged males find it easier than others to position themselves as close to a revenue stream in order to increase their economic value. For instance, a senior financial manager explains that women miss out in the bonus allocation process:

> There are some places where it's very formulaic, so you sell this much, you will receive X percentage of it. That's not the environment I work in which is very much discretionary. So your manager decides how much you're gonna get based on, some key numeric metric, but there is some subjectivity involved and that's when I think women miss out.

Market-based economic evaluation which is contingent on performance legitimizes top incomes. Accounting for the "monetary distinctions" (Zelizer, 2012, p. 156) which participants draw on between so-called performance pay (including bonuses in the finance industry) and other forms of payment, highlights a key mechanism for the legitimation of top incomes. A chief executive at an investment firm who expressed concerns about rising inequality explains that he "paid a lot of people [a lot of money] while I was a partner at [investment bank]" but this seemed legitimate because performance pay was directly linked to the creation of financial value:

> I know how ruthless that was based upon performance and I know that they were actually generating a lot more money for the partnership than we were paying them, so I didn't feel bad about that at all, and at the end of the day the partners earned what was left [and they only earned money in years when the firm made a profit].

Those whose performance is most closely linked to the market are entrepreneurs. Hence, their top incomes are viewed as the most legitimate. For example, hedge fund founders derive their income from a standard financial evaluation of their firm's revenue based on a widely accepted formula ('2 and 20'). Analogies to (white, male) footballers or other sports starts are common among participants with exceptionally high earnings, such as by this hedge fund manager:

> If you're someone like [English footballer] Wayne Rooney, you can go to Man United and say 'pay me £200,000 a week or I'm gonna go to somewhere else' and Man United just say 'yeah, fine' because he's got unique pricing power if you like. And if you are a successful hedge fund manager, if you make money for your clients, you also have unique pricing power because the fees that we receive. We get a management fee of 2 percent a year on the money we manage, but we also get 20 percent of all of the investment gains, and most of that goes to me personally, because I own this company and I take all the […] investment decisions, and my clients pay for me, and so it's not like in a normal company where say the company earns X amount of money and it's then divided by 30,000 employees and 20,000 shareholders. I make this money and it's divided by, we have [number] partners, and I'm the principal partner. And, that's the way it works basically.

4.2 Relative (dis)advantage

I argue that top incomes and wealth are socially-constituted and experienced from a position of 'relative (dis)advantage'. Participants experience relative disadvantage when 'looking up' (Khan, 2015) to others who are richer or have achieved greater economic success, but are aware of their relative advantage compared to the general population. The vast economic inequality within the City of London is key for this experience. For instance, a professional at a hedge fund, clearly aware of her relative (dis)advantage, explains:

> [H]igh income to me is probably earning millions. That's partly because I see a lot of people who I have contact with on a daily basis who do [earn millions]. [However] I'm in London in an environment [with vast differences in income and wealth] but if I go back to where I grew up then I'm definitely a high earner.

Similarly, a senior executive in a financial company who is aware of his relative advantage evaluates his annual income [a few hundred thousand pounds a year] as relatively disadvantaged:

> [My income is] low in this [name of financial company] alone [...] If I look at investment managers [here], I look at our senior corporate staff, I mean I know that within the City of London, that is less than I earned in [....] at [name of investment bank] [...] I am earning less income-wise than I did 25 years ago. So, there must be a lot of people earning more than me in the City of London.

Relative (dis)advantage is experienced not only in regards to income, but also with respect to wealth. The importance of wealth relative to income, which is intuitive for participants, is often left unaddressed in social science studies on economic inequality. Consequently, these studies leave a large part of economic inequality unaddressed (see Piketty, 2014 for data on capital/income ratios). The experience of relative (dis)advantage of a senior investment banker illustrates the importance of wealth for richness:

> It's difficult to kind of contextualize [if the top 1 percent are doing much better nowadays than they used to], I mean what defines the top 1 percent, it's like £100,000 income which does not feel that great. I think there is a much greater distinction between those with asset wealth; income wealth is very different to asset wealth. My kids are at school, in a very nice school in [a prestigious area in London]. I feel like I'm fairly well off, and I earn multiples of the hundred thousand. But, I feel very poor in the context of the classmates that [my kids] have […] Their parents can spend a lot more time with them, because none of them really work, or some of them work but it's working on their own terms, they might run a hedge fund, but they can take the kids to school […] I'd say nine or ten of [their] classmates' parents have over £100 million, and that I think is just... differentiating. That to me feels wealthy, but earning a hundred thousand just doesn't feel particularly wealthy. And I think that's where we see the kind of big change [...] there are a lot more people within London who have a £100 million [assets].

The concept of relative (dis)advantage is derived from the finding that participants explain that 'high incomes' and 'richness' to them are "relative". Specifically, richness is relative based on comparisons with other rich individuals, rather than compared to the general population (as conceptualised by Townsend's conceptualization of relative poverty). Participants explain that they are aware that the City of London skews their perceptions. A financial manager (annual income between £100,000-400,000) feels not "particularly special or well off" but caveats that "I live in London, I work in finance, so my sample is probably skewed towards the top of that". Some respondents are also highly conscious of the skew at the right-tail of the distribution and actively try to make sense of it, demonstrating awareness of the increasingly differentiated and demarcated structure of economic inequality at the top (Savage, 2014).

The experience of relative disadvantage resulting from social comparisons with richer others is made salient by the cultural process of economic evaluation, whereby individuals' worth is evaluated through economic achievement. This process is based on the idea that 'the market' is a neutral and fair judge of who is 'best'. The magnitude of someone's net worth or someone's assets under management form a basis for social comparisons (Sweezy, 1964). Asked about who is doing better than him, a hedge fund manager refers to his relatively (dis)advantaged position in the hedge fund market:

> I'd say we're running about [X] billion in assets. We've done reasonably well [but, other hedge fund managers and competitor firms] are actually running [X+10, X+15, X+20] billion dollars. So in terms of […] their shareholding in their companies and the income they're generating, it will be a multiple of what we're achieving here.

Economic evaluation criteria explain why entrepreneurs are seen as the most valuable actors (Hall and Lamont, 2013, p. 10). Participants perceive entrepreneurs who have achieved extreme wealth as belonging to the 'top' group of society[11] and experience relative disadvantage compared to them. When asked who is doing better than them[12], participants vividly referred to comparisons with both socially close and distant others whose economic circumstances are vastly different. Entrepreneurs, including philanthropists and billionaires who derived their wealth from entrepreneurial activity, are the single most mentioned answer category (referred to in almost all interviews), although other top earners and successful sports stars are mentioned as well. Notably, almost all of the admiringly mentioned entrepreneurs are Anglo-Saxon white males. There are limited references to the 'upper class' or the aristocracy (see Savage, 2015)[13] (n=5/30). Named entrepreneurs include Warren Buffet, Richard Branson and, most prevalently, Bill Gates, who is praised for his philanthropic efforts (see McGoey, 2012).

The discourse of admiration for entrepreneurs highlights a further difference in the perceived legitimacy of top incomes and wealth by their source (Zelizer, 2011; 2012). In addition to distinguishing between more deserving 'performance pay', I found that participants draw a distinction between 'deserving' entrepreneurs and 'not necessarily deserving' employees (CEOs, bankers and other financial professionals). The latter may be undeserving if their pay is not genuinely performance or market-based, for instance if derived from being part of "a cabal" or from managing a company which is already successful. This moral distinction is narrated both by participants who derive income from labour, as well as by entrepreneurs themselves, who refer admiringly to other entrepreneurs who do better economically[14]. Moral distinctions between deserving super-managers and rentiers (Piketty, 2014) are rarely drawn upon.

Importantly, the experience of relative disadvantage is generally portrayed in a positive light. Participants are keen to stress that they do not begrudge those who are doing better (in particular the entrepreneurs). Due to the cultural process of economic evaluation, relative disadvantage was not bemoaned but considered a positive driver, a motivator to do better economically. For instance, an investment banker states "I guess nine, ten is probably… I guess it's aspiration and that's probably my inherent work ethic".

This positive attitude to upward comparisons is reminiscent of Khan's (2015) argument that the economic world surrounding 'elites' is one that is different to all others because it is characterized by wage-growth and increasing mobility. Continuing the narrative of the successful investment banker who compares himself to the other parents at his child's school demonstrates how economic disadvantage is talked about as something that can be overcome through aspiration:

> £100 million is a lot of money, but it's not a ridiculous amount of money. It's an achievable amount of money. I know that sounds ridiculous but you could start from zero and get to £100 million within 20 years, I am fairly confident. I've seen enough clients. If you're really good, and you are really passionate and you've got drive, I think you can be a good guy and get them.

4.3 Service to capital: The production of top incomes and wealth by relatively (dis)advantaged economic 'elites'

Top incomes and wealth are produced by relatively (dis)advantaged actors in organizations based on culturally shared economic evaluative practices which rest on the idea that the market is a legitimate judge of who is 'best' based on who creates the highest financial value. The remuneration of employees and entrepreneurial profit is narrated as legitimate if it is based on "performance" and "making money" for shareholders, clients and investors, i.e. if reward consists of a share of "value created". This direct linkage or "alignment" between *the value of labour* and *increases in the value of capital* serves as legitimation of top incomes. Participants refer to legitimating discourses of finance professionals whose performance-based pay genuinely serves 'shareholder value' (Van der Zwan, 2014) and "wealth creating" entrepreneurs. McDowell (1997) has termed the culture of the City of London 'capital culture'. Building on Bourdieu's (1998, p. 379) assertion that "*public service* is the hereditary vocation of the nobility" and "*service to the state* is the soul of the parliamentary body", I argue that the vocation of contemporary economic 'elites' is *service to capital*. This challenges the contemporary value of Tocqueville's assertion that in 'aristocratic societies' like England there is little acceptance for money as a yardstick for value. Rather, this is in line with the Weberian analysis of the Protestant ethic as the "imperious drive toward material pursuits" (Fourcade, 2011, p. 1729).

The commitment to capital accumulation by economic 'elites' has implications for increasing wealth inequality because participants are dedicated to increasing the r in Piketty's (2014) $r>g$ formula (r = return to capital; g = growth rate). The "inequality r > g implies that wealth accumulated in the past grows more rapidly than output and wages" (Piketty, 2014, pp. 571-572), hence Piketty warns that this inequality may lead to an "endless inegalitarian spiral" if no intervention such as a progressive annual taxation of capital is introduced. This prediction has its critics, including many among my interview participants. Piketty (2015) though, expects a high gap between the net of tax rate of return and the growth rate, due to three forces: global tax competition, growth slow-down and technical change, and most importantly, the unequal access to high financial returns.

My findings show that relatively (dis)advantaged economic 'elites' produce top incomes by applying economic evaluative criteria legitimized by service to capital. In addition to explaining how top incomes are produced through the application of economic evaluative criteria, many participants also voice attitudes conducive to the reproduction of top incomes. However, there is an important variation in the sample based on participants' views on 'the market' as an instrument for the evaluation of an individual's worth. There are two 'ideal types'. A majority of participants (two-thirds) are devoted to economic evaluation based on a 'neutral' market, view market outcomes as fair and are generally not concerned about issues of distribution. They aim to accumulate more to reduce their relative disadvantage. I call these the 'economic evaluators'. On the other hand, a significant minority of participants actually questions evaluative practices based on money as a metric of worth and/or views market outcomes as unfair. Participants in this group are concerned about the income and wealth shares of the top 1 percent, state that these shares should be lower and stress their relative advantage. They are 'critical evaluators'.

Economic evaluators explain that they cannot say how high top incomes or wealth shares *should* be. In the words of a financial entrepreneur, "the market will find a level for inequality". Market-based evaluations make inequality seem inevitable. These participants are not concerned about top incomes and wealth, unless these have been illegitimately acquired, for instance through "lying and cheating". "Wealth creation", "should be encouraged". As a result, a two-thirds majority of the economic evaluators disagree with the survey statement that "the government should reduce income differences". By ignoring issues of distribution while focusing on deservingness based on whether top incomes are purely performance or market-based and therefore meritocratic, this group legitimates inequality (Sherman, 2016). The implication of beliefs in the fairness of market-based evaluation and the experience of relative disadvantage may include further accumulation goals. Participants of this type demonstrate a moral imperative to achieve economic success (echoing Weber, 2003) as highlighted by the positive evaluations of entrepreneurs and admiration of philanthropists. The following account of a hedge fund manager who "would really like a private jet, but can't afford one", illustrates this view of the market as rewarding talent, and inequality at the top as a desirable process:

> If a very, very small proportion of people get very wealthy, then everyone else just gets wealthier over time. I mean what's wrong with that? That's like me complaining, and I use the football analogy again, that's like me complaining because Ronaldo is a better footballer than me, and he keeps getting better than me or Chris Froome is just a much better cyclist than I am because he is in the 0.001 percent of cyclists who can cycle up eternally at 30 kilometres an hour, and I can't do that. Inequality in cycling is just going up because Chris Froome is getting better and better. It's just not a very sensible way to think about the world. Look, I don't care about inequality, what I care about is that everyone is getting wealthy at some rate. The wealthier I get the better it

> is for everyone else because I pay a fantastic amount of taxes. So, the more I earn the more the government takes its slice of it and the better it is for the country.

Critical evaluators on the other hand, question the view that evaluations of worth based on a market logic are necessarily fair. These participants engage in self-critique, questioning their own 'value' with comparison to the much larger "social contribution" by doctors, nurses and teachers. They question the market logic and believe in values beyond economic value (Skeggs, 2014) with an evaluative metric which is moral rather economic (Lamont, 1992). As a result, participants of this type are concerned about inequality, state that top income and wealth shares should be lower, and a vast majority (8/10) agrees that "the government should reduce differences in incomes". For instance, a finance professional states with reference to relative advantage:

> Something I find very hard to reconcile is how much more I get paid from a fireman or a nurse or a doctor; they clearly do something that's much more important, in my perspective, my value order. [My income] could pay for seven teachers […] Why does it happen? Why do these people get paid so little, and people like me get paid so much? Is it right? And therefore does the government have a role in equalizing that? I certainly don't think I'm worth 140 grand, that's the truth.

Another example of a critical evaluator is the account of a hedge fund manager. He explains "I can't spend [all of his multi-million pound income]. I mean what can I do? Buy some pictures? Yeah, but I already have pictures all over my house, so what should I do?" He showed no signs of relative disadvantage and questions the fairness of market outcomes:

> I mean no one could describe what I earn, or what people in my company earn as being fair. I mean it's just the market, it's literally just a pure Malthusian sort of outcome in terms of what the market can bear basically [...] Is it fair? No, it's not fair and so therefore it should be taxed, and so I should pay much higher levels of tax [...] But I think I'm a minority of one, amongst hedge fund managers (laughs). Because I am sure they would say they all deserve it but how can you say you deserve it, it's ridiculous!

5. Conclusion

In this relational analysis of top incomes and wealth, I have argued that top incomes are attributed to and by relatively (dis)advantaged economic 'elites' via economic evaluative practices which are designed to increase the value of capital. Participants experience relative (dis)advantage; they are 'looking up' admiringly while being aware of their own advantaged economic position compared to the general population. Relative disadvantage occurs because participants engage in wide-ranging social comparisons with distant others including named entrepreneurs, philanthropists and billionaires, as well as sports stars (footballers and cyclists), in addition to social comparisons with family and friends.

Evaluative practices by relatively (dis)advantaged 'elites' unfold in the context of 'elite' organizations. Evaluative practices in form of rankings ('top' barristers' chambers, hedge funds with the highest return, individuals ranked on rich lists) and formulas (traders' formulas; investment bank revenue generating spreadsheets) are based on a financial value which is generally seen as determined by 'the market', a seemingly 'rational', 'neutral' instrument. This makes evaluative practices appear to be based on objective 'merit'. Focusing on evaluation as the cultural process which produces top incomes demonstrates that inequality can be constituted by 'elite' actions which do not necessarily have to be intentional (Lamont *et al.*, 2014; Sherman, 2016).

There is variation in the sample based on beliefs in the fairness of the evaluative practices which produce top incomes. A majority of participants are 'economic evaluators'; they refer to economic evaluation based "fair" market outcomes, experience relative (dis)advantage and legitimate top incomes and wealth by service to capital. As a result, these participants are not concerned about issues of distribution. They disagree with the political choice of measuring inequality by top income and wealth shares; it is "not a very sensible way to think about the world", according to one hedge fund manager. A significant minority of participants however are 'critical evaluators' who question economic evaluative practices, and the fairness of market outcomes and are interested in the literature of top incomes and wealth shares.

My findings have implications for the future study of 'elites' and for the "social norms" which may be "the ultimate driver of inequality" (Piketty and Saez, 2014, p. 4). I argue that the study of 'elites' benefits from an interdisciplinary engagement with the literature on top incomes and wealth; and the sociological study of 'elites' can illuminate how top incomes and wealth are socially constituted. Contemporary wealth 'elites' and top income earners in the finance industry derive their legitimacy from service to capital. The implication of my findings are that many participants are dedicated to increase the r in Piketty's $r>g$ equation and therefore contribute to the increase in wealth inequality. Further, my findings may have implications for income inequality. Possible implications are that economic evaluative practices and experiences of relative (dis)advantage may not only legitimize but also drive economic inequality at the top because those at the top of the economic hierarchy are evaluated as being the 'best'. Inequality may ultimately be reproduced because economic evaluative practices turn experiences of relative disadvantage into a driver to "do better".

References

Alvaredo, F., Atkinson, A. B., Piketty, T. and Saez, E. (2013) 'The Top 1 Percent in International and Historical Perspective', *Journal of Economic Perspectives*, **27**, 3–20.

Alvaredo, F., Atkinson, A. B., Piketty, T., Saez, E. and Zucman, G. (2017) 'Country Data from the World Wealth & Income Database', *World Wealth & Income Database Website*, accessed at http://www.wid.world/ on January 5, 2017.

Angeles, R. C., Hopkin, J. and Linsi, Lukas (2016) *US Investors as Exporters of the 'Winner-Take-All-Economy': Preliminary Evidence and Outline of a Research Agenda*, Working paper for the Conference on 'Inequality and Fairness of Political Reform', Mannheim, DE, University of Mannheim.

Atkinson, A. B., Casarico, A. and Voitchovsky, S (2016) *Top Incomes and the Gender Divide*, LSE International Inequalities Institute Working Paper 5, London, London School of Economics and Political Science.

Atkinson, A. B. and Harrison, A. (1978) *Distribution of Personal Wealth in Britain*, Cambridge, Cambridge University Press.

Atkinson, A. B. and Piketty, T. (2007) *Top Incomes over the Twentieth Century: A Contrast between European and English-Speaking Countries*, New York ; Oxford, Oxford University Press.

Atkinson, A. B., Piketty, T. and Saez, E. (2011) 'Top Incomes in the Long Run of History', *Journal of Economic Literature*, **49**, 3–71.

Back, L. (2010) *Broken Devices and New Opportunities: Re-Imagining the Tools of Qualitative Research*, NCRM Working Paper Series, 08/10, University of Southampton, ESRC National Centre for Research Methods.

Bandelj, N. (2009) 'The Global Economy as Instituted Process: The Case of Central and Eastern Europe', *American Sociological Review*, **74**, 128–149.

Bell, B. and Van Reenen, J. (2014) 'Bankers and Their Bonuses', *The Economic Journal*, **124**, F1–F21.

Bourdieu, P. (1998) *The State Nobility: Elite Schools in the Field of Power*, Stanford, CA, Stanford University Press.

Boyatzis, R. E. (1998) *Transforming Qualitative Information: Thematic Analysis and Code Development*, Thousand Oaks, CA, Sage.

Chin, F. (2014) *What the Wealthy Know and Believe About Economic Inequality*, In: Building a Strong Foundation for the U.S. Economy. Understanding Whether and

How Economic Inequality Affects Economic Growth, Washington, Washington Center for Equitable Growth.

Cohen, S. (2000) *States of Denial: Knowing About Atrocities and Suffering*, Cambridge, UK; Malden, MA, Polity Press.

Crenshaw, K. (1989) 'Demarginalizing the Intersection of Race and Sex: A Black Feminist Critique of Antidiscrimination Doctrine, Feminist Theory and Antiracist Politics', *University of Chicago Legal Forum*, **1989**, 139–167.

DiPrete, T. A., Eirich, G. M. and Pittinsky, M. (2010) 'Compensation Benchmarking, Leapfrogs, and the Surge in Executive Pay', *American Journal of Sociology*, **115**, 1671–1712.

Evans, M. D. R. and Kelley, J. (2004) 'Subjective Social Location: Data From 21 Nations', *International Journal of Public Opinion Research*, **16**, 3–38.

Flaherty, E. (2015) 'Top Incomes under Finance-Driven Capitalism, 1990-2010: Power Resources and Regulatory Orders', *Socio-Economic Review*, **13**, 417–447.

Fourcade, M. (2011) 'Cents and Sensibility: Economic Valuation and the Nature of "Nature"', *American Journal of Sociology*, **116**, 1721–77.

Glucksberg, L. (2016) *Gendering the Elites: An Ethnographic Approach to Elite Women's Lives and the Re-Production of Inequality*, International Inequalities Institute Working Paper 7, London, London School of Economics and Political Science.

Godechot, O. (2012) 'Is Finance Responsible for the Rise in Wage Inequality in France?', *Socio-Economic Review*, **10**, 447–470.

Hall, P. A. and Lamont, M. (2013) 'Introduction'. In Hall, P. A. and Lamont, M. (eds) *Social Resilience in the Neoliberal Era*, Cambridge University Press.

Hall, P. A. and Soskice, D. W. (2001) *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*, Oxford: Oxford University Press.

Harvey, D. (2007) *A Brief History of Neoliberalism*, Oxford, Oxford University Press.

Jerolmack, C. and Khan, S. (2014) 'Toward an Understanding of the Relationship Between Accounts and Action', *Sociological Methods & Research*, **43**, 236–247.

Katz, L. F. and Goldin, C. D. (2008) *The Race between Education and Technology*, Cambridge, Mass., Belknap Press of Harvard University Press.

Keister, L. A. (2014) 'The One Percent', *Annual Review of Sociology*, **40**, 347–367.

Khan, S. and Jerolmack, C. (2013) 'Saying Meritocracy and Doing Privilege', *Sociological Quarterly*, **54**, 9–19.

Khan, S. R. (2011) *Privilege the Making of an Adolescent Elite at St. Paul's School*, Princeton, NJ, Princeton University Press.

Khan, S. R. (2012) 'The Sociology of Elites', *Annual Review of Sociology*, **38**, 361–377.

Khan, S. R. (2015) 'The Counter-Cyclical Character of the Elite'. In *Elites on Trial*, Emerald Group Publishing Limited, pp. 81–103.

Kuznets, S. (1953) *Shares of Upper Income Groups in Income and Savings.*, New York, National Bureau of Economic Research.

Lamont, M. (1992) *Money, Morals, and Manners: The Culture of the French and American Upper-Middle Class*, Chicago, University of Chicago Press.

Lamont, M. (2012) 'Toward a Comparative Sociology of Valuation and Evaluation', *Annual Review of Sociology*, **38**, 201–221.

Lamont, M., Beljean, S. and Clair, M. (2014) 'What Is Missing? Cultural Processes and Causal Pathways to Inequality', *Socio-Economic Review*, **12**, 573–608.

Laurison, D. (2015) 'The Right to Speak: Differences in Political Engagement among the British Elite', *The Sociological Review*, **63**, 349–372.

Lemieux, T., Macleod, W. and Parent, D. (2009) 'Performance Pay and Wage Inequality', *The Quarterly Journal of Economics*, **124**, 1–49.

Lister, R. (2004) *Poverty*, Cambridge, UK ; Malden, MA, Polity.

McCall, L., Massey, D. S., Tomaskovic-Devey, D., Avent-Holt, D., Monin, P., Forgues, B., Wang, T., Massey, D. S., Tomaskovic-Devey, D., Avent-Holt, D., Monin, P., Forgues, B. and Wang, T. (2014) 'Understanding Inequality through the Lens of Cultural Processes: On Lamont, Beljean and Clair "What Is Missing? Cultural Processes and Causal Pathways to Inequality"', *Socio-Economic Review*, **12**, 609–636.

McCall, L. and Percheski, C. (2010) 'Income Inequality: New Trends and Research Directions', *Annual Review of Sociology*, **36**, 329–347.

McDowell, L. (1997) *Capital Culture: Gender at Work in the City*, Oxford, UK, Blackwell.

McGoey, L. (2012) 'Philanthrocapitalism and Its Critics', *Poetics*, **40**, 185–199.

Mears, A. (2015) 'Girls as Elite Distinction: The Appropriation of Bodily Capital', *Poetics*, **53**, 22–37.

Merton, R. K. (1968) *Social Theory and Social Structure*, New York, Macmillan USA.

Nichols, G. and Savage, M. (forthcoming) ‘The Time of Elites: Dissecting the Formula 1 “Technical Elite”’, *Theory, Culture & Society*.

Nolan, B., Salverda, W., Checchi, D., Marx, I., McKnight, A., Tóth, I. G. and van de Werfhorst, H. G. (2014) *Changing Inequalities and Societal Impacts in Rich Countries: Thirty Countries’ Experiences*, Oxford University Press.

Page, B. I., Bartels, L. M. and Seawright, J. (2013) ‘Democracy and the Policy Preferences of Wealthy Americans’, *Perspectives on Politics*, **11**, 51–73.

Piketty, T. (2014) *Capital in the Twenty-First Century*, Cambridge, Massachusetts, The Belknap Press of Harvard University Press.

Piketty, T. (2015) ‘Putting Distribution Back at the Center of Economics: Reflections on Capital in the Twenty-First Century’, *Journal of Economic Perspectives*, **29**, 67–88.

Piketty, T. and Saez, E. (2006) ‘The Evolution of Top Incomes: A Historical and International Perspective’, *American Economic Review*, **96**, 200–205.

Piketty, T. and Saez, E. (2014) ‘Inequality in the Long Run. Supplementary Material.’, *Science*, **344**, 1–8.

Rapley, T. J. (2001) ‘The Art(fulness) of Open-Ended Interviewing: Some Considerations on Analysing Interviews’, *Qualitative Research*, **1**, 303–323.

Reis, E. P. and Moore, M. (eds) (2005) *Elite Perceptions of Poverty and Inequality*, Cape Town London and New York, Zed Books Ltd.

Runciman, W. G. (1966) *Relative Deprivation and Social Justice: A Study of Attitudes to Social Inequality in Twentieth-Century England*, London, Routledge & Kegan Paul.

Savage, M. (2014) ‘Piketty’s Challenge for Sociology’, *The British Journal of Sociology*, **65**, 591–606.

Savage, M. (2015a) ‘Introduction to Elites. From the “Problematic of the Proletariat” to a Class Analysis of “Wealth Elites”’, *The Sociological Review*, **63**, 223–239.

Savage, M. (2015b) *Social Class in the 21st Century*, London, Pelican.

Schimpfossl, E. (2014) ‘Russia’s Social Upper Class: From Ostentation to Culturedness: Russia’s Social Upper Class: From Ostentation to Culturedness’, *The British Journal of Sociology*, **65**, 63–81.

Sherman, R. (2016) ‘Conflicted Cultivation: Parenting, Privilege, and Moral Worth in Wealthy New York Families’, *American Journal of Cultural Sociology*, 1–33.

Shildrick, T. and MacDonald, R. (2013) ‘Poverty Talk: How People Experiencing Poverty Deny Their Poverty and Why They Blame “the Poor”: Poverty Talk’, *The Sociological Review*, **61**, 285–303.

Silverman, D. (2007) *A Very Short, Fairly Interesting and Reasonably Cheap Book about Qualitative Research*, London, UK, SAGE.

Skeggs, B. (2003) *Class, Self, Culture*, London, Routledge.

Skeggs, B. (2014) ‘Values beyond Value? Is Anything beyond the Logic of Capital?’, *The British Journal of Sociology*, **65**, 1–20.

Stouffer, S. A. (1949) *The American Soldier*, Princeton, Princeton University Press.

Sweezy, P. M. (1964) *Theory of Capital Development*, London, UK, Dennis Dobson.

Tomaskovic-Devey, D. (2014) ‘The Relational Generation of Workplace Inequalities’, *Social Currents*, **1**, 51–73.

Tomaskovic-Devey, D., Jacobebbinghaus, P. and Melzer, S. (2016) *The Organizational Production of Earnings Inequalities in Germany, 1994-2010*, SSRN Scholarly Paper, Rochester, NY, Social Science Research Network.

Townsend, P. (1979) *Poverty in the United Kingdom: A Survey of Household Resources and Standards of Living*, Harmondsworth, Penguin.

Volscho, T. W. and Kelly, N. J. (2012) ‘The Rise of the Super-Rich. Power Resources, Taxes, Financial Markets, and the Dynamics of the Top 1 Percent, 1949 to 2008’, *American Sociological Review*, **77**, 679–699.

Weber, M. (2003) *The Protestant Ethic and the Spirit of Capitalism*, Mineola, N.Y., Dover Publications.

Weeden, K. A. and Grusky, D. B. (2014) ‘Inequality and Market Failure’, *American Behavioral Scientist*, **58**, 473–491.

Zelizer, V. A. (2012) ‘How I Became a Relational Economic Sociologist and What Does That Mean?’, *Politics & Society*, **40**, 145–174.

Zelizer, V. A. R. (2011) *Economic Lives: How Culture Shapes the Economy*, Princeton, Princeton : Princeton University Press.

Endnotes

[1] On a global level, this study has been conducted in the footsteps of the seminal study on elite perceptions of poverty and inequality by Reis and Moore (2005). See also Schimpfossl (2014) on strategies for legitimacy by Russia's social upper class.

[2] "A is relatively deprived of X when (1) he [or she] does not have X, (2) he [or she] sees some other person or persons, which may include himself [or herself] at some previous or expected time, as having X (whether or not this is or will be in fact the case), (3) he [or she] wants X, and (4) he [or she] sees it as feasible that [they] should have X. Possession of X may, of course, mean avoidance of or exemption from Y" (Runciman, 1966, p. 11).

[3] Freud's concept of rationalization is defined as "an ex post facto mechanism invoked after an action to hide the secret, unconscious, unacceptable, unknown but 'real' motive" (Cohen, 2000, p. 58).

[4] Lamont (2012, p. 21.5) also distinguishes between evaluative practices which refer to the assessment of "how an entity attains a certain type of worth" and valuation practices "giving worth or value" (Ibid.) acknowledging that these practices are enmeshed because "evaluators often valorize the entity they are to assess as they justify to others their assessment" (Ibid.).

[5] The questionnaire was employed to explore research participants' perspectives of subjective social location, knowledge about the income and wealth distributions, attitudes regarding the gap between low and high incomes, and views on government redistribution policies.

[6] Prospective participants, or most often their executive assistants, received a phone call and an invitation to participate. The invitation was sent via email and included a link to information about the research which was displayed on the departmental website.

[7] Interviews were conducted in participants' organizations (15), in cafés or restaurants near participants' work places (7), in university meeting rooms (3) or by way of a phone conversation (5). Interviews were scheduled for an hour (average length 64 minutes; median length 61 minutes).

[8] Many also have degrees in economics, business or finance (n=13).

[9] Harvey (2007) defines neoliberal ideas as those which view the market as an instrument capable of governing all human action.

[10] The participant acknowledges though that the definition of success for a barrister could also be who is providing the best international criminal advocacy.

[11] To investigate how participants understand their subjective location, interviewees were asked the following question (derived from Question 10a of the 2009 ISSP): "*In our society there are groups which tend to be towards the top and groups which tend to be towards the bottom. Here is a scale that runs from top (10) to bottom (1). Where would you put yourself now on this scale?*"

[12] Participants were asked whether there is anyone who is doing noticeably better than themselves and their family, and those who did not rate themselves as '10' were asked who they view as those in groups '9' or '10'.

[13] This might be related to the methodological choice of sampling top income earners.

[14] On the other hand, the self-employed (mainly barristers) make limited references to entrepreneurs (however, the sample size is small).